

# Statement of Digital Assets

Bridging the GAAP: A New Standard for Reporting On-Chain Assets

SoDA Whitepaper:



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# Statement of Digital Assets - A Public Benefit Collaboration

The number of ‘crypto native’ and traditional businesses that transact with digital assets has seen unprecedented growth in the past five years. This adoption of a new asset class has necessitated an increased focus on accounting for tax reporting and operations management purposes; however IRS and FASB rules can be generously described as ‘evolving’, and the systems required to convert on-chain activity to the general ledger are developing in lockstep to the blockchains they monitor. The Statement of Digital Assets’ (SoDA) mission is to translate on-chain holdings into clear and articulate reporting for all stakeholders rationalizing the balance sheet. We started with the balance sheet because of a treasury’s importance to crypto-native businesses, however additional standards are warranted as well. The following is a public benefit collaboration intended to open source a best practice that has been deployed among numerous projects with the goal of contributing to “crypto’s GAAP accounting moment.”

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# The Moment We Are In... Why SoDA?

- LOCOM breaks the balance sheet for businesses holding digital assets
- New FASB disclosure rules will have limited impact on crypto-native projects
- Opaque liquidity - limited visibility to underlying assets, FMV, or wallet detail
- Treasury has become an amorphous term

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# What is a Statement of Digital Assets?

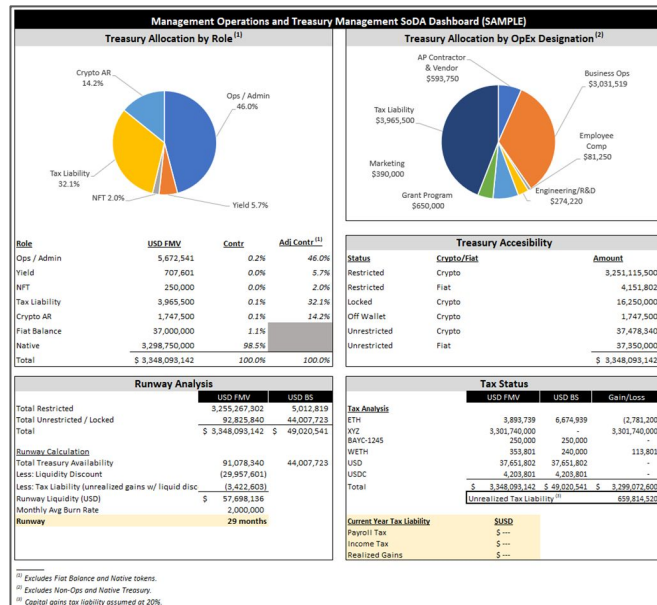
## Statement of Digital Assets

As of EOM

Role	Wallet	Asset	Quantity	USD FMV	USD Book/BS
				\$Ttl	\$Ttl
Ops / Admin	Hot Wallet (3PC) 'XXXX'	ETH	1,176.0	2,234,400	4,132,880
Ops / Admin	Contractor Payments (3PC)	XYZ	75,000.0	243,750	-
Ops / Admin	Engineering (3PC)	ETH	58.8	111,720	206,644
Ops / Admin	Engineering (3PC)	XYZ	50,000.0	162,500	-
Ops / Admin	Marketing (3PC)	XYZ	120,000.0	390,000	-
Ops / Admin	Public Goods / Grants (Multi)	XYZ	200,000.0	650,000	-
Ops / Admin	Misc-Ops (Self)	ETH	24.5	46,550	86,102
Ops / Admin	Custodied Trading Account (Multi)	ETH	303.3	576,220	1,065,811
Ops / Admin	Employee Incentive (3PC)	XYZ	25,000.0	81,250	-
Ops / Admin	Trading Account (Multi)	ETH	82.0	155,729	288,045
Ops / Admin	Test (Self)	ETH	9.8	18,620	34,441
Tax Liability	Tax Liability (3PC)	ETH	245.0	465,500	861,017
NFT	Meta NFT 1 (3PC)	BAYC-1245	1.0	250,000	250,000
Native	Native Restricted Treasury (3PC)	XYZ	1,000,000,000.0	3,250,000,000	-
Native	Native Locked Treasury (3PC)	XYZ	5,000,000.0	16,250,000	-
Native	Native Unrestricted Treasury (3PC)	XYZ	10,000,000.0	32,500,000	-
Yield	DeFi Wallet / Treasury (3PC)	SLP-USDC-WETH	1.0		
Yield	SLP-USDC-WETH (3PC)	USDC	353,800.5	353,801	353,801
Yield	SLP-USDC-WETH (3PC)	WETH	100.0	353,801	240,000
				\$ 3,304,843,840	\$ 7,518,740

## GAAP View of On-Chain Holdings

- Balance Sheet Tie Out
- Wallet/Asset Pair Build
- FMV Reporting
- Entity Specific Role/Tags
- Multifaceted Treasury Reporting



<sup>(1)</sup> Excludes Fiat Balance and Native tokens.

<sup>(2)</sup> Excludes Non-Op and Native Treasury.

<sup>(3)</sup> Capital gains tax liability assumed at 20%.

