



Cardano  
Foundation

# Financial Insights Report

2023

## Introduction

Welcome to the Cardano Foundation's first Financial Insights Report – an important milestone in our ongoing commitment to uphold the principles of openness, integrity, and community engagement.

**Frederik Gregaard**  
Chief Executive Officer

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### About this report

This report complements, and should be read in conjunction with the Cardano Foundation's **Activity Report 2023**.



## A message from our CEO

This report represents a natural evolution of our open-source philosophy, where transparency is not merely a concept but a core principle that we wholeheartedly embrace.

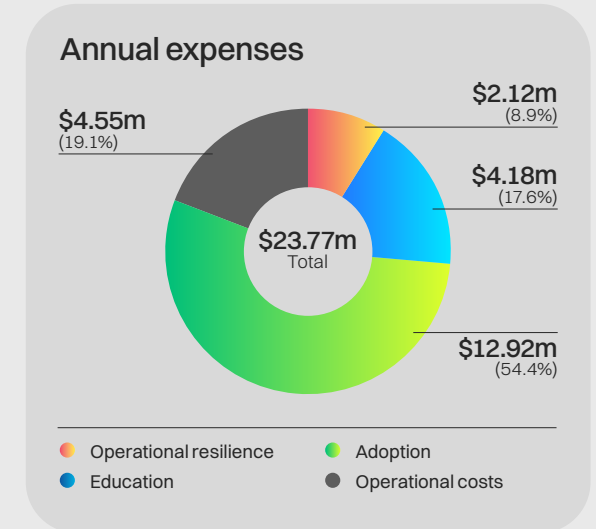


The Financial Insights Report complements the Activity Report we published earlier this year, which provided a comprehensive overview of the extensive work the Foundation undertook in 2023. It primarily looks to share with the Cardano community, as well as the larger public, how the Foundation's funds have been directed, plus the tangible impact they made. We know the importance of accountability, and how crucial it is to disclose our resources allocation as well as the way they help to advance Cardano as a public digital utility.

In 2023, we allocated a total of \$19.22 million across the Foundation's three mutually reinforcing focus areas of operational resilience, education, and adoption. Additionally, \$4.55 million was dedicated to central operational costs as we expanded our capacity to support and drive forward key initiatives. Each of these investments reflects our unwavering commitment to building a robust and sustainable ecosystem, and we consider it essential to include some examples of these efforts within the report.

They not only highlight the diversity and significance of the Cardano Foundation's work but in fact demonstrate the positive impact that careful stewardship of our resources can achieve. We hope that, by sharing these details, we can foster a deeper connection with the Cardano community while also reinforcing the trust vital to our collective success.

Looking ahead, we will publish our Activity Report 2024 in Q1 of 2025, providing detailed insights into the initiatives and accomplishments of this year.



Meanwhile, and as we continue to build on the work from 2023 throughout 2024, I would like to extend my deepest gratitude to everyone who has supported and contributed to the Cardano Foundation activities. Together, we are making great strides in fulfilling our mission to progress Cardano as a public digital utility, and I look forward to continuing this journey alongside all of you.

Thank you for the continued support, and see you soon.

**Frederik Gregaard**  
Chief Executive Officer

## Background of Initial ADA Distribution

Cardano's innovative tokenomics model is crucial in sustaining its ecosystem's long-term development and stability.

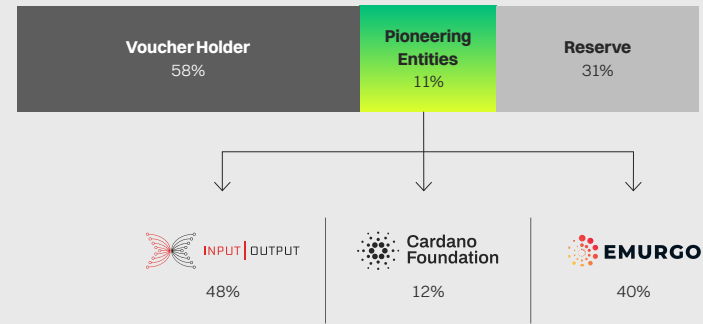
This model includes the initial distribution of ada tokens and the relationship between the reserve, staking rewards, the on-chain treasury, and Project Catalyst. Understanding these mechanisms is key to evaluating the networks' financial and governance framework, which balances decentralization, security, and inflation control, for those committed to Cardano's future and its role as a public digital infrastructure across multiple industries.

