



DAO Operating and Financial Management Model Overview



Introduction

FantOHM DAO was established with FHM token on Fantom Opera and has since expanded to the Moonriver network through the creation of a segregated FHM clone linked via Wan-Bridge. While the token concept forks from the original OHM from Olympus DAO, the system's inner workings have been adapted and improved upon to enable more consistent bonding rates and increased network exposure.

This document focuses on the management of FantOHM DAO's Operating Account and Treasury. Managing the Operating Account and Treasury as efficiently as possible will result in positive value for FHM's holders and a more robust backing for future additions to the FantOHM DAO ecosystem through its Treasury.

The most attractive aspect of FantOHM DAO's protocol owned liquidity model is the safety of a place to park returns generated from high-risk high-reward investments during waiting periods. FHM's systems are designed to give sanctuary during unstable market conditions through bespoke treasury structures. Essentially, FantOHM DAO is creating a depository where investors can hold funds for stability while enabling growth through compounding interest returns.

The treasury, while being the only directly viewable value account, only constitutes a small portion of the value held in FHM. Correct treasury management cannot be overlooked, however, as it plays the most key role in determining market price. Therefore, asset allocation needs to be considered carefully to maintain price stability of the tradeable FHM token.

FantOHM DAO's main income generation comes through the purchase of FHM bonds. In the initial phases the direct form of income for the Operating Account will come from bonding as well. This income is represented by FHM tokens minted through the bonding process, with the Operating Account receiving just as many tokens as bond purchasers at the time of bond purchasing. At a later stage the Operating Account will allocate these funds for different liquidity pools, direct asset purchases, market making, lending structures and investments, as well as developing an efficient, decentralized line of financial instruments. The Operating Account will handle expenses such as marketing, transaction fees, team compensation, audit reports, or any other expenses associated with the running and management of the DAO.

Bonding, at its core, is the chief action of adding value to the Treasury. When an investor bonds their asset, the bonding asset is directly deposited into the Treasury. Therefore, asset allocation and management of the Treasury will be done initially with targeted ratios to manage risk and treasury fluctuations rather than through automation.



Basic Coin Structure Overview - Operating account

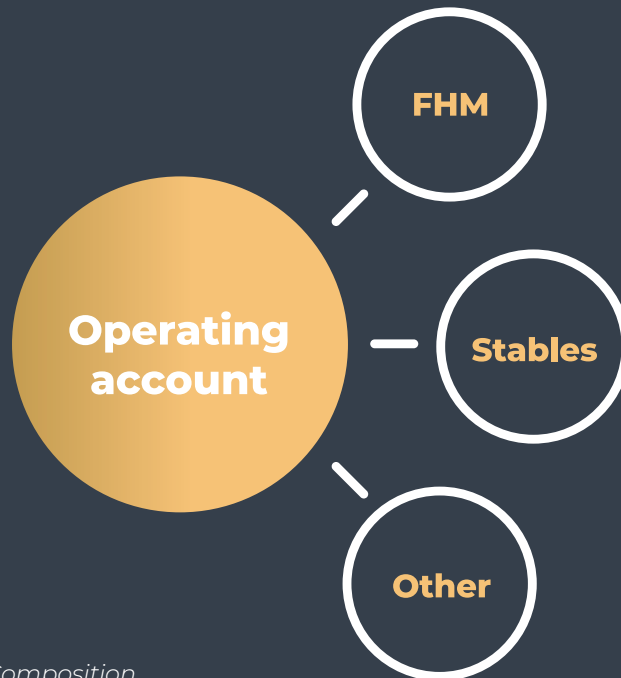


Image 1 Operating Account Composition

As can be seen in the image above, the Operating Account will consist of three main categories regarding liquidity composition. These categories are as follows:

FHM

These tokens will be the result of bonding action from investors and is stipulated as the profit generated from bonding. These tokens will be used to compensate the team, generate liquidity pools and be switched to manage balance in the treasury or assigned to assist with bridging.

Stables

The Operating Account will always attempt to hold 33% of its value in stables. These stables will be used to pay for expenses that require payment to be done in other formats than FHM, such as marketing, subscriptions etc. Their roles within the Operating Account will also be to top up the Treasury with stables or be used to acquire other assets to be placed into the Treasury for price stability and Treasury growth.

