



PROPELLER

B L O C K C H A I N

The Statement of Digital Assets (SoDA)

From Blockchain to US GAAP Reporting Standards

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PROPELLER
INDUSTRIES

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www.propellerblockchain.com

Propeller Blockchain is the leading CFO/accounting partner for blockchain related startups and projects

2019

Practice Started
(Solana Labs)

75+

Engagements
(current & graduated)

\$70B

Client Token Market
Capitalization

\$1B

Client VC Funds
Raised

500M

Client Onchain Transactions
Translated to QBO

12

Dedicated Crypto
Full-time US Staff
(no contractors)

Crypto Balance Sheet Accounting 101

- **In the Beginning**

Crypto = Indefinite lived intangible asset – impairment only, no marking to market

- **FASB ASU 2023-08... FMV Reporting! (sort of)**

FASB Accounting Standards Update permits fair value reporting of select digital assets

- **“Substance Over Form”**

Accounting treatment should reflect the nature of the asset

TL;DR - If You Can't Account for It You Can't Transact With It

The Moment We are In... Why SoDA

- The balance sheet is broken for crypto startups
- Digital assets are *mostly* considered indefinite lived intangible assets (valued at the lower of cost or impaired value)
- Opaque liquidity - limited visibility to underlying assets, FMV, or wallet detail
- Treasury has become an amorphous term

Best Practice: Statement of Digital Asset (SoDA)

Bridging GAAP Reporting with Onchain Holdings

- SoDA started as best practice to provide clarity to US GAAP reporting of onchain holdings
- Additional applications include VC reporting, crypto audit, crypto tax, public disclosures & regulatory
- 2023 Best practice 'white paper' released as a public benefit collaboration with contributions from finance leaders at a16z, Delphi Ventures, OP Labs & Messari
- 2024 SoDA Symposium held in San Francisco featuring presentations by partners at Deloitte, EY, a16z & OP Labs
- Actively eliciting endorsements for SoDA as a best practice at www.sodafinance.xyz

Wallets & Custody

Self Hosted and Third Party Custody Wallets

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XXXXXXXXXXXXXXXXXXXX4701
XXXXXXXXXXXXXXXXXXXX1517
XXXXXXXXXXXXXXXXXXXX8367
XXXXXXXXXXXXXXXXXXXX4979
XXXXXXXXXXXXXXXXXXXX1408
XXXXXXXXXXXXXXXXXXXX5467
XXXXXXXXXXXXXXXXXXXX4892
XXXXXXXXXXXXXXXXXXXX1665
XXXXXXXXXXXXXXXXXXXX7172
XXXXXXXXXXXXXXXXXXXX5356
XXXXXXXXXXXXXXXXXXXX1067
XXXXXXXXXXXXXXXXXXXX4999
XXXXXXXXXXXXXXXXXXXX1648
XXXXXXXXXXXXXXXXXXXX7441
XXXXXXXXXXXXXXXXXXXX5275
XXXXXXXXXXXXXXXXXXXX3668
XXXXXXXXXXXXXXXXXXXX8518
XXXXXXXXXXXXXXXXXXXX7130
XXXXXXXXXXXXXXXXXXXX3559
    
