BanklessDAO Investment Report

March, 2022

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DRIVING WEB3 ADOPTION THROUGH EDUCATION, MEDIA, GOVERNANCE, AND BLOCKCHAIN DEVELOPMENT. GUIDING THE WORLD INTO THE NEW FRONTIER OF DECENTRALIZATION AND PERMISSIONLESS FINANCE.

DAO

DAO

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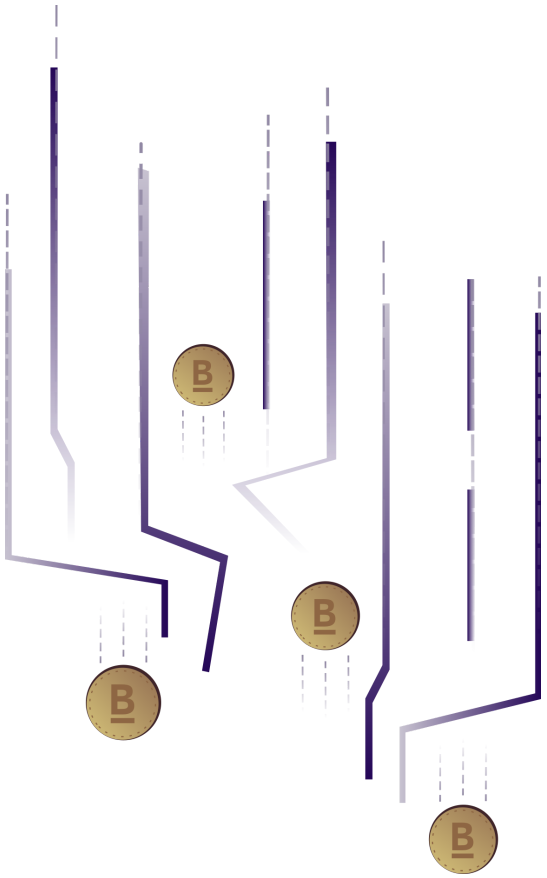


OVERVIEW

Bankless HQ Overview

The “Bankless” movement was started by Bankless LLC (referred to as “Bankless HQ”), a media company devoted to producing content around Web3 through a weekly newsletter and podcast. Bankless HQ was founded in 2019 with a focus on decentralized finance (DeFi). The company has since become one of the most popular Web3 media companies and has featured some of Web3’s most influential voices including Vitalik Buterin, Brian Armstrong, Chris Dixon, Kevin Rose, Raoul Pal, Ryan Selkis, Su Zhu, Hayden Adams, Hester Peirce, David Finzer, Mark Cuban, and more.

Followers can expect to receive multiple newsletters and podcast episodes per week with market updates, how-tos on navigating various protocols, and topical analysis on emerging opportunities. The company views itself as the ultimate on-ramp to mastering Web3/DeFi and intentionally structures its content to be accessible to users of all skill levels.

Bankless HQ has experienced immense growth in user engagement this past year. Here are some stats on the company’s growth from May 2021 until Dec 2021:

- Newsletter subscribers grew from 40K to 150K
- Podcast monthly downloads grew from 400K to 1.8M
- YouTube channel subscribers grew from 46K to 125K

Though successful, the founders wanted to grow the Bankless movement in a community-first manner and felt that the decentralized autonomous organization (DAO) structure was the best way to disseminate its values and increase Web3 adoption.

BanklessDAO Formation

BanklessDAO (referred to as “bDAO”) is a decentralized community dedicated to propagating awareness of bankless money systems through media, culture, and education that was started by Bankless HQ. Launched in May 2021 in a medium post, bDAO was formed to execute this vision and encompasses Bankless LLC as one of its many media nodes. The native token ($BANK) was created, which remains the primary means of governance and compensation in the DAO.

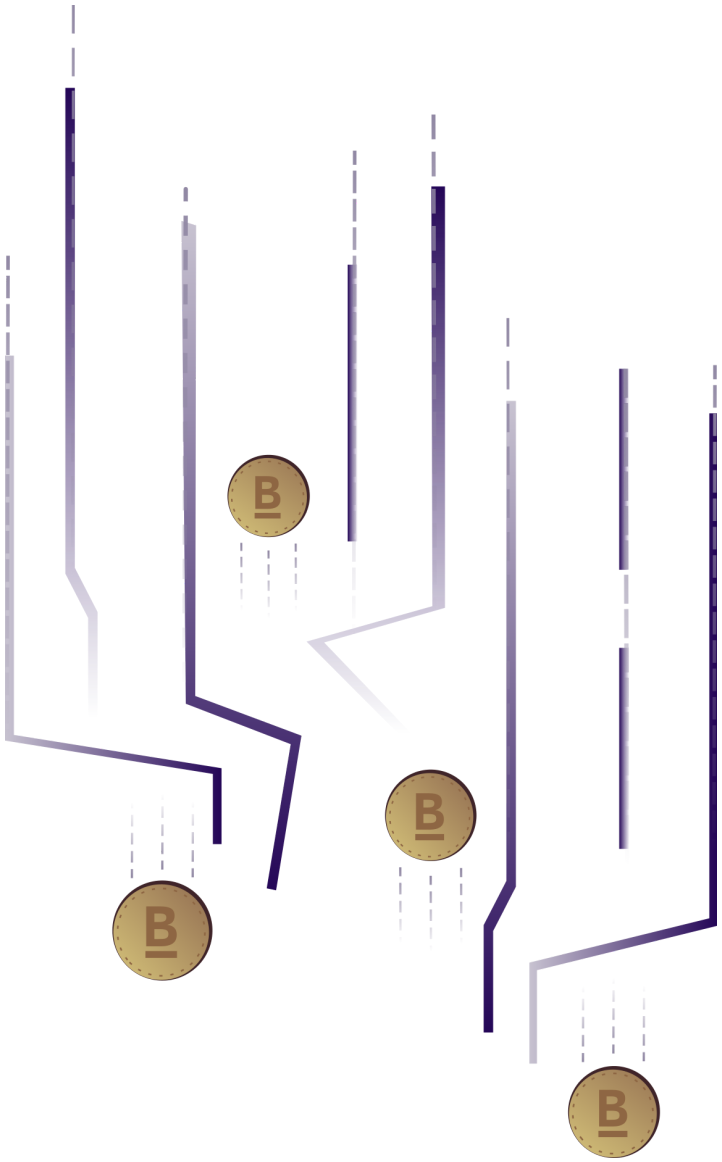
Since the launch, bDAO has become a flourishing community with 15,000 Discord members and 4,200 token holders, catalyzing a number of promising initiatives ranging from content generation, dev work, and new financial products. Many initiatives are developed with the help of 13 guilds, which are specialized labor pools (e.g. developers, writers, treasury managers) that serve to work on projects for the benefit of the entire DAO and give the community direct access to domain expertise.

Now in its 3rd Season (a season is a time-contained sprint for the DAO to organize its budget and objectives), bDAO has accomplished quite a bit in its 8-month history. DAO members have launched newsletters, podcasts, educational webinars, international media nodes (in 15 countries), a

consultancy, an apparel collaboration with MetaFactory, two DeFi index products with IndexCoop, and even spun out its own NFT community called DAOpunks.

Though the organization is still young, bDAO has the potential to continue to capitalize on its position as a reputable brand and push the web3 ecosystem to new heights. It has already seen early signals of revenue generation, and the pace of new project ideation and development has only accelerated.

Many claim that 2022 is the year that DAO adoption and membership goes mainstream just as NFTs did in 2021 (see page 150). We fully expect bDAO to be at the forefront of this trend, play an instrumental role in shaping future discourse around decentralized organizations, and continue its track record of incubating innovative Web3 projects.



FINANCIAL ANALYSIS & NARRATIVE

bDAO is one of the most active, recognizable DAOs built on a social token and is a first-mover in the space

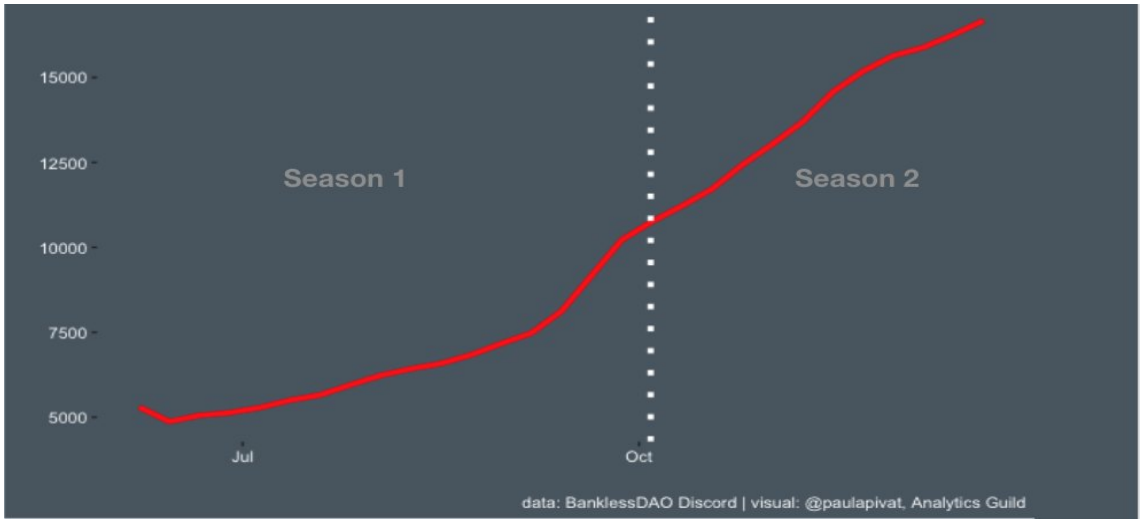
- $BANK is one of the most widely held social tokens according to the Forefront market landscape (full discussion on the definition of a social token in the below section). This is despite the fact that BanklessDAO never raised capital from outside investors and has grown entirely organically to date.

