



Neo Foundation

Financial Report

As of December 31st 2019

Executive Summary

Dear Neo Community members,

Throughout 2019, the Neo global community strengthened its position and made numerous advances. With the support of our community, we made significant strides towards Neo3, which will empower developers and users alike. Simultaneously, the adoption of Neo's protocols also increased, taking us one step closer towards our vision of the smart economy. To that end, we'd like to thank our community and developers and highlight some key advancements from 2019.

Since the release of the Neo3 Roadmap in April 2019, we have achieved multiple milestones. We have made great progress in developing Neo3 protocols as well as key components such as NeoID, NeoFS, and the oracle service. These advancements, in addition to NGD Seattle's contributions, are further optimizing the platform's infrastructure while fulfilling our commitment to delivering the best possible developer experience. This could not have been possible without our team of incredibly passionate and innovative developers. Thank you all!

2019 was a year of consolidation and maturation for our ecosystem. Bolstered by our EcoBoost Initiative, we're pleased to witness Neo's protocols and technology being applied to various use cases, ranging from gaming to dApps and DeFi. As we continue to build the infrastructures of the Next-gen Internet such as Neo3 and tools for developers, we hope to strengthen the momentum of ecosystem growth by deepening our commitment and support for our community.

Moving forward, we are committed to maintaining our pace, despite the slow start in 2020 due to COVID-19, and have set some key goals.

First, we are dedicated to facilitating a smooth transition to Neo3 for dApps, infrastructures, and integrated services. Second, we aim to continue optimizing

our developer experience in various ways, including enhancements to our protocol and improvements to development tools. Third, we will develop a forward-looking governance mechanism to incentivize community participation in the decentralization process and ensure the sustainable development of the Neo ecosystem.

In 2020, the Neo Foundation will continue facilitating the growth of the Neo Community. We are committed to ensuring financial sustainability and transparency to drive the development of the smart economy. Furthermore, we are confident in our financial positioning and will deploy resources in a prudent and progressive fashion to continue driving ecosystem growth and adoption.

Sincerely,

The Neo Foundation

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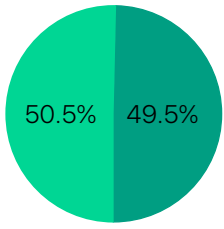
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Overview



100,000,000 NEO

The NEO Token

In accordance with the Neo White Paper, a total of 100 million NEO tokens were divided into two parts, of which approximately 50 million NEO tokens were distributed to supporters who participated in Neo Project Funding. The remaining NEO tokens were held by the Neo Foundation (NF)—formerly called the Neo Council—to finance the Neo ecosystem’s future development and growth.

Distribution of NEO Tokens



50.5%
50,482,068 NEO

	Neo Project Funding	Seed Round	First Round	Second Round
	10,000,000	10,000,000	17,649,600	22,832,468
NEO claimed	50,382,918	10,000,000	17,623,250	22,759,668
NEO unclaimed	99,150	-	26,350	72,800

In October 2017, Neo Global Development (NGD) launched a Giveback Program to return the contributions of supporters at the CNY rate of their initial investments in NEO tokens or CNY.

Additionally, a portion of NEO tokens were held in a dedicated address* and remained unclaimed from the initial Neo Project Funding. These were transferred back to the NF in October 2019 for further management.

*Address: AKJZjHUToTpEizwcWvcxsEUg3DE6HD24jq

NF Fund Usage Guidelines

As stated in the Neo White Paper, NEO tokens held by the NF are to be used to support the long-term development of the Neo project and the growth of the Neo ecosystem. The allocation plan is listed below:

- **10 million NEO (10% of total)** will be used to motivate Neo developers and members of the Neo Foundation;
- **10 million NEO (10% of total)** will be used to motivate developers in the Neo ecosystem;
- **15 million NEO (15% of total)** will be used to invest in other blockchain projects;
- **15 million NEO (15% of total)** will be retained as contingency fund.