At the inception of the Cardano blockchain, the network minted and distributed a total of 31,112,484,745 ada in the genesis block. Of this amount, the largest portion was distributed among those contributing to the creation of Cardano via a voucher sale. A total amount of 5,185,414,107 ada was allocated to the pioneering entities, with IOG (formerly IOHK) receiving approximately 48%; EMURGO approximately 40%; and the Cardano Foundation approximately 12%.<sup>1</sup>



<sup>1</sup> See Cardano's genesis block here: <https://adastat.net/blocks/5f20df933584822601f9e3f8c024eb5eb252fe8cefb24d1317dc3d432e940ebb>

## Genesis Block Distribution



### Key Characteristics of ADA Supply and the Cardano Reserve

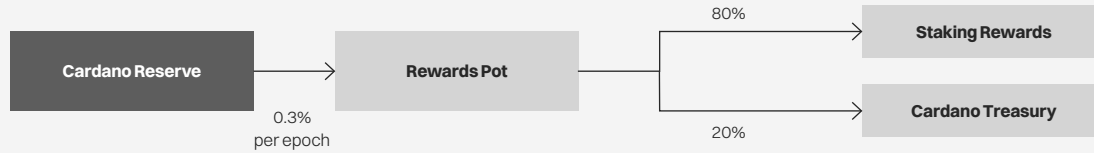
The Cardano blockchain has a predefined maximum supply of 45 billion ada. Of this total, the tokens that remained undistributed constitute the on-chain Cardano Reserve. This is a function embedded in the code of the Cardano blockchain and is not controlled by any central authority. It is the blockchain code that manages the Cardano Reserve, ensuring a gradual and algorithmic release. Every epoch (a period of 5 days) 0.3% of the Cardano Reserve is released, and, together with the transaction fees paid by all the users of the Cardano blockchain, it is made available as a rewards pot to distribute to stake pool operators. A portion of the rewards pot is automatically slated to supply the Cardano Treasury. Like the Cardano Reserve, the Cardano Treasury is a function embedded in the code of the Cardano blockchain and is not controlled by any central authority.

The distribution of the rewards pot is based on set parameters that allocate 20% to the Cardano Treasury and 80% to staking rewards. However, the amount available for staking rewards is further influenced by the dynamics of parameterized incentive structures such as own stake committed by pool operators, the total size of a pool, and the proportion of the stake which is actively validating. The undistributed rewards are returned to the Reserve. Due to how these systems interact with each other, less than 0.3% of the Reserve is distributed every epoch, and less than 80% of this amount is used to pay staking rewards.

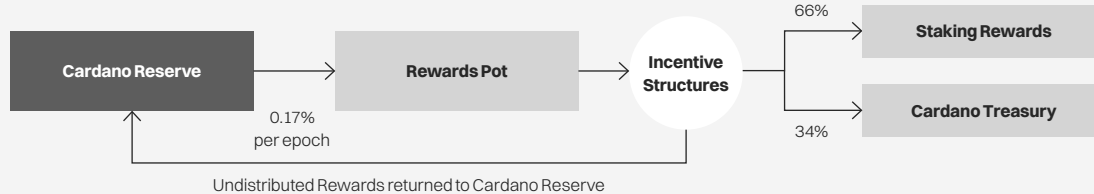
In recent epochs only around 0.17% has effectively been distributed from the Cardano Reserve every epoch, and the portion of the reward pot flowing into the Cardano Treasury has been closer to 34%, leaving 66% as staking rewards.

# Commonly Understood Cardano Reserve Distribution

## Commonly Understood Cardano Reserve Distribution



## Effective distribution in latest epochs



Thanks to this gradual release from Cardano Reserve to circulating supply, the Cardano Reserve and the outflows halve approximately every five years, reducing ada inflation towards 0 once 45 billion ada have been minted. Through its parametric tokenomics, Cardano aims to balance algorithmic predictability with decentralized governance by the community.