- bDAO is one of only a few DAOs focused solely on media production and is certainly the largest one by membership and reach. Others such as Decrypt are starting to enter the space but have yet to receive widespread community traction.

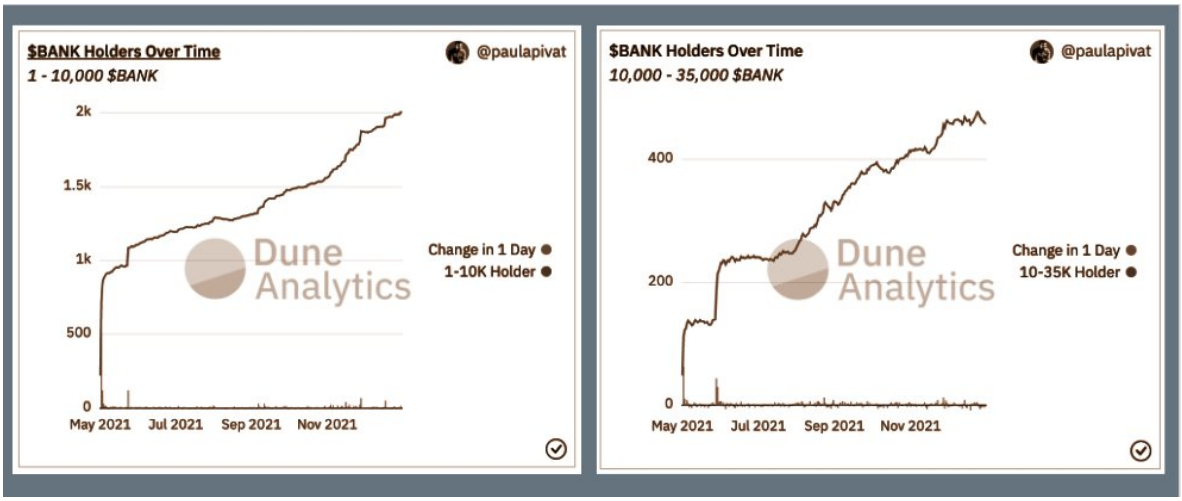
- A DAO's defensibility comes from the strength and output of its community, which takes time to develop. bDAO benefits from being one of the first DAOs to establish a community dedicated to education and content production, and therefore has had a head start to refine its governance / internal processes. This includes 26 Snapshot proposals passed and 350 forum threads since inception.

Impressive growth and pace of execution despite its short history

- bDAO's accomplishments over the course of 2021 are in large part due to the strength of the leadership team, especially in the early months. This included a number of Bankless contributors including founders David Hoffman and Ryan Adams. Since then, the core team of Web3 natives have helped incubate and fund 21 projects / guilds in Season 1 and 33 in Season 2.



BanklessDAO membership over time



- Total membership in the Discord has grown considerably, reaching 15,000 since launch, while $BANK holders within the membership threshold have also seen a large increase to 4,200.

- In Season 2 alone (which is only 3 months long), the bDAO community accomplished the following non-exhaustive list:

    - Acquired $550K of liquidity through a partnership with OlympusDAO

    - Sold out DAOpunks, a sub-DAO spinout of bDAO, in the pre-sale

    - Created 3 new media publications including State of the DAO (DAO-specific news and fundamentals), Decentralized Law (breaking down Web3 legal), and TheRugNews (crypto satire)

    - Launched the Bankless DeFi Innovation Index $GMI with the Index Coop

    - Integrated DEGEN (Discord bot to automate administrative DAO activities) with 80+ communities

    - Dropped 2 merchandise collections with Metafactory

    - Announced a Podcast Incubation Program

    - Launched Talent Collective in partnership Pallet to connect bDAO members with Web3 employment opportunities

    - Published first two modules of Bankless Academy, a Web3 education platform

    - Spun up media nodes in 15 new languages
    - Incubated Bankless Consulting, DAO Dash (analytics platform), and the Bankless Mobile App

    - And accomplished much more in addition to funding existing guild activities and projects

- Much of this progress can be attributed to a diversity of talent, which is one of bDAO's core strengths. bDAO is loosely organized into 13 guilds, each specializing in a particular domain and have relative autonomy to pursue projects of their choice. This provides intra-DAO synergies, as projects have a large pool of talent at their disposal, and also increases the overall appeal of bDAO as an inclusive community that's open to people of all backgrounds.

DeFi is a high-growth category that will continue to see widespread user adoption and displace traditional finance (TradFi).

- 2021 was a banner year for DeFi protocols, with total value locked (TVL) growing from $18.7B at the beginning of the year to $243.8B by end-of-year, which represents 13x YoY growth according to DeFiLlama.

- Metamask, the most popular non-custodial wallet and primary means for most users to interact with DeFi protocols, ended the year with 21M monthly active users, up 38x from 2020.

- Although bDAO has expanded beyond DeFi, it remains a core pillar of its mission to evangelize web3 and will continue to serve as a wedge for new user adoption. For those seeking a community within DeFi, bDAO will be one of the first places they turn to for resources and job opportunities.

- The growth of the category as a whole is a macro tail-wind that will continue to drive user engagement KPIs for Bankless HQ. Greater presence for Bankless HQ = improved brand equity for bDAO by association.

DAOs will continue to surge in popularity as an alternative means to coordinate talent

- DAOs have seen tremendous growth over the last year, ending 2021 at just around $12B total AUM according to Deep DAO. This is up from $380M in January of the same year.

- Total DAO members and token holders reached 1.3M by year-end, a 130x increase since the start of the year.

- DAO tooling has progressed considerably over the past few years, and the existing tech stack enables a wide range of use cases for DAO governance and operations. For instance, bDAO uses Coordinape to allocate compensation to contributors, Collab.Land to transfer and manage user funds, Discourse to host forum discussions, and Snapshot to formally vote on proposals, among other tools. While gaps in tooling still exist (onboarding, tax/expense management, integrations with web2 platforms, etc.) I expect this space to see continued innovation over the next year, which will in turn improve DAO productivity.

- Inter-DAO coordination is a growing theme, and bDAO has already established partnerships with other blue chip DAOs including Metafactory, Index Coop, Balancer, OlympusDAO, and others. These relationships further entrench bDAO's position in the ecosystem, as the continued growth of these partners will only benefit bDAO in the long-run.

$BANK is trading at an attractive valuation relative to the opportunity

- $BANK is currently trading at a circulating market cap of $8M and fully diluted market cap of $30M. Considering bDAO's current momentum and future growth opportunities, I believe this understates the value of its community. As a reference point, FWB (which is a comparable DAO in terms of the scope of its operations) raised $10M from a16z at a $100M valuation in November 2021. bDAO and FWB had roughly similar levels of membership at the time of investment.

- Other medium-term catalysts for token appreciation include deepening $BANK liquidity, increasing the absolute number of members, and expansion of membership perks.

- Given a lack of metrics compared to other projects (e.g. TVL, fees, etc.), social tokens are difficult to value as a financial asset. After all, this is a relatively new category and a paradigm shift in how to coordinate talent in a decentralized manner. Despite this drawback, there is a serious case to be made that bDAO is undervalued because of the potential of existing **and** future projects that have yet to be incubated.

- This report focuses on contributor funnels (i.e. creating guilds to capture talent, projects to put talent to work, etc.) instead of simply revenue to give a sense of how broad bDAO's scope is. Many guilds and projects discussed in the report are just starting to hit their adoption hockey sticks - some will fail or flat-line, but there is a real chance that some will have an outsized impact on the ecosystem.