49.5%
49,517,932 NEO

Financials

Cumulative NEO Movement

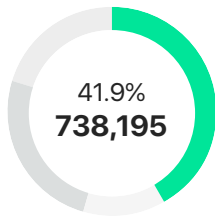
The cumulative movement of NEO held by the NF as of December 31st, 2019 is summarized below:

Opening Balance	49,517,932 NEO
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+ Unclaimed NEO transfer back	99,150 NEO
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- Cumulative Expenditures	6,816,778 NEO
Operations and Incentives	3,855,297 NEO used to finance/motivate Neo's core developers and support the operations of the NF and Neo Global Development (NGD);
Community Growth	1,080,665 NEO used to finance/motivate the growth of Neo communities;
Investments and Loans	1,880,816 NEO used to invest in other blockchain projects, among which: 197,431 NEO invested in several projects and exited with 1,060.29 BTC before the establishment of NGC Fund I and Neo Eco Fund, of which 362.71 BTC was reinvested in NGC Fund I and 697.58 BTC was reinvested in Neo Eco Fund; 206,502 NEO invested in NGC Fund I; 1,462,583 NEO invested in Neo Eco Fund; 14,300 NEO loaned to Neo Eco Fund project.
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Ending Balance*	42,800,304 NEO
Unlocked	13,339,135 NEO
Locked	29,461,169 NEO

**At the beginning of 2020, the unlocked balance has been adjusted to 15,000,000 NEO while the locked balance was 27,800,304 NEO.*

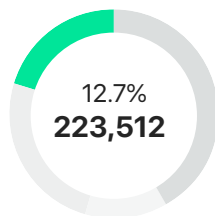
2019 NEO Expenditure

In 2019, the NF spent **1,760,015 NEO**, including:



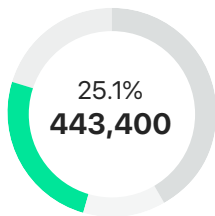
Operations of the NF and NGD

738,195 NEO to support the operations of the NF and NGD, including personnel cost, marketing fees, rental fees, etc.



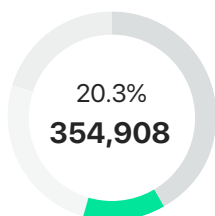
Core Developers Incentives

223,512 NEO to motivate Neo core developers, for their contribution from 2015 till now.



Eco Projects Financing

429,100 NEO (Approx. 502 BTC) invested to grow the ecosystem. Selected projects received investment including: Higgs, Liquefy, Mixmarvel, Nash and Polkadot.
14,300 NEO loaned to Neo Eco Fund project.



Community Growth

354,908 NEO to finance the Neo communities, including Alienworks, COZ, NEL, NEO•ONE, NeoResearch, neow3j, NEXT, NNT, NSPCC and Red4Sec.

Major wallet addresses that are managed by the Neo Foundation and hold NEO can be found below:

1. AQVh2pG732YvtNaxEGkQUei3YA4cvo7d2i
2. Ae2d6qj91YL3LVUMkza7WQsaTYjzjHm4z1

Cumulative GAS Movement

The cumulative movement of GAS held by the NF as of December 31st, 2019 is summarized in the table below:

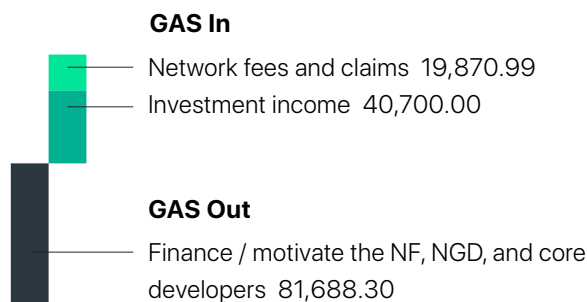
GAS Movement	
+ GAS In	5,165,253.48 GAS
Claim	5,032,884.83 GAS
Network Fees	91,668.65 GAS
Neo Eco Fund Investment Income	40,700.00 GAS
- GAS Out	1,013,483.85 GAS
Core Developer/NGD/NF	779,492.26 GAS
Neo Eco Fund	233,991.59 GAS
Ending Balance	4,151,769.63 GAS

2019 GAS Income and Expenditure

In 2019, the NF spent a net of 21,117.31 GAS.

19,870.99 GAS were received via network fees and claims. Also, Neo Eco Fund exited the GAEA project and received 40,700 GAS as investment income.

On the other hand, 81,688.30 GAS were used to finance and motivate the NF, NGD, and core developers.



Major wallet addresses that are managed by the Neo Foundation and hold GAS can be found below:
 Ae2d6qj91YL3LVUMkza7WQsaTYzjHm4z1

Fund Investment

Before December 2017, the Neo Council invested 197,431 NEO in several projects and exited with 1,060.29 BTC before the establishment of NGC Fund I and Neo Eco Fund, of which 362.71 BTC was reinvested in NGC Fund I and 697.58 BTC was reinvested in Neo Eco Fund.