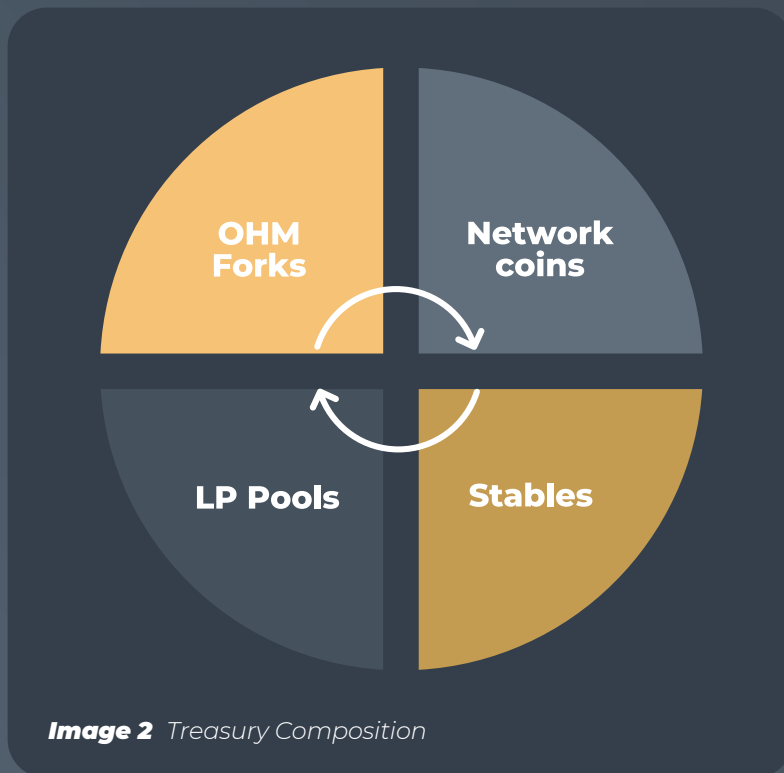
Other

As the Operating Account is used for other income generating activities, some of the profits may be paid in other coins or tokens. These will therefore enter the Operating Account and be converted to the required assets and be placed accordingly.

These converted assets other than FHM or Stables will then be placed into the Treasury. At times the Operating Account will hold assets from this category in order to setup liquidity pools or assist in income generating or market making activities.



Basic Coin Structure Overview - Treasury



As can be seen in image 2, each branch of FantOHM DAO's FHM token feeds a networked Treasury which consists of four main categories. These categories are as follows:

This information applies to each network's FHM protocol individually, although all branches of FHM are built to work in concert.

OHM Forks

These assets will be other OHM forks or yield generating tokens that can be found on different networks. For example, wMemo from the project Wonderland. More specific tokens will be included as they get voted into acceptance through DAO governance. The objective is to enable network exposure, and lend support to other forks as we become a symbiotic neighbor to the surrounding DAO space.

Network Coins

Supporting the greater crypto market's growth and future sustainability increases the probability of future adoption and stability within and without the FHM protocols. This, in return increases, profitability and stability for the Treasury. While the market is still gaining momentum through various network booms, it is still currently very volatile. As such, FantOHM DAO's exposure will be limited in the near term. The first focus will be to include each specific treasuries native network coin, rather than pursuing bridged, wrapped assets.

Liquidity Pools

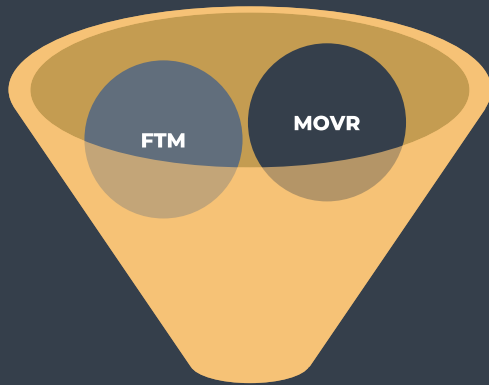
Liquidity pools generate liquidity for the trading of tokens. Adding liquidity to these pools yields LP tokens that represent a share of all trading fees for the liquidity pair created. Acquiring LP tokens through bonds not only generates revenue for the Treasury, but also offers further stability to the crypto trading market by reducing slippage and therefore optimizing exchange rates for trading pairs represented in FantOHM DAO's Treasury holdings. This functionality also provides a layer 2 solution for protecting acquired LPs from manipulation in the long term.

Stables

Stable coins and tokens will be used to generate price stability for the Treasury. As the Operating Account generates income, a significant portion of the income will be converted into stable coins and placed into the Treasury. Investors can also deposit stables and other assets into the Treasury via the bonding mechanism and receive FHM tokens in return. The main function behind stables in the Treasury is to limit significant value fluctuations accordingly in relation to the Treasury. In turn this should limit price fluctuations within each branch if the FHM protocols.