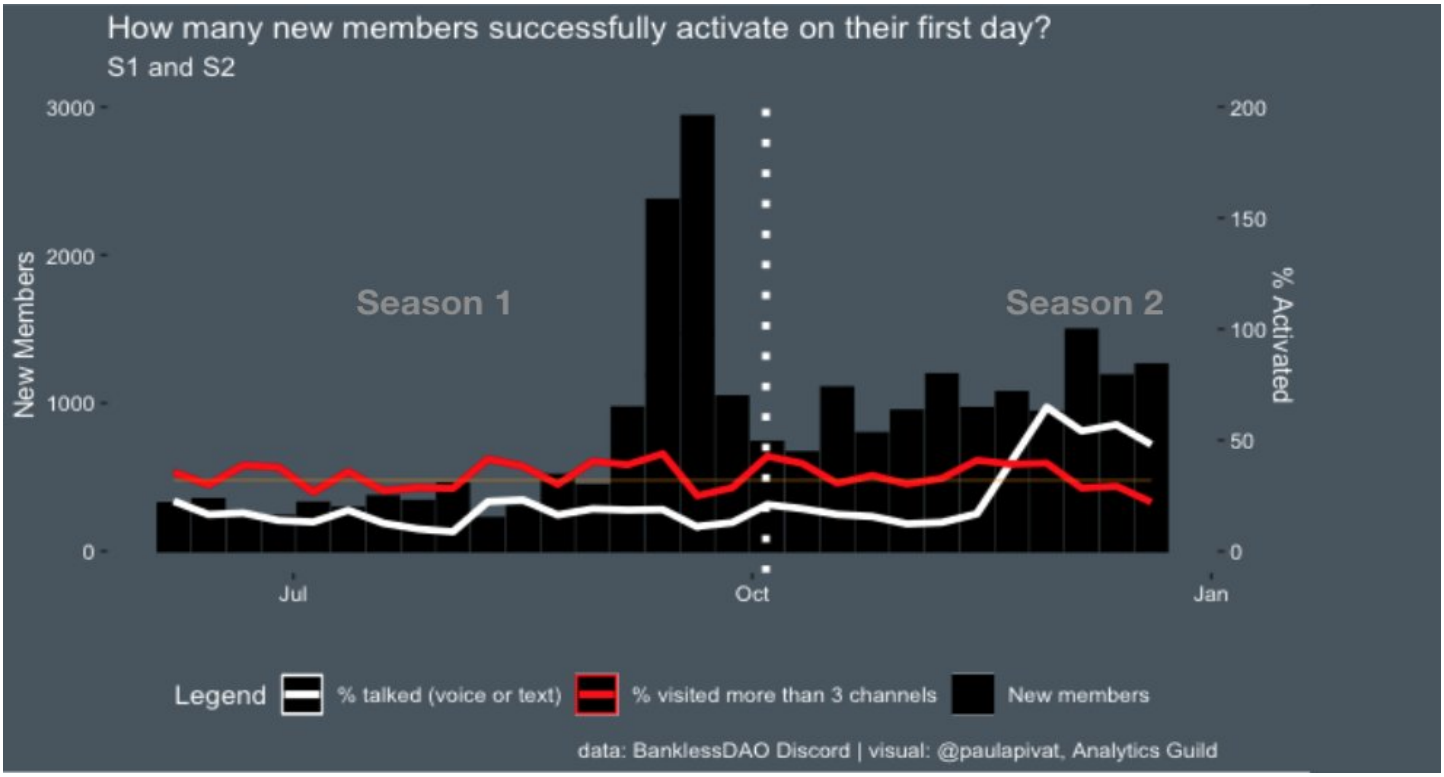
- It is most useful to look at each project in bDAO as a traditional startup and the DAO as a whole as a traditional VC. Using this analogy, we can see how bDAO has essentially bootstrapped 15 startups over the last 8 months of 2021 and has the capacity to bootstrap at least as many more over the next 2 years.

CHALLENGES AND RISKS

Failure to engage and grow community will stall bDAO's momentum

- The success of bDAO is closely linked to its ability to foster active participation of its existing members, grow its external appeal to prospective members, and make onboarding as frictionless as possible. To that end, while bDAO has witnessed rapid growth, it hasn't been without growing pains.

- ***Scaling onboarding*** was an issue prior to Season 2, and there was a concerted effort to simplify the process. The first implementation of this was through a "First Quests" guide designed to introduce the basics of bDAO and help prospective members get involved. Since First Quests, there has been a marked increase in new member activation rates on their first day, as seen below. Other tweaks that were formalized during Season 2 include guild-specific first quests, talent scouts, and regular onboarding webinars.



- ***Fairly compensating contributors*** is another area that all DAOs grapple with. This is an important function to get right given its direct impact on contributor morale and retention. Some DAOs make top-down compensation decisions from a council, while others delegate this authority to subgroup leaders. bDAO has standardized around a 1,000 $BANK/hr rate and Coordinape rounds, though there are still challenges around equitable compensation across guilds/projects, sustainability of funds, and appropriately tying compensation to tangible work completed.

- ***Project management*** has at times been disorganized. Prior to Season 2, there was a lack of: guidelines for how & when to propose a project, channels for achieving formal consensus, budgeting, etc. Projects are separate from guild-specific initiatives and often require more team-building and set-up in the initial stages. There is now a much more formalized framework in place, which is tracked primarily through Notion, but continuing to reduce friction will be key to incentivizing the best ideas to surface.

- ***Counter:*** These challenges are not unique to bDAO, as all DAOs will inevitably face similar bumps in the road given the inherent decentralized nature of DAO operations. We are still in the early stages of seeing how DAOs will impact the world and compete against centralized organizations, and if anything, bDAO has been a thought leader in the space of effective organizational design. Continual iteration on frameworks for the above and improved tooling will go a long way in helping DAOs overcome current scaling challenges.

Leadership turnover & governance

- While much of bDAO's early progress can be attributed to the strength of the leadership team, it can also be a potential Achilles heel if critical members leave without a strong pipeline of others who can step in. In general, there's higher risk of turnover in a DAO because contribution is often voluntary and not bound by legal contracts.

- Frogmonkee, arguably one of bDAO's most active contributors, recently left his day-to-day duties at bDAO in the middle of of Season 3, citing burnout as the primary reason. Because of this risk, it's important that proper governance measures are created to maintain long-term contributor incentive alignment and to ensure that top talent is retained / able to move up the organizational ranks.

- ***Counter:*** All early stage organizations suffer from "key person risk," and bDAO is addressing this through a Governance Solutions Engineers program. This will provide funding to an elected group of dedicated, qualified individuals to spec out solutions on how the DAO should evaluate its strategic priorities for funding operations, optimize community consensus, and redefine compensation.

Exogenous macro and regulatory risk

- ***Market conditions*** will have an impact on $BANK price, as we've seen in the recent selloff in January 2022. $BANK hit a low of $0.044 after reaching an ATH of $0.18 in mid-December 2021. $BANK is not impervious to these market gyrations, and bDAO's treasury is directly affected by them. Economic sustainability via revenue stream growth and potential diversification of the treasury will be a key issue for the DAO to navigate.

- ***The legal status of DAOs*** still lacks regulatory clarity. While some states like Wyoming have paved the way for DAOs to gain LLC status, most DAOs still keep most, if not all, entity governance on-chain. This can potentially expose DAO members to liability, complicate tax filings, and prevent the DAO from signing legal agreements or interacting with the traditional financial system (eg. opening a bank account). The US, in particular, has limited state and federal guidance for DAOs, and the timeline for the path forward is still unclear.

- ***Counter:*** While there are short-term implications from unfavorable market conditions, the key metrics for bDAO's long-term success continues to be contributor and project growth. As long as bDAO continues to drive membership interest, be a significant contributor in the DAO landscape, and keep members satisfied, volatility should not be an existential threat. On the regulatory side, while some off-chain activity may be restricted in scope, thought leaders in the space have suggested temporary fixes such as registering as an unincorporated nonprofit association (UNA), which would address the immediate concerns in the above section.

SOCIAL TOKEN
MARKET OVERVIEW

Social Token Market Overview

Social tokens are a relatively new concept that have been defined in a variety of ways by influencers in the DAO space. Fundamentally, they are backed by the reputation of the community they represent and derive value outside of financial speculation. Social tokens are often used as a means for admitting members into gated communities via a token ownership threshold, voting on governance proposals, compensating members for their contributions, and accessing other community perks. Therefore users are incentivized to retain their social token holdings for non-financial reasons because selling them would preclude the user from accessing all the aforementioned benefits.

Social tokens can be issued by communities such as bDAO or individuals (eg. an artist or influencer). DAOs like bDAO, FWB, and others have issued their own ERC-20 tokens while projects such as Rally and Coinvise provide a platform for social token launches. Social token tooling (similar to general DAO tooling) has also grown in scope. Forefront has a great piece here on the tooling landscape.

While bDAO does not have a direct competitor today, it is worth noting DAOs that have overlap in the scope of their activities. bDAO's focus was initially on furthering Bankless HQ's DeFi-centric mission, although its guilds and projects have expanded into many areas outside of DeFi. From the point of view of sheer output, bDAO has been the most productive of its peers in terms of quantity and range. Not included are other crypto-native media companies that compete for mindshare against Bankless HQ - as seen later in the Business Operations section, bDAO's activity is quite distinct from Bankless HQ, so social token projects are a more appropriate set of comparables.

Friends with Benefits (FWB)

- FWB is Web3's premier social club DAO (many have described it as crypto's SoHo House) dedicated to bringing together culture / arts with crypto.
- FWB is gated like bDAO and requires an application + 75 $FWB to join.
- Known for their IRL events and parties, FWB members have also started a number of projects including an NFT auction platform and gallery, curated city guides, a member directory + dashboard, a newsletter, and proprietary governance proposal platform (called Upvote).

Global Coin Research (GCR)

- GCR is a DAO that grants its members access to exclusive content, educational resources, community hangouts, and Web3 investment opportunities through its $GCR token.
- GCR tends to organize a decent number of IRL events, with over 100+ completed to-date.

Decrypt

- Decrypt is a Web3 media brand similar to BanklessHQ that puts out written / multimedia content such as news, editorial analysis, videos, and podcasts.
- Decrypt has a strong founding team, and its co-founders have previously held senior positions at Flipboard, Time, and Codeacademy.
- Decrypt announced in September 2021 that they were building out a media DAO, although it is unclear how much progress they have made since then, as there have been no public updates on the project.