NGC Fund I is a profit-driven hedge fund that invests in projects that do not directly compete with Neo. The Neo Eco Fund is aimed at growing the Neo ecosystem by supporting projects that have material synergies with Neo infrastructure.

The NF participated in NGC Fund I and Neo Eco Fund (both denominated in BTC) as sole Limited Partner in December 2017 to invest in blockchain projects. NGC Partners is the fund manager of NGC Fund I. Neo Global Development is the fund manager of Neo Eco Fund. The table below details the amount invested in NGC Fund I and Neo Eco Fund:

	NEO	GAS	BTC	Total(BTC)
NGC Fund I	206,502	-	362.71	821.00
Neo Eco Fund	1,462,583	233,991.59	697.58	3,746.55
Total	1,669,085	233,991.59	1,060.29	4,567.55

Each fund is denominated in units of BTC. Thus, NGC Fund I had 821 units valued at 1 BTC each. Neo Eco Fund had 3,746.55 units valued at 1 BTC each.

NGC Fund I paid 1 BTC for each dividend and the net value after dividend was 2.77 BTC as of December 31st, 2019.

Neo Eco Fund's unit value was 1.63 BTC as of December 31st, 2019.

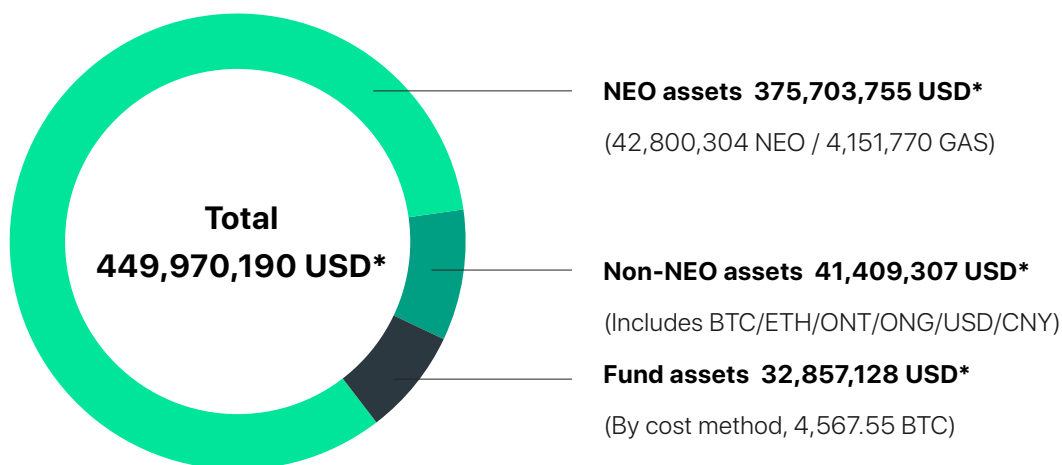
Note that the book value does not fully reflect the terminal value of both funds due to market volatility and liquidation impact cost.

Major investment projects of NGC Fund I and Neo Eco Fund include: Celer, CertiK, Cocos BCX, Coco Finance, Crypto FAST, Liquid, Liquify, Mixmarvel, Moonlight, Nash (NEX), Ontology, Polkadot, Switchco, Trinity, Tonart, Traval, Zilliqa, and etc (Projects are listed in alphabetical order).

Assets in Position

The NF manages three types of assets: NEO assets, non-NEO assets, and fund assets.

Please find the breakdown of all assets managed by the NF as below:




**Converted at the closing price of
coinmarketcap.com on December 31st, 2019*

The NF has always strived to make efficient use of all its assets to support the sustainable growth of Neo and its ecosystem. By the end of 2019, the NF was managing various types of assets. While NEO, GAS, BTC, ONT and ONG comprised the majority of assets, the NF also managed assets in terms of USD, CNY and funds. Current asset values ensure sufficient support for the sustainable growth of the NF, NGD, core developers, developer communities and the entire Neo ecosystem. Meanwhile, the diversified nature of managed assets will ensure a certain degree of robustness against black swans and market fluctuations for NF.



 github.com/neo-project

 [@Neo_Blockchain](https://twitter.com/Neo_Blockchain)

 [@Neo Smart Economy](https://www.youtube.com/@Neo_Smart_Economy)

 [Neo Smart Economy](https://medium.com/Neo_Smart_Economy)

 t.me/NEO_EN

 [Neo 智能经济](#)

 [r/NEO](https://www.reddit.com/r/NEO)

 discord.io/neo

 [@Neo 开放网络](#)