<sup>2</sup> See here: <https://github.com/cardano-foundation/CIPs/tree/master/CIP-1694>

<sup>3</sup> More information here: <https://projectcatalyst.io/funds>

## Purpose of the Cardano Treasury

The broad purpose of the Cardano Treasury is to ensure long-term sustainability and provide means for the continuous development of the Cardano blockchain. Utilization of the Cardano Treasury is governed by the collective decisions of ada holders via the on-chain governance mechanisms implemented with the Cardano improvement proposal CIP-1694.<sup>2</sup> As Cardano continues to evolve, the Cardano Treasury will be critical in enabling continuous operation and improvement in an ever-changing blockchain landscape.

Among the initiatives funded by the Cardano Treasury so far, Project Catalyst stands out. This is the current organization, independent from the Cardano Foundation, through which community members can request and ada holders can vote on funding for ecosystem projects.<sup>3</sup> In the near future, the Cardano Treasury will most likely also provide funding for the Cardano roadmap and research, ongoing operations and governance orchestration, to name the most important items.

## Cardano Foundation's Assets

The Cardano Foundation is driven by its mission to bridge Cardano and the world advancing it as a public digital utility for positive global change.

It was funded by the aforementioned initial endowment in ada and a proportion of the proceeds from the distribution of ada vouchers, amounting to 648,176,761 ada and 8,258 btc, respectively. The Foundation has and continues to utilize these assets to fund activities aligned with its statutory purpose and mission.

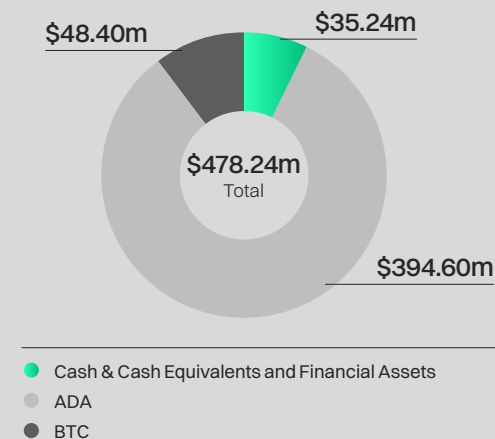
Constituted as a Swiss foundation, the Cardano Foundation's efforts are driven by a long-term view prioritizing the resilience, adoption and longevity of the Cardano blockchain and its ecosystem, without the pressure of short-term financial goals or shareholder value interests. The Foundation strives to deploy and manage its limited assets effectively and in a prudent manner, ensuring a sustainable balance between costs and income in the long run.

As of 31 December 2023, the Cardano Foundation's assets amounted to 478.24m usd, of which 82.5% was held in ada, 10.1% in btc, and the remainder as USD liquidity. The Foundation's main income stream consists of the staking rewards generated by delegating its ada. In 2023, the total of 668.8m ada held generated staking rewards of 20.9m ada (amounting to a return of 3.1%). The [Delegation Strategy](#) outlines the Foundation's approach to selecting stake pools for delegation, prioritizing pools that significantly contribute to the Cardano community over those that offer the highest yield.<sup>4</sup> The focus is on maximizing impact for the ecosystem rather than financial returns for the Foundation.



<sup>4</sup> Find the Cardano Foundation's Delegation Strategy here: <https://cardanofoundation.org/blog/cardano-foundation-updates-delegation-strategy>

### Assets market value



## Who we are

The Cardano Foundation is an independent, Swiss-based not-for-profit organization tasked with advancing Cardano as a public digital infrastructure across a wide range of industries.

# 100+

employees

working with institutions, businesses, regulators and policymakers to solve societal and enterprise challenges in new ways

# 25

countries

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## Our mission

### **Bridging Cardano and the world**

The Cardano Foundation works to progress Cardano as a public digital utility. In order to achieve economic escape velocity for Cardano, on-chain activities must include a balanced mix of legacy and blockchain-native use cases. Scaling the diversity, quality, and quantity of activities on Cardano is therefore core to the Foundation's mission.