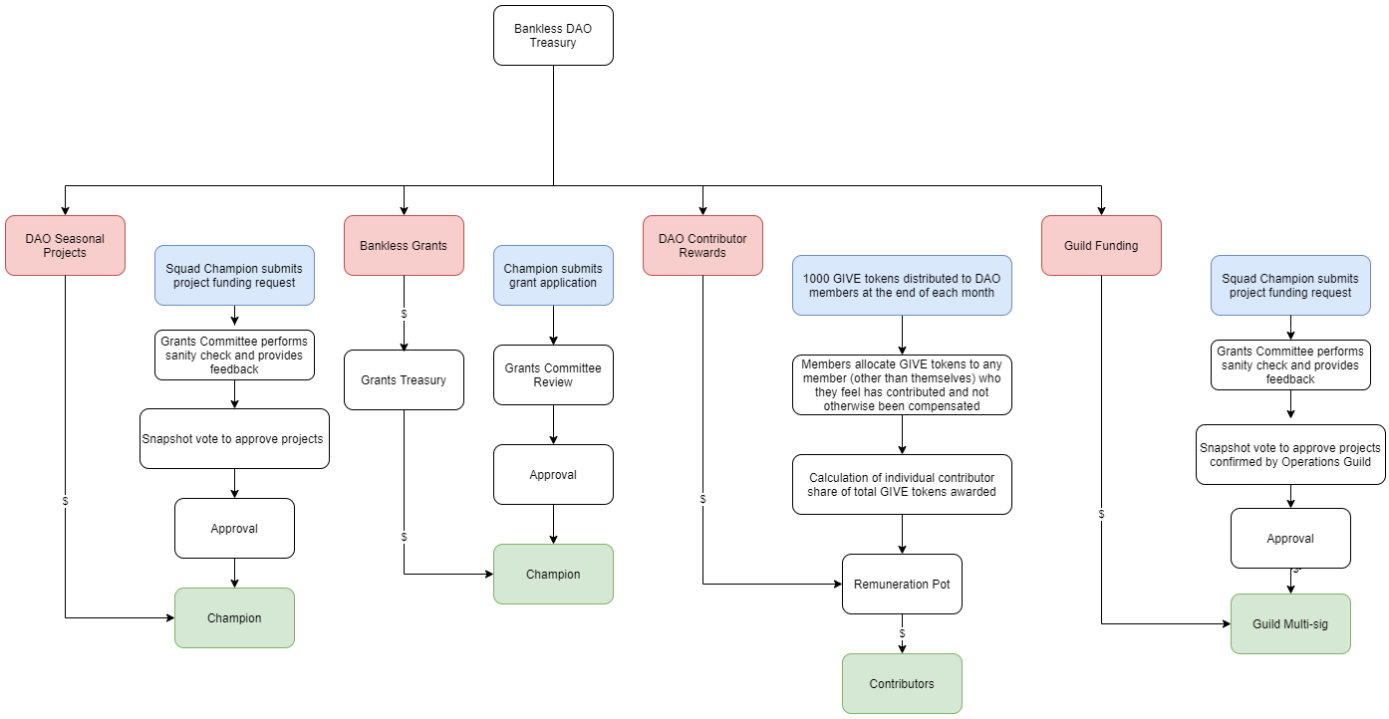
Forefront

- Forefront describes itself as a launchpad empowering Web3 explorers with the literacy, tribe, and tools to create in tokenized communities.
- Focused on the social token/DAO ecosystem, Forefront produces content in the form of social token research, educational materials, and a weekly newsletter.
- Community members with 100 $FF tokens can access Forefront Signal, a curated feed of Web3 content.

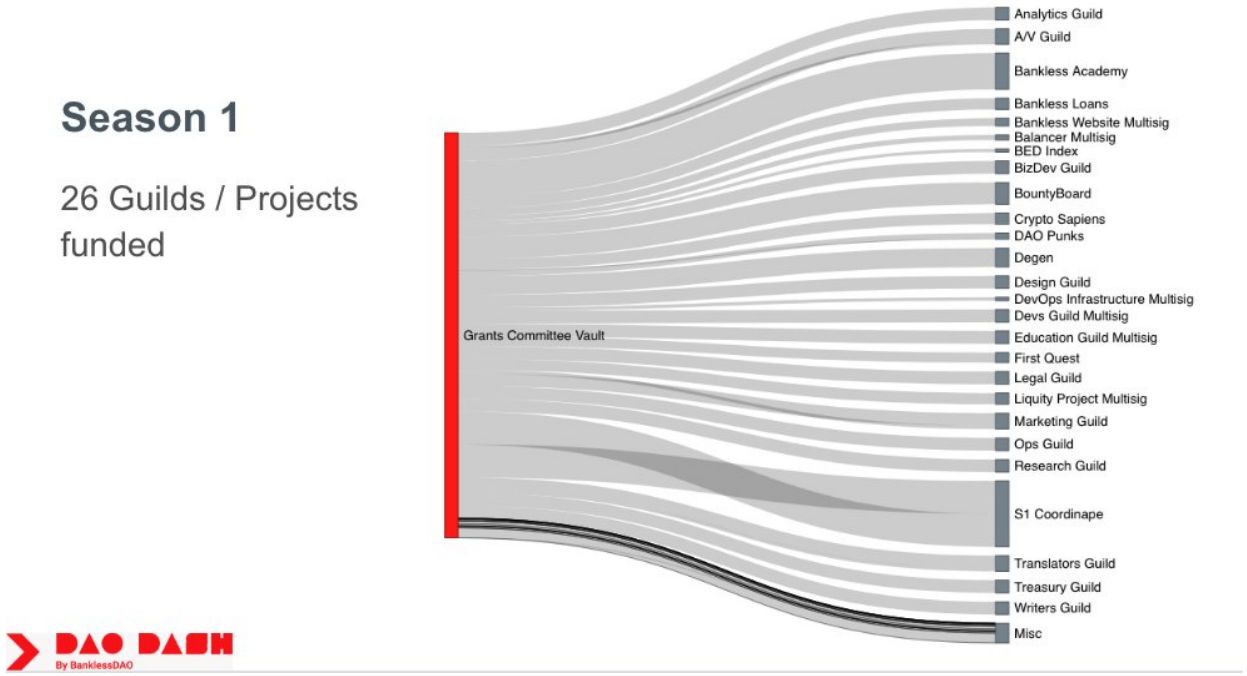
BUSINESS OPERATIONS

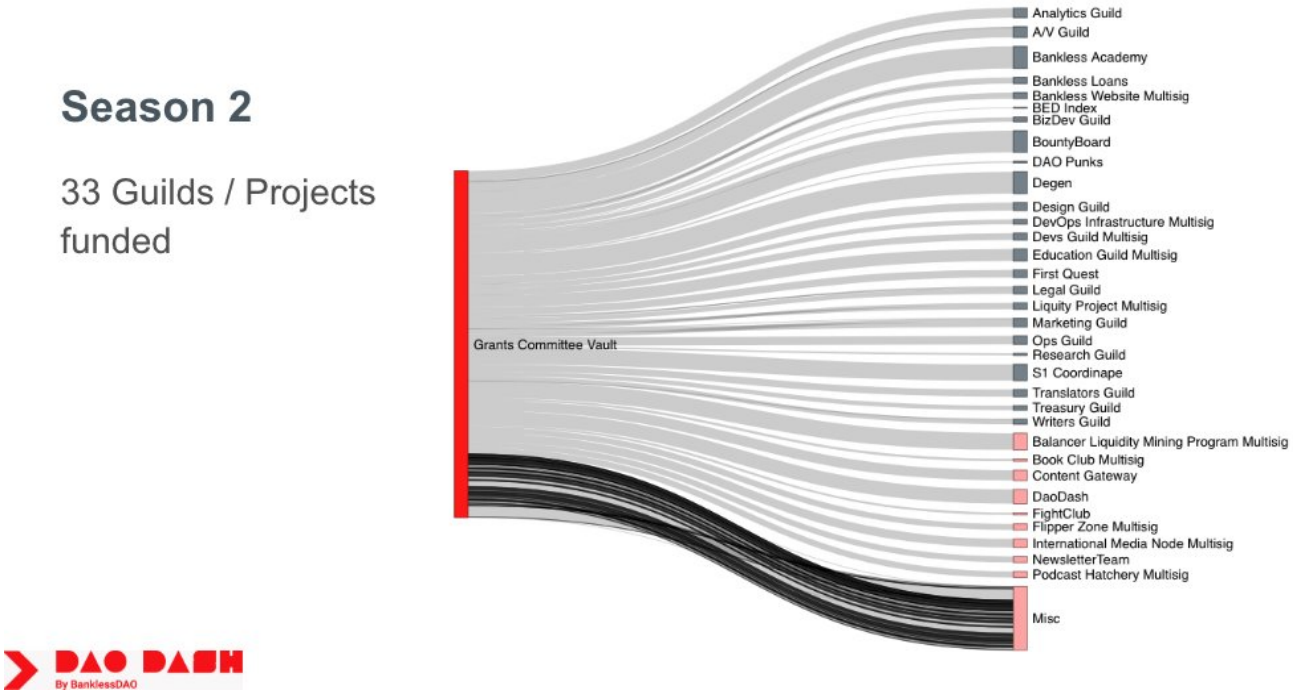
Business Operations Overview

bDAO operations are funded through its Treasury and allocations are determined by a Grants Committee composed of 5-7 contributors who are elected before each season begins. There is a formal process for guilds and projects to request funding which involves setting up a Discord channel, Notion project page, multi-sig wallet, posting on the bDAO forum to gauge interest, and filling out an application. Below is a flow chart illustrating this process.