Operating Account Management



Total Bonding Income

Image 3 Bonding Income from Separate Networks

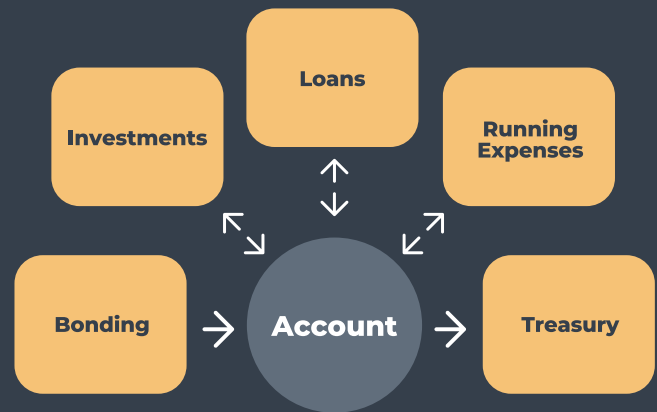


Image 4 Revenue Inflow and outflow overview

The primary function of the Operating Account is to handle operations that include income and expenses, with the end goal of generating profits through development and marketing initiatives. These profits will be allocated and placed into the Treasury. In its simplest form, each network will maintain its own operating account which will receive income from the bonds purchased through that specific network's branch of FHM illustrated in image 3.

The income generating operations of Fantohm DAO are as follows:

Bonding

Income is received from the bonding activity of investors. This takes place every time an investor creates a bond. While the investor receives their portion of FHM from bonds an equal amount is also sent to the Operating Account. This currently acts as the primary source of income for the DAO. (1-12-2021)

Investments

The Operating Account will utilize a portion of the FHM received from bonds to purchase other income generating assets, perform non-vanilla investment strategies, participate in mergers and acquisitions and / or have seed capital made available for other possible income generating operations. These operations will be managed by the team as they are complex in nature and require fine tuning to become fully decentralized in the long term. Allocation to this segment of spending will be proportionately small due to the level of risk associated with the outlined strategies.

Loans

Portions of the FHM received by the Operating Account will be used to set up loans in the future. These will facilitate the known (9,9) concept, flash loans, and / or collateral type structures. These will first be discussed in detail with the community and if needed the fund percentage allocation altered to facilitate it if voted in. This will ultimately include facilitating launchpads through liquidity and margin service provisions.

Initially there will be set asset allocation percentages dictating investments and loan divisions. It should be noted that as these generate income, they may exceed their allocation percentages. This additional income will be directed to the Treasury and be managed according to the Treasury management structure.



The outflows of the operating account can be divided into two categories:

Running Expenses

The expenses in this type of organisation are mainly human capital in nature. The team has been running on their own expense for the initial phase. This allowed them to purely focus on getting development done and to get a rough understanding of the inflows to the organisation without strangling it. Additionally, these prudent movements have allowed for a liquidity reserve to build-up for a structure to be put in place which will allow for efficient team expansion.

In addition to internal team expenses there are outsourcing costs for other necessities, such as collateral generation for use in marketing. The allocation for such expenses will vary. In this example, it can be expected that marketing expenses will shift in importance based on the material needs of the DAO in contemporary conditions.

It should be noted that the expenses will receive a percentage allocation from the total income but as these are fixed expenses the amount allocated for these might periodically be more than required. In this case the additional income will be placed aside for when the opposite might occur, and this reserve can act as a buffer. This buffering pool may be used to increase team member payments to match their utility to the DAO's continued success, but only under direct supervision of the acting CEO once 6 months of comfortably budgeted emergency development funds are represented in this buffer.

The community will be rewarded for specific tasks

This includes community management on discord and telegram, as well as a bounty structure in development to appeal to the more technical or artistic members of the community. Bounties will be offered at the needs of the DAO with payment scaling to the difficulty of the task.

Bounty compensation will be included in the allocation for team payments as bounty fulfillment is integral in helping the operating team reach its goals. This system also allows the CTO, CEO, or CMO to evaluate community talent in a constructive way before seeking to add additional permanent DAO staff. A specific structure will be outlined and presented to the community in how they can have the possibility to participate in the bounty procedure.

Another portion of the funds will be kept in FHM to perform the necessary generation of liquidity pools, allocation for bridging tokens or operations mostly related to market making of the token.

Finally, the DAO Operating Account will hold an emergency allocation.

This allocation will be in stables. This will be to perform any needed actions for price or treasury stability.

