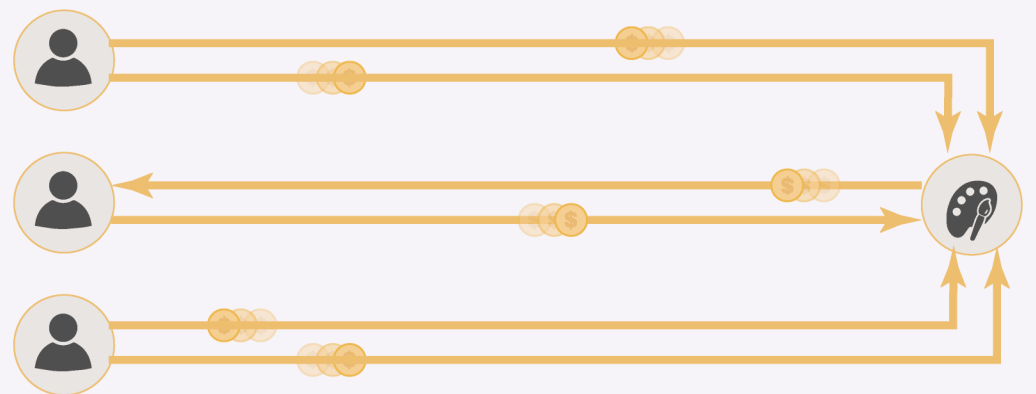


# CRYPTO CERTS

by Ed Fornieles Studio

**This document provides some additional information about the Crypto Certs so that you can understand how they work, their relationship to Ed Fornieles Studios and the projected returns and risks associated.**



## HOW IT WORKS

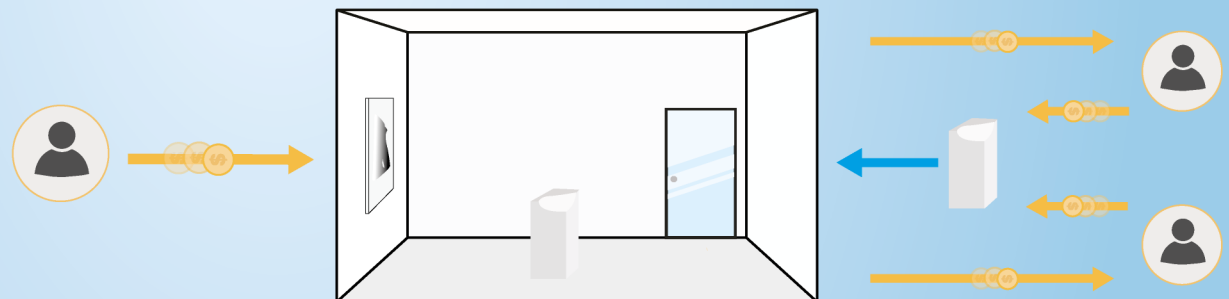
The Certificate Program employs ethereum blockchain technology to store and distribute value. Each certificate contains a key embedded under a scratch panel, which entitles the holder to a percentage of an ethereum fund generated through the sale of certificates and artworks. As more sales occur, the ethereum fund grows. To gain access to the key and cash out on an investment, the holder must scratch the panel and damage the certificate. Once used, keys become defunct. Meaning that if you decide to withdraw your funds, timing is important, as their value depends on how much the ethereum currency is worth and how much is contained within the certificate fund at that given moment.

# THE GALLERY

Normally an artist's primary gallery will take 50% of each sale of artwork, this figure although large is warranted due to high overheads on rent, personel and art fair fees. Another major cost will often be contributing to the production of new work by an artist, this cost can run into the thousands or tens of thousands and will need to be recovered from sales before any profits can be shared.

The Crypto Cert allows for a reconfiguration between the gallery and artist in which a percentage of future profit is given up in exchange for a reduction of up-front risk. As money raised through Crypto Certs is invested into production of new work the gallery and artist are freed to focus their resources elsewhere.