# SoDA Use Cases

**Management Operations**

**Investor Reporting**

**Audit Readiness**

**Tax Preparedness**

**Regulatory Preparedness**

**Ecosystem Transparency**

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# Building a Statement of Digital Assets

## SoDA Build

- 1) Link wallets to subledger and create rules within subledger to categorize on-chain activity
- 2) Subledger informs journal entries for P&L (revenue, COS, expenses, realized gains) and Balance Sheet
- 3) Reporting pulled from subledger to identify cost basis by wallet / asset pair along with current FMV
- 4) Data compiled within SoDA, entity specific roles assigned - final check, balance sheet and SoDA are in alignment

## Digital Assets

Self Hosted and Third Party Custody Wallets	
XXXXXXXXXXXXXXXXXXXX04702	
XXXXXXXXXXXXXXXXXXXX2327	
XXXXXXXXXXXXXXXXXXXX0629	
XXXXXXXXXXXXXXXXXXXX4979	
XXXXXXXXXXXXXXXXXXXX1408	
XXXXXXXXXXXXXXXXXXXX005467	
XXXXXXXXXXXXXXXXXXXX006267	
XXXXXXXXXXXXXXXXXXXX004682	
XXXXXXXXXXXXXXXXXXXX00012665	
XXXXXXXXXXXXXXXXXXXX00007272	
XXXXXXXXXXXXXXXXXXXX00000536	
XXXXXXXXXXXXXXXXXXXX00000299	
XXXXXXXXXXXXXXXXXXXX00000058	
XXXXXXXXXXXXXXXXXXXX00000744	
XXXXXXXXXXXXXXXXXXXX000003275	
XXXXXXXXXXXXXXXXXXXX000000868	
XXXXXXXXXXXXXXXXXXXX0000008518	
XXXXXXXXXXXXXXXXXXXX0000007730	
XXXXXXXXXXXXXXXXXXXX0000003559	

## Crypto Subledger



## General Ledger

INCOME STATEMENT		BALANCE SHEET	
	EOM		EOM
Income		ASSETS	
Total Income	\$XX,XXX,XXX	Current Assets	
Cost of Goods Sold		Total 1998 CASH ACCOUNTS	\$XX,XXX,XXX
\$5000 CDS - Gas Fees	\$XX,XXX,XXX	Total 1998 CRYPTOCURRENCY	\$XX,XXX,XXX
Total Cost of Goods Sold	\$XX,XXX,XXX	Accounts Receivable	\$XX,XXX,XXX
Gross Profit	\$XX,XXX,XXX	Total Accounts Receivable	\$XX,XXX,XXX
Expenses		Other Current Assets	\$XX,XXX,XXX
Total 63000 Marketing	\$XX,XXX,XXX	Total Current Assets	\$XX,XXX,XXX
Total 66000 Product Development	\$XX,XXX,XXX	Fixed Assets	
Total 66000 Engineering	\$XX,XXX,XXX	Total Fixed Assets	\$XX,XXX,XXX
Total 70000 General and Administrative	\$XX,XXX,XXX	Other Assets	\$XX,XXX,XXX
Total Expenses	\$XX,XXX,XXX	Total Other Assets	\$XX,XXX,XXX
Net Operating Income	\$XX,XXX,XXX	TOTAL ASSETS	\$XX,XXX,XXX
Other Income		LIABILITIES AND EQUITY	
\$1300 Gain/Loss	\$XX,XXX,XXX	Liabilities	
Total Other Income	\$XX,XXX,XXX	Current Liabilities	\$XX,XXX,XXX
Earnings Before Tax	\$XX,XXX,XXX	Total Current Liabilities	\$XX,XXX,XXX
Taxes	\$XX,XXX,XXX	Total Long Term Liabilities	\$XX,XXX,XXX
Net Income	\$XX,XXX,XXX	Total Liabilities	\$XX,XXX,XXX
		Equity	
		Total Equity	\$XX,XXX,XXX
		TOTAL LIABILITIES AND EQUITY	\$XX,XXX,XXX

## Statement of Digital Assets

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As of EOM						
Role	Wallet	Asset	Quantity	USD FMV	USD P&L	USD P&L/B
					\$M	2%
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Ops / Admin	Engineering (SPC)	ETH	14.8	113,730	206,644	
Ops / Admin	Engineering (SPC)	XYZ	50,000.00	162,500	-	
Ops / Admin	Marketing (SPC)	XYZ	120,000.00	390,000	-	
Ops / Admin	Public Goods / Grants (MAUR)	XYZ	200,000.00	600,000	-	
Ops / Admin	Misc-Ops (Self)	ETH	24.5	46,550	86,182	
Ops / Admin	Custodial Trading Account (Multi)	ETH	202.3	574,220	1,045,811	
Ops / Admin	Employee Incentive (SPC)	XYZ	35,000.00	81,250	-	
Ops / Admin	Trading Account (MAUR)	ETH	80.0	155,728	288,045	
Ops / Admin	Tax (Self)	ETH	5.8	18,620	34,443	
Ops / Admin	Tax Liability (SPC)	ETH	242.0	465,500	863,257	
NFT	Meta NFT 1 (SPC)	BNVC-1245	1.0	250,000	250,000	
Native	Native Restricted Treasury (SPC)	XYZ	1,000,000.00	3,750,000,000	-	
Native	Native Locked Treasury (SPC)	XYZ	5,000,000.00	16,750,000	-	
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				\$ 3,768,833,840	\$ 7,618,760	

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