Overview

The table below will give a general overview for each of the above mentioned allocations on a percentage basis:

Initial bonding income to be utilized/held as follows:

Investments	10%
Loans	10%
Treasury	50%
Running Expenses:	
Team	7%
Marketing	3%
FHM holdings	5%
Stables	15%

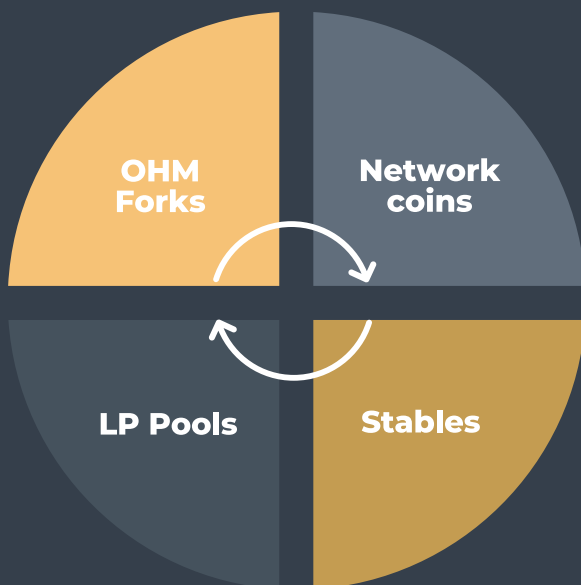
Treasury Management

Unlike most of the other forks Fantohm will have a unique treasury management going forward. Once funds have entered the Treasury they will not be allowed to be withdrawn. The Treasury is specifically designed to give an intrinsic value to the price of FHM. Its sole purpose is for price stability, and to give investors the ability to accurately assess the asset price. If there are unfavourable market conditions and the price of FHM falls below its backing price the treasury can step in as a last resort to perform the necessary actions for the price to remain equal to its backing.

It should be noted that the price can fall below its backing and once the unusual selling pressure has subsided the treasury will perform the necessary required steps to stabilise price action.

This method is done to prevent sellers from draining the Treasury with continuous sell pressure and allows for the market to stabilise itself.

For ease of reference the treasury allocation table is posted in duplicate below.



Operating profits from the Operating Account be deposited into the Treasury in the following percentage allocations to achieve this goal:

Ohm Forks	15%
Network coins	20%
LP Pools	15%
Stables	50%

Image 5 Treasury Asset Allocation

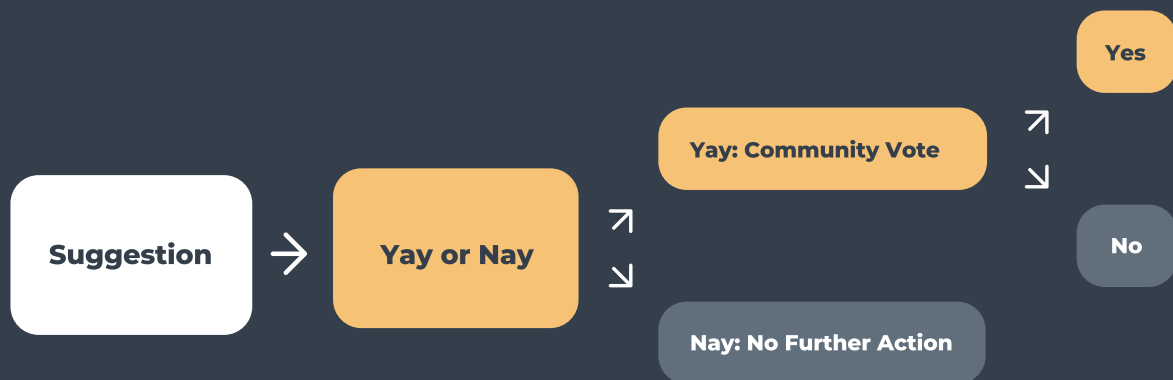
Over and above the team's ability to innovate, FantOHM DAO's treasury allocation and management is crucial in defining FHM as a reputable protocol for producing yields during volatility.

As alluded to in the start of this document the most appealing aspect of FHM is as a vehicle to deposit funds and obtain compounding returns while waiting for the next high risk investment opportunity or to weather through bear market conditions.



It should be noted that each branch of FHM's specific treasury will have a slightly different structure of the exact assets since they sit on different networks. This is true in regards to the LP token and the network coin allocations specifically. The community will play a role in the certain selections of the types of assets in the Treasury, regarding to Liquidity Pools, Network coins and other existing OHM Forks.

This community process is outlined as follows:



The team will have a final say and be able to veto a Yay or Nay vote if it can be proven by the team that the specific asset being requested will affect the Treasury in a negative way. An example of this is that the team is aware of structural issues in a token/coin that is not public knowledge. The priority of the team is price stability and treasury growth as they themselves are heavily invested in the project with their time and income.



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