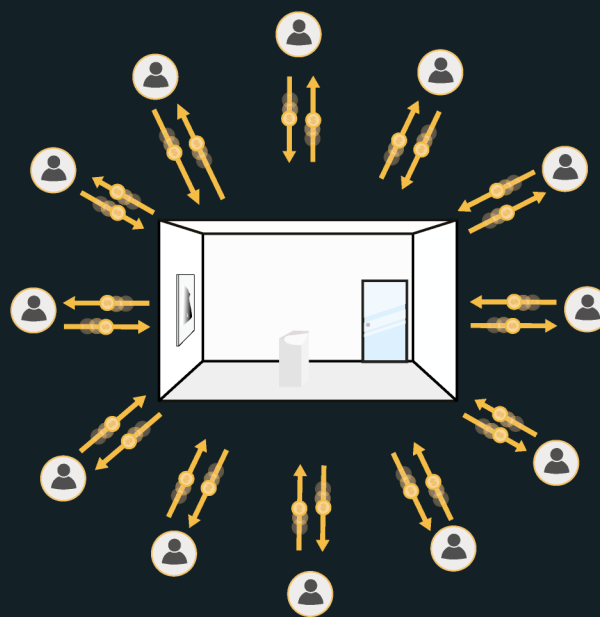
In this way a new agreement between the gallery and artist is possible, in which each takes a reduced percentage of profits of 45% in exchange for the upfront investment in production releasing 10% of profits to be distributed to holders of the crypto certs.



# LARGE NETWORK OF SUPPORT

A gallery will often control the distribution of an artist's work in an effort to protect their market and cultural context, Crypto Certs are a series of artwork that is able to operate out of this tightly protected system. Designed to interact with a larger network of support, Crypto Certs allow for various art advisors, dealers, museums and collectors who were formally unable to participate in the production, distribution and profit sharing to directly be involved.

By opening up the system in this way coupled with their relatively low buy in cost it is hoped the Crypto Certs will become accessible not just to those already embedded within the art ecosystem but include those outside.





## CryptoCurrencies

The sale of both Certs and artworks will be transacted in US Dollars, Euros or Pounds Sterling. of which 10% of that value will be converted into Ethereum on the day of purchase and transferred into the Crypto Cert fund. This will mean that the fund will be affected by the increase and decrease of the ethereum currency itself.

Projected figures have been given with a fixed value of ethereum, while as in actual fact they may vary considerably either benefiting or devaluing the fund as the by currency fluctuates. It is our opinion that over time the ethereum currency could greatly increase in value and thus increase the value of the fund.