This goal faces a number of hurdles, from the cost and complexity of implementation and ownership to lack of understanding of blockchain technology. The Cardano Foundation addresses such gaps with targeted initiatives on operational resilience, education, and adoption.

## What we do

Our work centres on three mutually reinforcing focus areas:



### Operational resilience

Encompasses all efforts to improve Cardano's suitability and recognition as an infrastructure component of institutional-grade use cases. The Foundation bolsters the resilience, reliability, and durability of the Cardano infrastructure, plus works towards a broader understanding of blockchain and its associated opportunities and risks. We also collaborate with the community towards achieving functionally sound and representative governance.

[Read more](#)



### Education

Contributes to information on and legal certainty for third generation blockchains. The Foundation promotes discussion and debate, supports research, and explains blockchain concepts to diverse stakeholders.

[Read more](#)



### Adoption

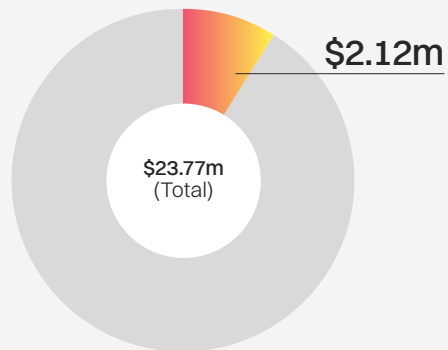
Drives use of Cardano by businesses, organizations, and other institutions by creating the conditions for increased utility while also reducing the adoption and running costs through improved tooling. The Foundation contributes to the longevity of the Cardano development ecosystem, including by fostering open source.

[Read more](#)

## Highlights

The Foundation's operational resilience activities required a smaller allocation of funds compared to other focus areas. However, it remains an area of significant importance and the initiatives undertaken throughout the year here contribute to ensuring the safety, availability, and trustworthiness of the Cardano infrastructure.

### Share of expenses



- Implemented real-time, continuous network monitoring to assess and optimize the health of the network.
- Tested decentralized, on-chain governance mechanism with a stake pool operator (SPO) poll and in a separate simulation in collaboration with the University of Zurich.
- Supported the Valentine hard fork that brought improved interoperability.
- Refined the stake pool delegation strategy.
- The robustness of the network is reflected in its having run without interruption for more than 2,000 days, despite the Cardano community making changes to the infrastructure as it operates. Among the innovations during the year, the Foundation's contribution to the Cardano node is visible via GitHub.
- Key achievements in 2023 included the development of real-time, continuous network monitoring capabilities.
- These allowed the Foundation to identify issues with two exchanges and work alongside their technical teams to resolve these, illustrating the value of working together to strengthen the health of the overall network. Separately, interoperability was improved with the Valentine upgrade, and the stake pool delegation strategy was refined.
- The launch of the Cardano Foundation's own stake pool is already leading to a deeper understanding and enhancing the organization's ability to support the community.
- Launched own block producer to enhance technical and operational insights.
- The Foundation's work to establish representative governance continued. A simulation in collaboration with the University of Zurich to assess the impact on business continuity of introducing voting provided valuable insights. In another exercise, an SPO poll experiment generated high levels of participation as well as meaningful learnings.

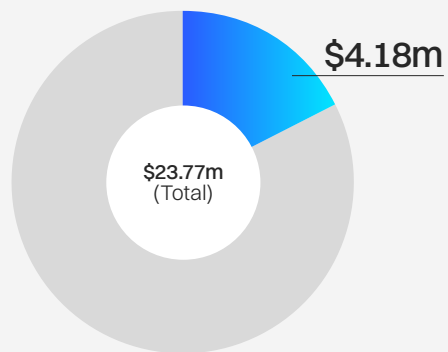


Read more about our operational resilience highlights in our **2023 Activity Report**

## Highlights

During 2023, the Cardano Foundation continued its work to provide reliable information to support regulatory clarity, contribute to blockchain research and encourage enterprise adoption, as well as the diversity of the developer community.