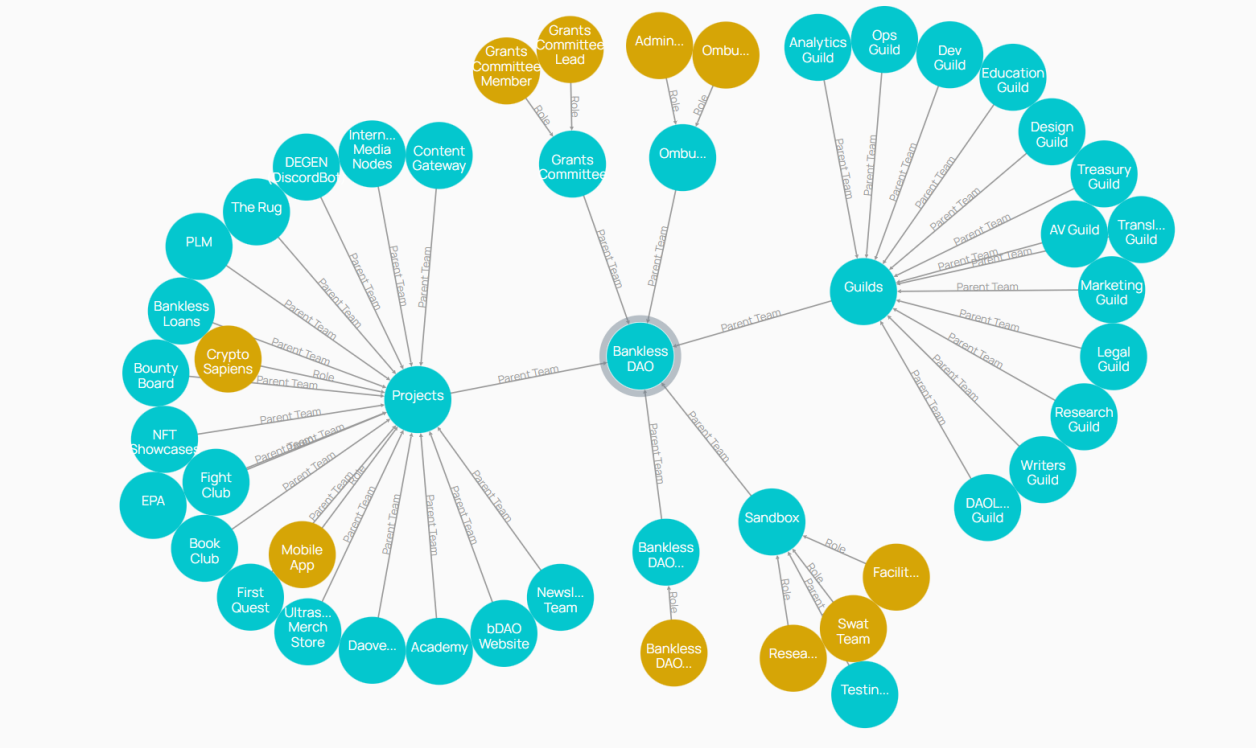


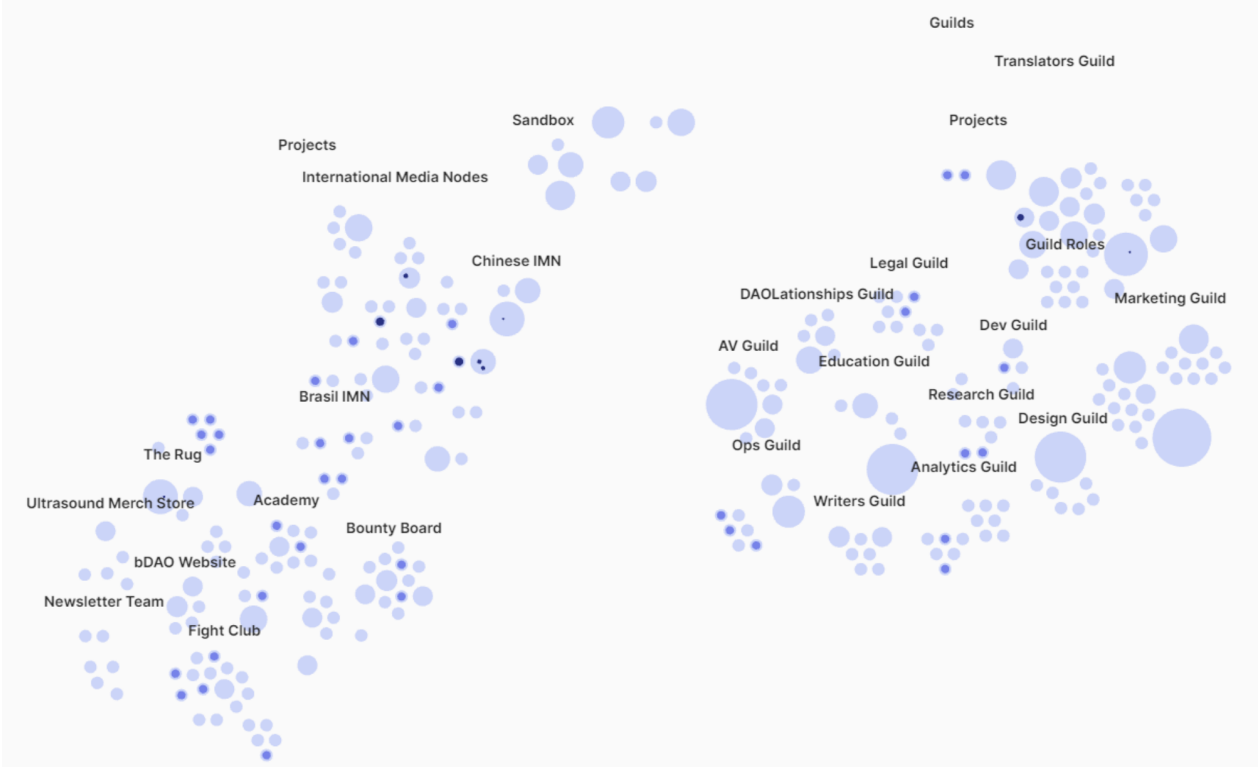
Structurally, bDAO initiatives are split into guilds and standalone projects. Guilds are labor pools that organize specialist skill sets into a single location. Creating a Guild gives DAO members the opportunity to group together and offers the community direct access to a source of skilled labor. Anyone who is Level 1 or above can join a guild. Standalone projects can encompass anything that does not fit strictly within a guild. Below is a sampling of guilds and projects that were funded in Seasons 1 and 2.





The following Sobol charts give another view of the relationships between bDAO and the various guilds and projects, as well as the scale of membership. What's striking is the quantity and diversity of initiatives pursued by DAO members, which adds a network effect dimension to bDAO's community strength.





While it would be difficult to include every individual accomplishment from bDAO, I will attempt to summarize the main operations of the guilds and projects. As a note, each guild / project has their own governance systems and budgets, though they follow procedures that are standardized across all of bDAO such as their use of Discord channels, Notion for record keeping, etc.

Writers Guild

The Writer's Guild is responsible for cultivating promising writers in bDAO and publishing three newsletters including Weekly Rollup (what happened the past week in bDAO), Decentralized Arts (weekly NFT and crypto-art content), and State of the DAOs (bi-weekly focusing on the DAO ecosystem and organization tools). Total newsletter subscribers are nearing 10K and continuing to grow.

Treasury Guild

The Treasury Guild is responsible for preserving, enhancing, and supporting the DAO's financial resources. They provide general financial reporting, planning, and budgeting, and also work on treasury diversification initiatives and liquidity partnerships.

Translators Guild

The Translators Guild ensures that bDAO content is properly translated to reach the broadest possible audience. In past seasons, the guild has worked on a number of projects, the biggest of which was spun out independently as **International Media Nodes,** which are standalone non-English media channels**.** Today, there are 17 IMN channels in operation.