**VALUE = ART + FUND**

## **Crypto Certs**

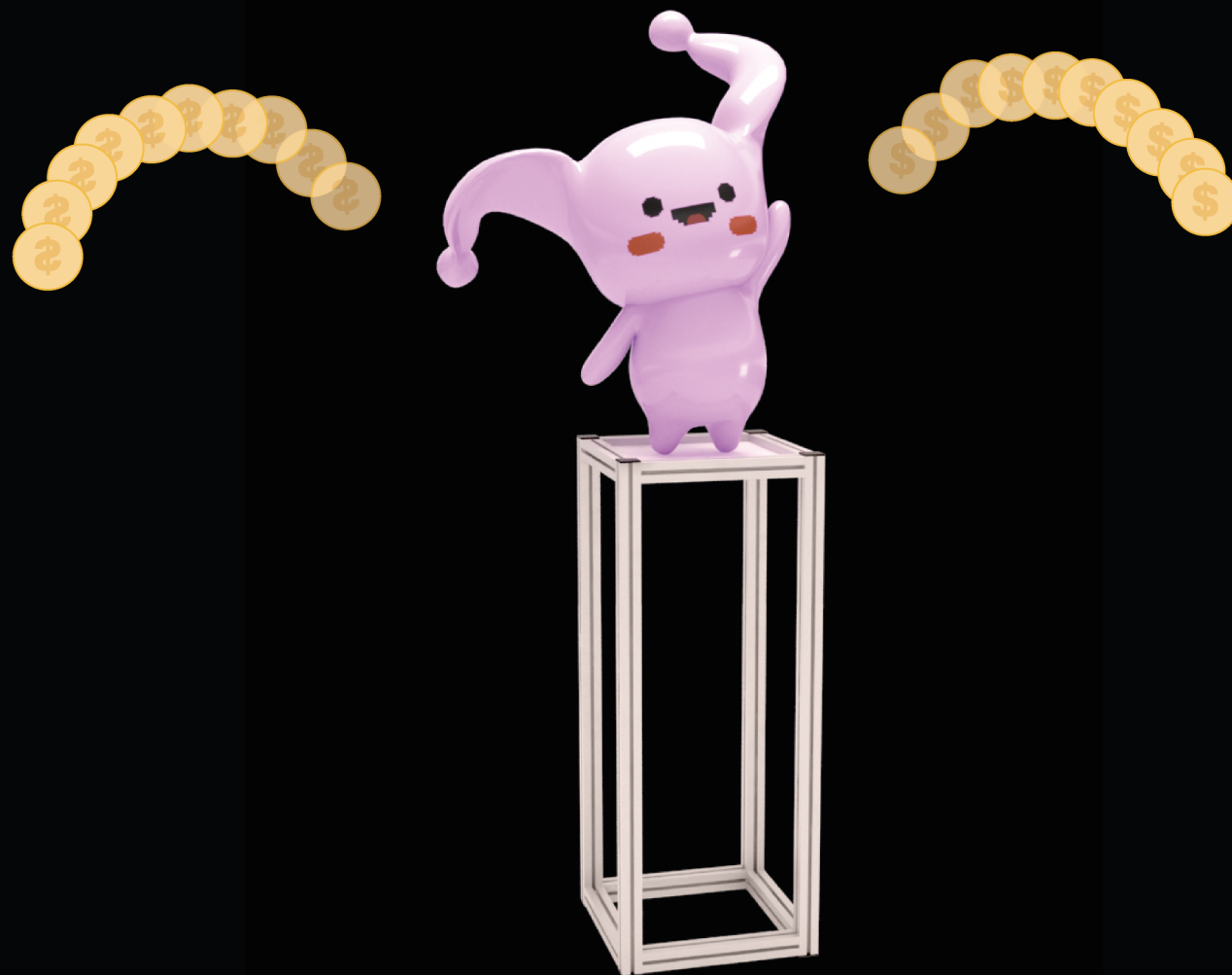
Eventually there will be two types of crypto certs available, the studio cert and the project cert. We will go through how the Studio Cert works here, information on the Project Cert will follow at its launch later this year.

## **Studio Cert**

The Studio Certificate funds the day-to-day operations of the studio and offers a gradual and sustainable return. The fund is generated by the sale of certificates as well as specific artworks that the Certificate Program has contributed to.

Following the sale of a certificate or artwork, 10% of the retail value will be placed directly into the studio ethereum fund. This certificate gives support of the studios production as a whole and invests in its future development.