### Share of expenses



- Established and opened registrations to the Cardano Academy to allow anyone to learn about blockchain and Cardano, with gamified micro-learning delivery to maximize engagement.
- Leveraged the Cardano Explorer to engage with regulators, using visualization tools to explain how Cardano functions.
- Launched 'Let's talk Cardano' webinar series to advance understanding of the infrastructure and its applications.
- Hosted the Cardano Summit 2023, with the main stage event in Dubai attracting diverse attendees spanning established industries and several blockchain ecosystems, as well as regulators and policymakers.
- In addition to ongoing work to engage with regulators, respond to consultations and contribute to events and thought pieces, highlights from the year included the launch of the Cardano Explorer, the first part of a visualization tool to explain to regulators, policymakers and other stakeholders how Cardano functions. This was complemented by the launch at the end of the year of the Cardano Academy to allow anyone to learn about blockchain and Cardano, with gamified micro-learning delivery designed to maximize engagement.
- The Foundation's resources to encourage new developers and users were enhanced with the addition of the 'Let's talk Cardano' webinar series to advance understanding of the infrastructure and its applications.
- The Cardano Summit 2023 built on the success of previous events, with the main stage gathering in Dubai attracting diverse attendees spanning established industries and several blockchain ecosystems, as well as regulators and policymakers. Feedback was resoundingly positive, cementing the place of this flagship event in the calendar.

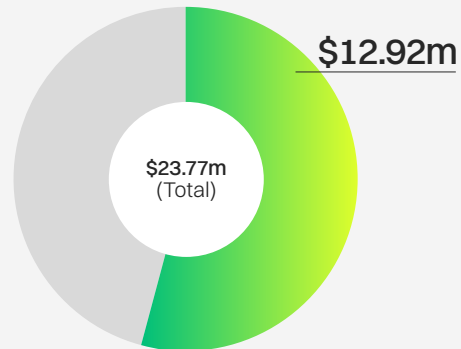


Read more about our education highlights in our **2023 Activity Report**

## Highlights

During the year almost \$13 million in funds were directed to the Foundation's ongoing efforts to drive adoption of Cardano by supporting the development of use cases to demonstrate its wide-ranging utility and tools for the community to leverage Cardano in different ways.

### Share of expenses



- Developed compelling use cases to demonstrate the diverse applications of Cardano, including the Global Impact Challenge with Switzerland for UNHCR.
- Created services and APIs to support enterprise-grade Cardano applications. Examples included the Identify Wallet, the searchable data provisioning tool Ledger Sync, and significant progress to update the Rosetta API.
- Started implementation of auditable calculation of consensus rewards.
- Collaborations with the Georgian wine industry and in licensed merchandise provided compelling showcases of the benefits of assigning digital identities to individual physical items to allow their authenticity to be verifiable, with a web application providing a readily accessible interface to the Cardano blockchain.
- Further examples of off-blockchain tools developed by the Foundation to encourage use of Cardano include the open source Identity Wallet, the searchable, data provisioning tool Ledger Sync, and the significant progress made to update the Rosetta API, to facilitate the use of external applications to interface with different blockchains in a similar way, thereby reducing the operating costs of trading for exchanges.
- The second annual State of the Cardano Developer Ecosystem survey invited ideas and opportunities to improve the network, a more formal means of engagement that complements ongoing contributions from developers.
- In line with the objective to bring more open source into the Cardano ecosystem, the Foundation asked the community to identify the most challenging issue they could solve using a widely used programming language. The simplification and enhancement of smart contracts was suggested, with Aiken the outcome. This has significantly reduced execution costs, to the extent that some of the largest projects on Cardano have switched to Aiken.
- Launched double language Aiken to simplify the developer experience around smart contract development.
- Other enhancements in 2023 included optimization to reward calculation for SPOs, upgrades to the chain indexer Kupo and the Ogmios bridge interface, and improvements to the Cardano Ballot to enable a customizable blockchain-based voting solution.



Read more about our adoption highlights in our **2023 Activity Report**



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