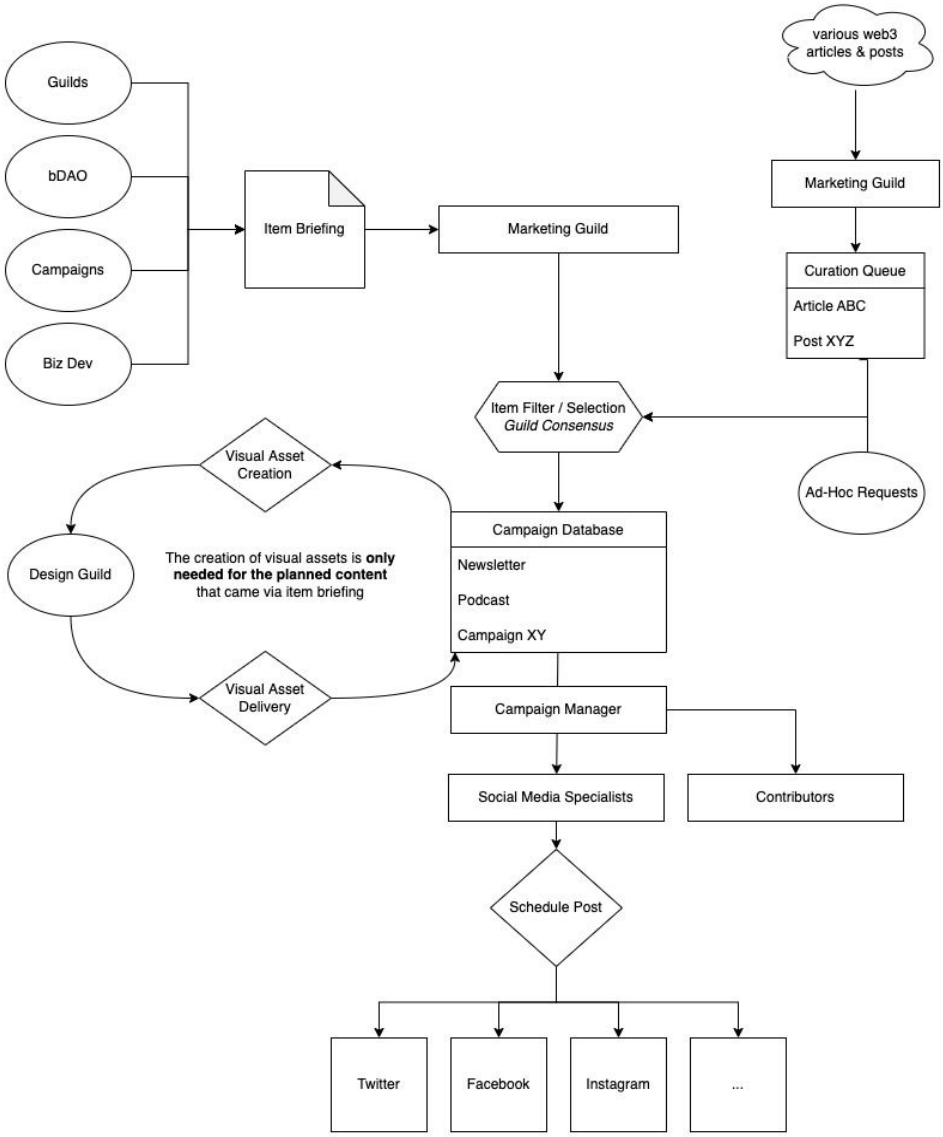
Research Guild

The Research Guild is responsible for conducting, guiding, and funding research that aligns with the goals of bDAO. Specifically the guild creates research bounties and requests for remuneration, funds specific-scope projects through a grants program, and writes / publishes research articles in its own newsletter.

Operations Guild

The Operations Guild watches over the daily activities of bDAO to ensure members are aligned with the general mission. Guild members facilitate core operations such as:

- Coordinape Rounds - monthly and season-end rounds for member remuneration
- Community Calls
- DAO operational expenses
- Notion/Discourse administration
- Discord administration
- Seasonal planning and transition management
- DAO cartography and organization mapping



Marketing Guild

The Marketing Guild delivers a full suite of Web3-specific marketing solutions to both internal bDAO constituents and external clients. The guild leverages bDAO's media assets as part of their marketing campaigns and has a Kanban board database that tracks all ongoing initiatives. The guild also helped create a media kit / sponsorship guide to easily onboard outside partners who may want to sponsor with bDAO. The process map to the right illustrates the workflow for how the guild vets and runs marketing campaigns.

Legal Guild

The Legal Guild's purpose is to support the bDAO community with up-to-date summaries of legal developments in crypto and DAO governance. As part of this, they publish a newsletter called Decentralized Law. The guild also helps serve as liaison for communications with outside third parties to minimize legal compliance issues in the off-chain world.

Education Guild

The Education Guild provides tools and resources that empower members to share and obtain knowledge around Web3, DeFi, NFTs, and metaverse topics. They've done this through a number of projects including the following:

- **Bankless Academy -** a "Duolingo" for crypto. The program guides users through a skill tree, content in various media formats, interactive quests, and quizzes, all the while rewarding the user with POAPs and other goodies.
- **First Quest -** a series of Discord channels that a user navigates through when they first join the bDAO Discord. First Quest is meant to properly onboard members by helping them navigate bDAO resources and showing them how to get involved.
- **Mentorship Program -** provides a means for high quality mentors to pair up with new members and offer their expertise via outside consulting work.

Developers Guild

The Developers Guild seeks to onboard and organize technical talent specific to Web3. Guild members support technical initiatives across bDAO and also manage in-house departments for Solidity training modules and DAO-wide developer systems infrastructure.

Design Guild

The Design Guild brings together web-native designers as a resource for bDAO projects that require a visual component. The guild has compiled a comprehensive style guide and has been the driver behind bDAO's branding across its various media assets.

DAOlationships Guild

The DAOlationships Guild facilitates and coordinates relationships between bDAO and external organizations. This guild plays a crucial role in helping bDAO establish partnerships with other DAOs and organizations, with the goal of turning bDAO into a "super connector DAO" that supports the overall Web3 ecosystem. Examples of collaborations include those with Metafactory, Balancer, citaDAO (upcoming), and Copper (Alchemist).

Audio / Visual Guild

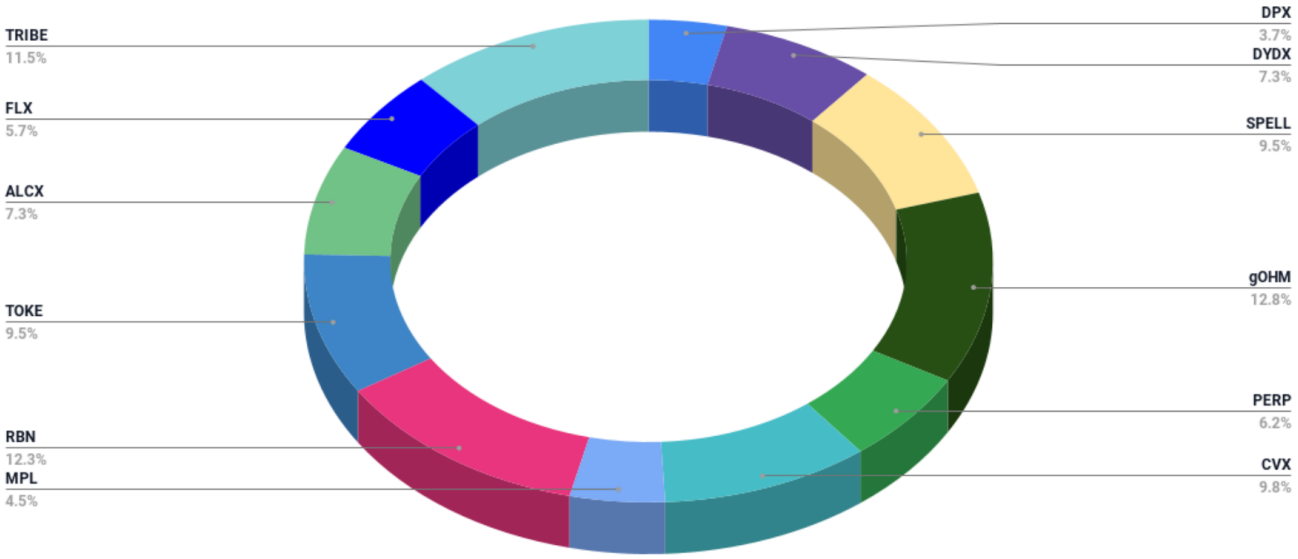
The AV Guild creates and curates media assets that directly support the broader mission of bDAO. Such assets include **Podcast Hatchery,** a podcast development program for content creators within bDAO, and **Crypto Sapiens**, a weekly podcast featuring discussions with innovative Web3 builders.

Analytics Guild

The Analytics Guild builds data products and uses data analytics to create insights for bDAO and other DAOs. Their goal is to build a high-performing analytics engine and sensing platform that will deliver insights about internal DAO performance metrics as well as external on-chain metrics. **DAO Dash** is the Analytics Guild's internal data dashboard, complete with standardized data pipelines and a collaborative query / analysis environment.

DeFi Products

Through a collaboration with Index Coop, bDAO has launched 2 DeFi index products to date. The first is **$BED** (Bitcoin, Ethereum, DeFi), which is made up of ⅓ wBTC, ⅓ wETH, and ⅓ DPI. DPI is itself an index of the top ERC-20 DeFi tokens. $BED was co-marketed by bDAO and Index Coop and provides users a passive, cost-efficient way to have balanced exposure to crypto's top assets. The second product is **$GMI**, which was launched more recently and seeks to give exposure to "DeFi 2.0" projects, which are not captured in the DPI index. These projects tend to have more aggressive designs, leverage new primitives like protocol-owned liquidity, and be a bit higher up the risk curve - their weightings in the $GMI index can be seen below:



Bankless Consulting

Bankless Consulting was formed to create external revenue streams for bDAO members through the delivery of professional services and Web3 tooling to external parties. This subDAO will coordinate the talent of bDAO to focus primarily on DAO-to-DAO, DAO-to-Business, and product incubation. Bankless Consulting is incorporated as a Delaware LLC to ensure regulatory compliance.

Bounty Board

The Bounty Board provides an easy-to-use interface for members to claim bounties (ie. units of work) and be compensated for it. Creators post a bounty with an associated reward and contributors can sort through bounties by reward amount before laying claim. The Bounty Board facilitates intra-DAO coordination of talent and is typically one of the first ways that a member starts earning $BANK.

DAOpunks

DAOpunks may be one of the more intriguing projects to come out of bDAO. DAOpunks was conceived in an attempt to build a community around its NFT collection through claimable merch, DAO-to-DAO collaboration, and other perks. Since the public mint, DAOpunks has spun out of bDAO and amassed a public treasury through that sale to fund community-approved projects that support growing the DAO ecosystem. DAOpunks can be purchased on OpenSea and currently have a floor price of ~0.23 ETH.

DEGEN

DEGEN is bDAO's Discord bot that automates a number of otherwise tedious user tasks. The goal is to provide executive functionality from within the bDAO Discord, increase productivity by minimizing the amount of time it takes to search out documents, and run processes external to the server. Examples include:

- Fetching links and information from Notion, Discourse, and GitHub
- Providing onboarding services to new members
- Providing governance functionality from within Discord. Features include managing multisig transactions and Snapshot inquiries

Fight Club

Fight Club is a venture DAO initiative that is focused on investing in early-stage Web3 projects. Modeled after Metacartel Ventures, Fight Club will raise capital through an investment vehicle and spin out as a separate entity in the coming months. Fight Club also has an education program that seeks to teach members about venture capital and equip them with the skills to eventually assist with diligence and portfolio work within the fund. *(Disclaimer: I am a member of Fight Club.)*

REVENUE MODEL

Existing Cash Flow / Revenue Streams

- **Treasury asset appreciation**: bDAO generates income when the value of its Treasury assets appreciates. This is booked as a realized / unrealized gain on its accounting statements. This isn't technically booked as "revenue" but can help generate cash for bDAO when gains on asset appreciation are realized. The downside here is that the Treasury is beholden to market corrections.