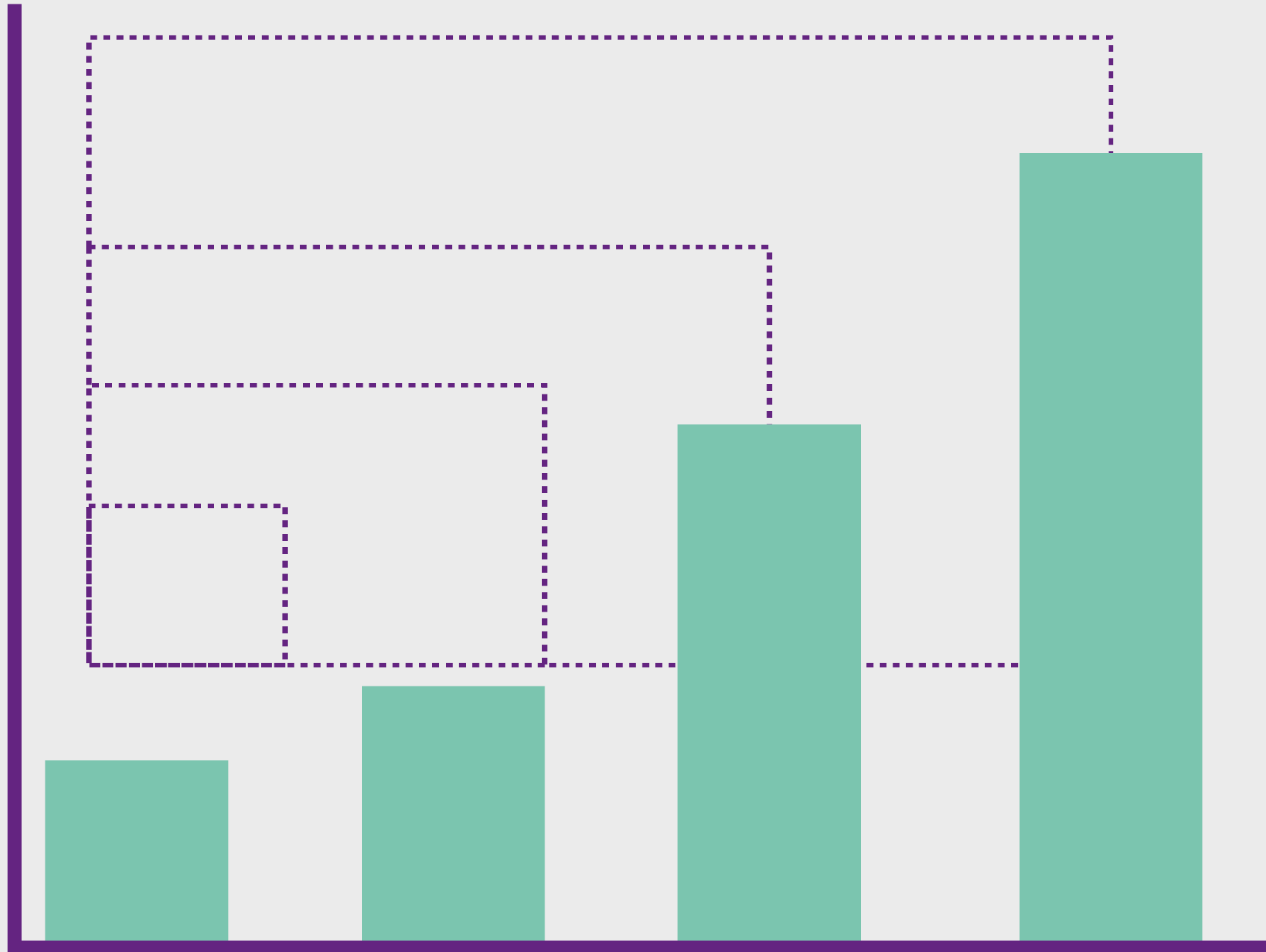
This Crypto Certs entitles you to a percentage of the Studio Ethereum Fund and can be cashed out at any point. Based on 2017-2018 sales, the projected return for 2019 is 10%-15% per certificate.



## Case Study: 2D and Sculptural Work

one medium-sized sculpture or 2D artwork has a current retail value of \$13,000 USD. When this artwork is sold, \$1,300 USD (10% of artwork value) is placed directly into the Ed Fornieles Studios Ethereum Fund. This is divided equally between each certificate. The value of the fund incrementally increases as sales of artworks occur while also being supplemented by the sales of the certificates themselves.





## Case Study: Crypto Certs

10% of each certificate sales feeds back into the Ed Fornieles Studios Ethereum Fund. With each generation of certificates new designs are released that will sell for a higher value. The total of 350 first generation certificate's will be sold at \$550 USD, the second generation will be sold at \$600 and so on. In this sense the higher later contribution rewards earlier investors who are entitled to the same percentage of returns for a smaller initial investment.



# GEN 1

## GENERATION PRICING

GENERATION	TOTAL NUMBER OF CERTS	VALUE PER CERT	VALUE OF FUND PER CERT.	VALUE OF FUND FROM TOTAL CERT SALES.
1	350	\$550	\$55.00	\$19,250
2	700	\$600	\$57.50	\$40,250
3	1050	\$650	\$60.00	\$63,000

Each generation of Crypto Certs has five prints with a total run of 350, the price of each generation goes up incrementally \$50 per generation.