- **DeFi product fees:** bDAO's DeFi products collect a streaming fee from traders. Today that fee is 0.35% and is split evenly between bDAO and Index Coop.

- **Merchandise sales**: bDAO's recent merchandise collaboration with MetaFactory has been a source of revenue, with many items selling out in short order on the site.

- **Sponsorship revenue:** This is earned from sponsors of the DAO's Weekly Roll-up, a weekly newsletter highlighting the latest news happening within the DAO and the community at-large.

- **NFT sales:** bDAO was a beneficiary of DAOpunks' public sale, which was the biggest source of revenue for the DAO in FY2021 (aside from token appreciation).

  bDAO booked ~$370K of total revenue in its first 8 months of operation, with the majority (~$200K) coming from the DAOpunks NFT sale. It booked considerably more "Other Comprehensive Income," which came in the form of token appreciation, with nearly $22M in unrealized + realized gains for the year. In terms of valuing bDAO as a business, the most accurate (and conservative) method would be to exclude gains and losses from asset appreciation, as they are removed from the actual operations of bDAO. However, they are still worth noting as they can present a source of cash flow and can more generally give a sense of how financially healthy bDAO's treasury is.

Income Statement (Unaudited)
From inception (May 4, 2021) to December 31, 2021
USD

	FY 2021 *(5/4/21 – 12/31/21)*	Q4 2021	Q3 2021	Q2 2021
Revenue				
NFT Sales	208,030	159,449	37,229	11,352
Merch Sales	59,935	22,929	36,971	35
Contributed Revenue	31,531	-	31,531	-
Sponsorship Revenue	25,253	20,253	5,000	-
Gitcoin Grant	22,916	19,239	2,397	1,280
Grant Revenue (other than Gitcoin)	10,000	10,000	-	-
Index Coop Streaming Fee	9,074	6,257	2,817	-
Media service revenue	3,998	3,498	-	500
Editorial and Publishing Revenue	900	900	-	-
Total Revenue	371,637	242,525	115,945	13,167
Expenses				
Contributors' rewards	2,046,577	1,798,596	223,769	24,212
Merchandise Commission	2,475	-	2,475	-
Operating expense	2,000	-	2,000	-
Royalty expense	1,113	-	-	1,113
Total Expense	2,052,165	1,798,596	228,244	25,325
Operating Income	(1,680,528)	(1,556,071)	(112,299)	(12,158)
Net Income (loss)	**($1,680,528)**	**($1,556,071)**	**($112,299)**	**($12,158)**
Other Comprehensive Income				
Unrealized appreciation of digital assets	17,142,959	3,924,818	12,122,547	1,095,594
Realized gain on disposal of digital assets	4,793,559	1,899,045	38,532	2,855,982
Other Comprehensive Income	**21,936,518**	**5,823,863**	**12,161,079**	**3,951,576**
Comprehensive Income	**20,255,990**	**4,267,792**	**12,048,780**	**3,939,418**

Future Revenue Streams

- **Additional education content:** The Education Guild has found a nice cadence to its content production and could at some point in the future start charging for access to premium courses.

- **Increased sponsorships / ad revenue:** As bDAO's media assets continue to grow in viewership and engagement, there will be increasingly more lucrative opportunities for outside sponsorships. bDAO has already created an elegant media kit, so the marketing collateral exists to support a more aggressive sponsorship campaign.

- **Rev share with subDAOs:** As guilds and projects begin generating revenue streams of their own, there will likely be a revenue-sharing agreement for a portion of those proceeds to flow back to bDAO's Treasury. This would certainly be the case for Bankless Consulting and Fight Club for instance.

- **IRL events:** There is a real opportunity to better capitalize on events in real-life, whether through social functions, hackathons, or conferences. Permissionless (co-organized by Blockworks + Bankless HQ) and Mainnet (hosted by Messari) are both examples of what a larger-scale bDAO event could look like.

TOKENOMICS

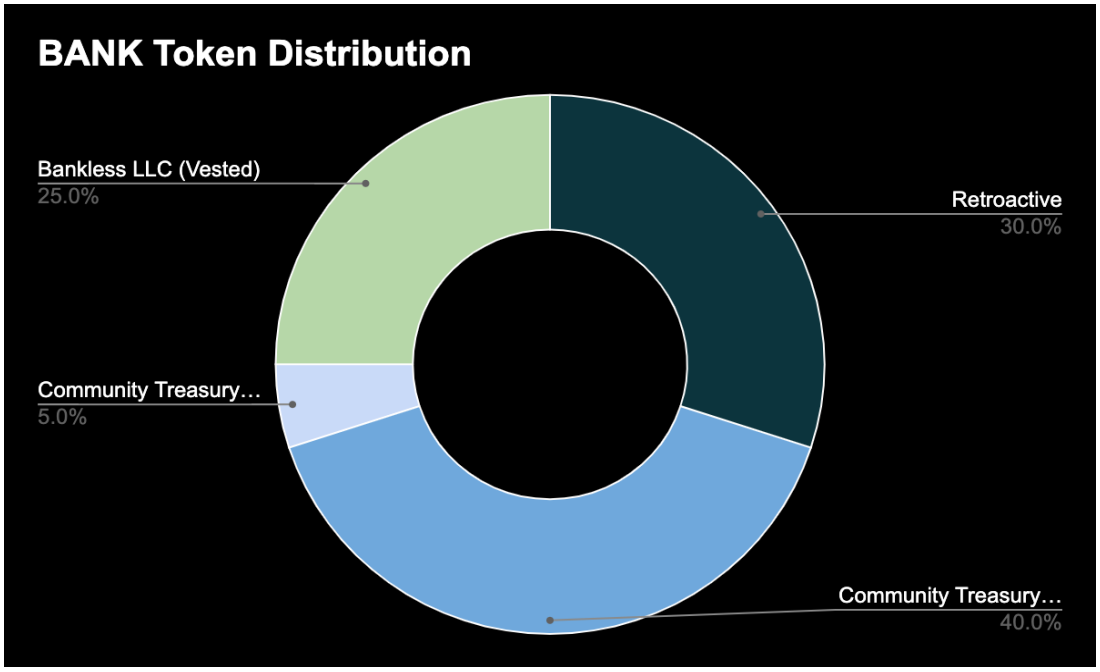
Given $BANK's function as a social token, there are incentives in place for community members to hold the token long-term vs selling for short-term financial gain. Users have to maintain a certain threshold of tokens to remain members of the community, and a status visible to all on the Discord is assigned to those with larger holdings. The membership levels are as follows:

- Level 1 = 35,000 BANK
- Level 2 = 35,000 BANK and be voted in as an "Active Contributor"
- Level 3 = Whale 150,000 BANK
- Level 4 = Liquidity Provider 250 Uniswap V2 BANK/ETH LP tokens or 1500 BPT

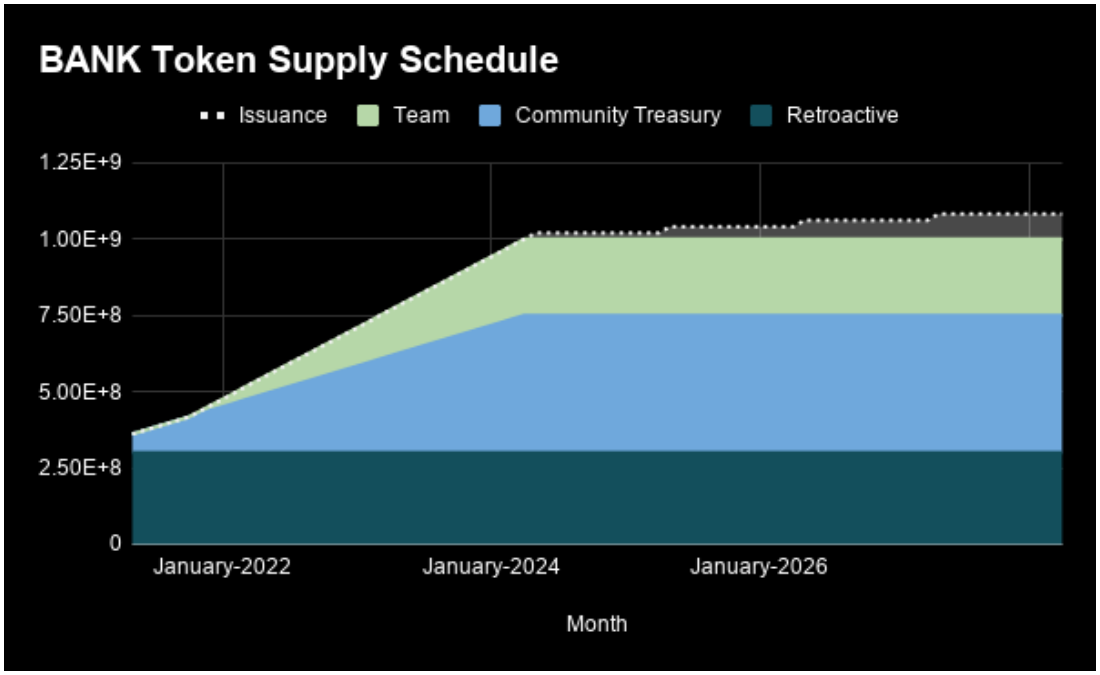
Guests passes are given to those who are completely new to the Discord - however, these expire after 2 weeks unless renewed by a Level 2 member. Prospective members are incentivized to earn their membership either by completing bounties posted on the Bounty Board, receiving allocations through Coordinape rounds, earning a "salary" as a role holder (paid seasonally), or buying $BANK tokens directly. While volatility associated with the crypto market at-large remains, the social / membership benefits associated with $BANK should mitigate speculation as the primary reason for owning the token. Some other membership perks include:

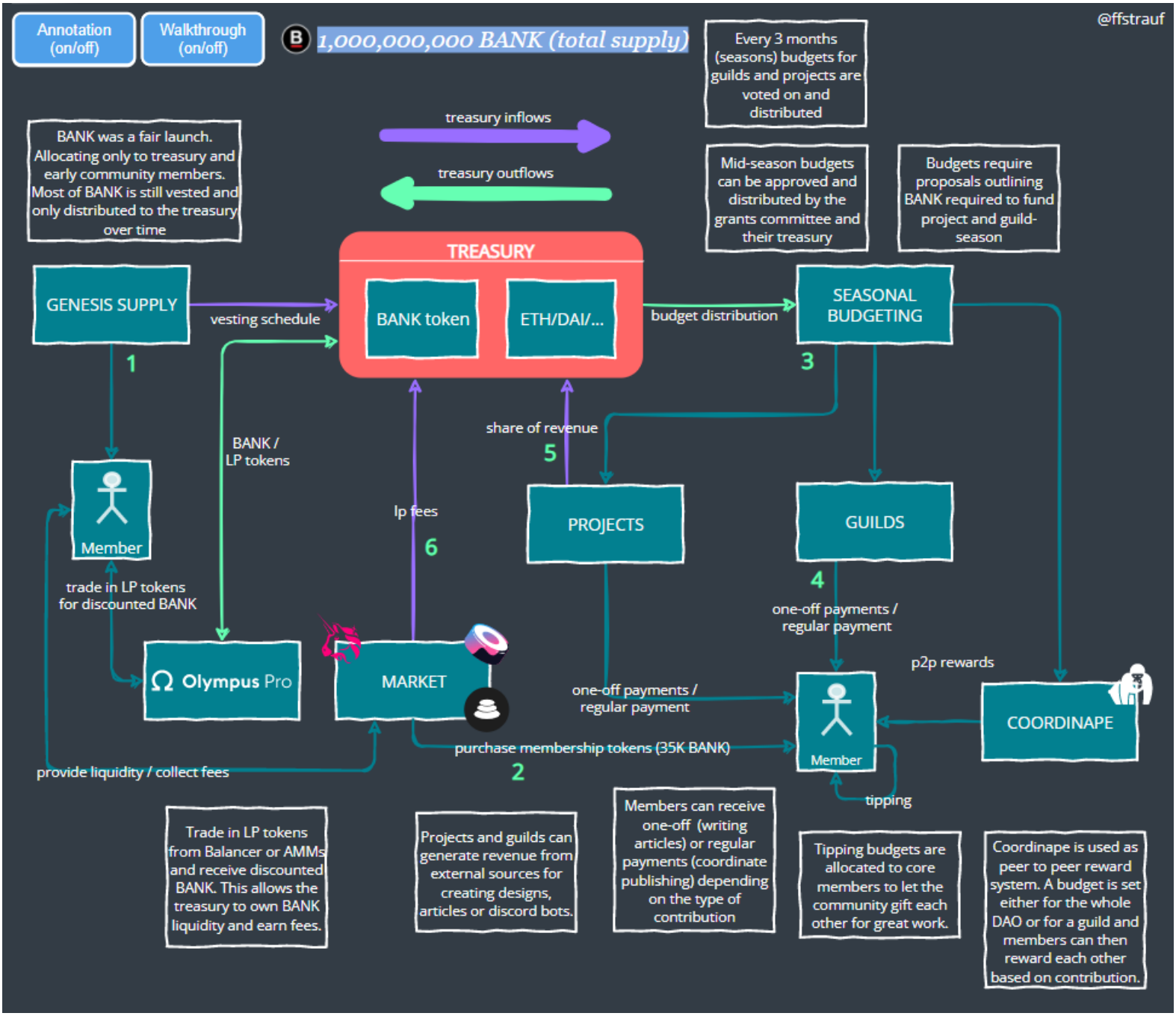
- Exclusive alpha and liquidity provision incentive opportunities
- POAP raffles and other giveaways
- bDAO poker tournaments
- Pre-mint and whitelisting opportunities for certain NFT projects
- Crypto Sapiens podcast live audience participation opportunities
- Bankless Rocket League tournament
- BanklessDAO Dungeons and Dragons games
- Members only interviews and AMAs from the Web3 community

In terms of supply, bDAO minted 1B total $BANK tokens with the Genesis Proposal. 30% of these tokens were airdropped to Bankless HQ premium subscribers who had obtained a Bankless 2020 or 2021 badge on Ethereum. These holders then passed a proposal that would give a one-time grant to Bankless LLC for their help in getting the DAO started and building community early on - this grant constituted 25% of total supply to be vested over 3 years. This left the treasury with 5% of tokens with the remaining 40% also allocated to treasury but vested linearly over 3 years. In 2024, there is an optional mechanism to trigger 2% inflation in each subsequent year. No private sales have occurred to-date to fund the treasury.



At time of writing, liquidity sits at ~$2M across Sushiswap, Uniswap, and Balancer (80/20 BANK/ETH pool). bDAO treasury also recently implemented protocol owned liquidity with Olympus Pro, allowing it to sell $BANK tokens at a discount in exchange for BANK-ETH LP tokens. There is also a new proposal in place to incentivize the Balancer pool on Polygon L2, which would provide a more cost effective solution for liquidity providers. Though liquidity levels could be higher, these are all steps in the right direction toward deepening liquidity and making $BANK more accessible for users in the future.




Annotation (on/off)
Walkthrough (on/off)
1,000,000,000 BANK (total supply)
@ffstrauf
Every 3 months (seasons) budgets for guilds and projects are voted on and distributed
BANK was a fair launch. Allocating only to treasury and early community members. Most of BANK is still vested and only distributed to the treasury over time
treasury inflows
treasury outflows
Mid-season budgets can be approved and distributed by the grants committee and their treasury
Budgets require proposals outlining BANK required to fund project and guild-season
TREASURY
BANK token
ETH/DAI/...
GENESIS SUPPLY
vesting schedule
budget distribution
SEASONAL BUDGETING
1
3
share of revenue
5
BANK / LP tokens
lp fees
6
Member
PROJECTS
GUILDS
4
trade in LP tokens for discounted BANK
one-off payments / regular payment
p2p rewards
Olympus Pro
MARKET
one-off payments / regular payment
COORDINAPE
purchase membership tokens (35K BANK)
2
Member
provide liquidity / collect fees
tipping
Trade in LP tokens from Balancer or AMMs and receive discounted BANK. This allows the treasury to own BANK liquidity and earn fees.
Projects and guilds can generate revenue from external sources for creating designs, articles or discord bots.
Members can receive one-off (writing articles) or regular payments (coordinate publishing) depending on the type of contribution
Tipping budgets are allocated to core members to let the community gift each other for great work.
Coordinape is used as peer to peer reward system. A budget is set either for the whole DAO or for a guild and members can then reward each other based on contribution.

In terms of treasury allocation, bDAO has spent the following amounts:

- Season 0 spend: 1M $BANK
- Season 1 spend: 11M $BANK
- Season 2 spend: 20.5M $BANK
- Season 3 spend (anticipated): 28.5M $BANK
- Total: 61M $BANK

Considering bDAO's treasury will vest 40% of tokens (or 400M $BANK) by 2024, this isn't an alarming amount of spend, though self-sufficiency through treasury management and revenue generation will need to eventually ramp up. $BANK token appreciation will also contribute to less relative spend in future seasons. A view of the latest treasury allocation from January 2022 is below:

Initial Assets			End of period assets		
Assets	Amount	USD Value	Amount	USD Value	Change in USD
ETH	38.862	102933.8058	32.455	**85,963.72**	- 16,970.08
ROBOT	1,293.922	56,557.33	1,293.922	**56,557.33**	-
WETH	2.403	6,364.69	2.403	**6,364.69**	-
RARI	868.226	7,831.39	913.474	**8,239.53**	408.14
USDC	17,071.550	17,071.55	20,191.550	**20,191.55**	3,120.00
DAI	6,741.988	6,741.99	6,907.769	**6,907.77**	165.78
PAN	95.000	5.80	95.000	**5.80**	-
USDT	40.350	40.35	40.350	**40.35**	-
SUSHI	1.000	4.09	1.000	**4.09**	-
GRT	7.600	3.08	7.600	**3.08**	-
BED	8.111	839.93	18.518	**1,917.56**	1,077.63
INDEX	213.860	1,853.75	213.860	**1,853.75**	-
PERP	200.000	1,186.86	200.000	**1,186.86**	-
UMA	235.000	1,301.90	235.000	**1,301.90**	-
MASK	1.000	5.63	1.000	**5.63**	-
GRO	-	-	58.000	**130.50**	
HDAO	-	-	500,000.000	**-**	
BANK	143,789,969.130	-	111,454,542.586	**-**	-
		202,742.15	Total	190,674.12	- 12,068.03

BANK Trading Volume in USD
4,008,003.10

DAO