## FUND GROWTH BASED ON ART WORK SALES

TOTAL NO. OF WORKS SOLD	TOTAL VALUE OF WORKS SOLD	% OF SALES TO FUND.	VALUE OF FUND PER CERT.	NO. OF CERTS IN CIRCULATION.	TOTAL VALUE CERT+FUND	TOTAL GROWTH
1	\$13,000	\$1,300	\$58.71	350	\$608.71	10.68%
2	\$26,000	\$2,600	\$62.43	350	\$612.43	11.35%
3	\$39,000	\$3,900	\$66.14	350	\$616.14	12.03%
4	\$52,000	\$5,200	\$69.86	350	\$619.86	12.70%
5	\$65,000	\$6,500	\$73.57	350	\$623.57	13.38%
6	\$78,000	\$7,800	\$77.29	350	\$627.29	14.05%
7	\$91,000	\$9,100	\$81.00	350	\$631.00	14.73%
8	\$104,000	\$10,400	\$84.71	350	\$634.71	15.40%
9	\$117,000	\$11,700	\$88.43	350	\$638.43	16.08%

10% of each artwork sale goes back into the Crypto Cert fund, on average Ed Fornieled Studios five to nine sales a year. Above figures based on Gen. 1 Crypto Cert sales.

**\*All figures will radically shift based on fluxuations in the price of Ethereum**

# GEN 2

## GENERATION PRICING

GENERATION	TOTAL NUMBER OF CERTS	VALUE PER CERT	VALUE OF FUND PER CERT.	TOTAL VALUE OF FUND FROM CERT SALES.
1	350	\$550	\$55.00	\$19,250
2	700	\$600	\$57.50	\$40,250
3	1050	\$650	\$60.00	\$63,000

Each generation of Crypto Certs has five prints with a total run of 350, the price of each generation goes up incrementally \$50 per generation.

## FUND GROWTH BASED ON ART WORK SALES

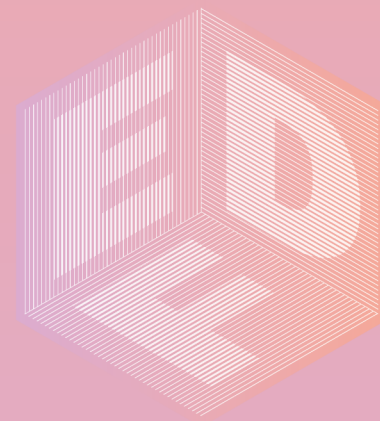
TOTAL NO. OF WORKS SOLD	TOTAL VALUE OF WORKS SOLD	% OF SALES TO FUND.	TOTAL VALUE OF FUND	NO. OF CERTS IN CIRCULATION.	TOTAL VALUE CERT+FUND	TOTAL GROWTH FOR GEN 1.	TOTAL GROWTH FOR GEN 2.
10	\$130,000	\$13,000	\$41,550	700	\$675.71	22.86%	12.60%
11	\$143,000	\$14,300	\$54,550	700	\$677.93	23.26%	12.99%
12	\$156,000	\$15,600	\$55,850	700	\$679.79	23.94%	13.30%
13	\$169,000	\$16,900	\$57,150	700	\$681.64	24.27%	13.92%
14	\$182,000	\$18,200	\$58,450	700	\$683.50	24.61%	14.23%
15	\$195,000	\$19,500	\$59,750	700	\$685.36	24.95%	14.54%
16	\$208,000	\$20,800	\$61,050	700	\$687.21	25.29%	14.85%
17	\$221,000	\$22,100	\$62,350	700	\$689.07	25.62%	15.15%
18	\$234,000	\$23,700	\$63,650	700	\$690.93	25.96%	15.46%

10% of each artwork sale goes back into the Crypto Cert fund, on average Ed Fornieled Studios. After the second Gen of prints expected total sales of works is between 12-18. The price increase in Crypto Certs coupled with the incremental sale of 2D and sculptural works means that earlier generations

**\*All figures will radically shift based on fluxuations in the price of Ethereum**

**THANK YOU FOR YOUR CONSIDERATION**

**Please contact Ed Fornieles Studios for further information**  
[help@edfornielesstudios.com](mailto:help@edfornielesstudios.com)



CRYPTO CERTS