```

Crypto Subledger



Balance Sheet

BALANCE SHEET

EOM	
ASSETS	
Current Assets	
Total 1100 CASH ACCOUNTS	XXXXXXXXXX
Total 1100 CRYPTOCURRENCY	XXXXXXXXXX
Accounts Receivable	XXXXXXXXXX
Total Accounts Receivable	XXXXXXXXXX
Other Current Assets	XXXXXXXXXX
Total Current Assets	XXXXXXXXXX
Fixed Assets	XXXXXXXXXX
Total Fixed Assets	XXXXXXXXXX
Other Assets	XXXXXXXXXX
Total Other Assets	XXXXXXXXXX
TOTAL ASSETS	XXXXXXXXXX
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	XXXXXXXXXX
Total Current Liabilities	XXXXXXXXXX
Total Long-Term Liabilities	XXXXXXXXXX
Total Liabilities	XXXXXXXXXX
Equity	XXXXXXXXXX
Total Equity	XXXXXXXXXX
TOTAL LIABILITIES AND EQUITY	XXXXXXXXXX

Statement of Digital Assets

Statement of Digital Assets
As of EOM

Role	Wallet	Asset	Quantity	USD FMV	
				STU	STU
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

What is a Statement of Digital Assets?

Bridging onchain holdings with US GAAP

Wallet	Asset	Qty	USD FMV	USD Book/BS
			\$Ttl	\$Ttl
Hot Wallet (3PC) 'XXXX'	ETH	1,176.0	4,132,880	2,234,400
Contractor Payments (3PC)	XYZ	75,000.0	243,750	-
Engineering (3PC)	ETH	58.8	206,644	111,720
Engineering (3PC)	XYZ	50,000.0	162,500	-
Marketing (3PC)	XYZ	120,000.0	390,000	-
Public Goods / Grants (Multi)	XYZ	200,000.0	650,000	-
Misc-Ops (Self)	ETH	24.5	86,102	46,550
Custodied Trading Account (Multi)	ETH	303.3	1,065,811	576,220
Employee Incentive (3PC)	XYZ	25,000.0	81,250	-
Trading Account (Multi)	ETH	82.0	288,045	155,729
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Meta NFT 1 (3PC)	BAYC-1245	1.0	250,000	250,000
Native Restricted Treasury (3PC)	XYZ	1,000,000,000.0	3,250,000,000	-
Native Locked Treasury (3PC)	XYZ	5,000,000.0	16,250,000	-
Native Unrestricted Treasury (3PC)	XYZ	10,000,000.0	32,500,000	-
DeFi Wallet / Treasury (3PC)	SLP-USDC-WETH	1.0		
SLP-USDC-WETH (3PC)	USDC	353,800.5	353,801	353,801
SLP-USDC-WETH (3PC)	WETH	100.0	353,801	240,000
			\$ 3,307,910,040	\$ 4,452,539

- Aggregation of Digital Assets
- LOCOM and Fair Market Value Valuation
- Holistic Treasury Insights
- Customizable Wallet Role Assignment

Best Practice for Bridging US GAAP and On-Chain Holdings (balance sheet tie out)

GAAP Balance Sheet Digital Asset Reporting

Accounting	Role	Wallet	Asset	Qty	USD FMV	USD Book/BS
					\$Ttl	\$Ttl
FMV	Ops / Admin	Hot Wallet (3PC) 'XXXX'	ETH	1,176.0	4,132,880	2,234,400
BV	Ops / Admin	Contractor Payments (3PC)	XYZ	75,000.0	243,750	-
FMV	Ops / Admin	Engineering (3PC)	ETH	58.8	206,644	111,720
BV	Ops / Admin	Engineering (3PC)	XYZ	50,000.0	162,500	-
BV	Ops / Admin	Marketing (3PC)	XYZ	120,000.0	390,000	-
BV	Ops / Admin	Public Goods / Grants (Multi)	XYZ	200,000.0	650,000	-
FMV	Ops / Admin	Misc-Ops (Self)	ETH	24.5	86,102	46,550
FMV	Ops / Admin	Custodied Trading Account (Multi)	ETH	303.3	1,065,811	576,220
BV	Ops / Admin	Employee Incentive (3PC)	XYZ	25,000.0	81,250	-
FMV	Ops / Admin	Trading Account (Multi)	ETH			
FMV	Ops / Admin	Test (Self)	ETH			
FMV	Tax Liability	Tax Liability (3PC)	ETH			
BV	NFT	Meta NFT 1 (3PC)	BAYC-1245	1,000,000.0		
BV	Native	Native Restricted Treasury (3PC)	XYZ	5,000.0		
BV	Native	Native Locked Treasury (3PC)	XYZ	10,000.0		
BV	Native	Native Unrestricted Treasury (3PC)	XYZ			
BV	Yield	DeFi Wallet / Treasury (3PC)	SLP-USDC-WETH			
BV	Yield	SLP-USDC-WETH (3PC)	USDC	353,800.5	353,801	353,801
BV	Yield	SLP-USDC-WETH (3PC)	WETH	100.0	353,801	240,000
					\$ 3,307,910,040	\$ 4,452,539

GAAP Balance Sheet Reporting:	
DA Fair Value	6,674,939
DA Book Value (impaired)	843,801
DA Stablecoins	4,501,802
Total Digital Assets	\$ 12,020,541

Accounting Treatment		
Fair Value	6,674,939	3,608,739
Book Value (impaired)	3,301,235,101	843,801
	\$ 3,307,910,040	\$ 4,452,539

SC	Ops / Admin	Custodied Trading Account (3PC)	USDC	651,801.9	651,802	651,802
SC	Ops / Admin	Stablecoin Ops (3PC)	USDC	350,000.0	350,000	350,000
SC	Tax Liability	Cap Gains Liability (3PC)	USDC	2,000,000.0	2,000,000	2,000,000
SC	Tax Liability	Tax Liability (3PC)	USDC	1,500,000.0	1,500,000	1,500,000
					\$ 4,501,802	\$ 4,501,802

Total					\$ 3,312,411,842	\$ 8,954,341
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CONSOLIDATED BALANCE SHEET

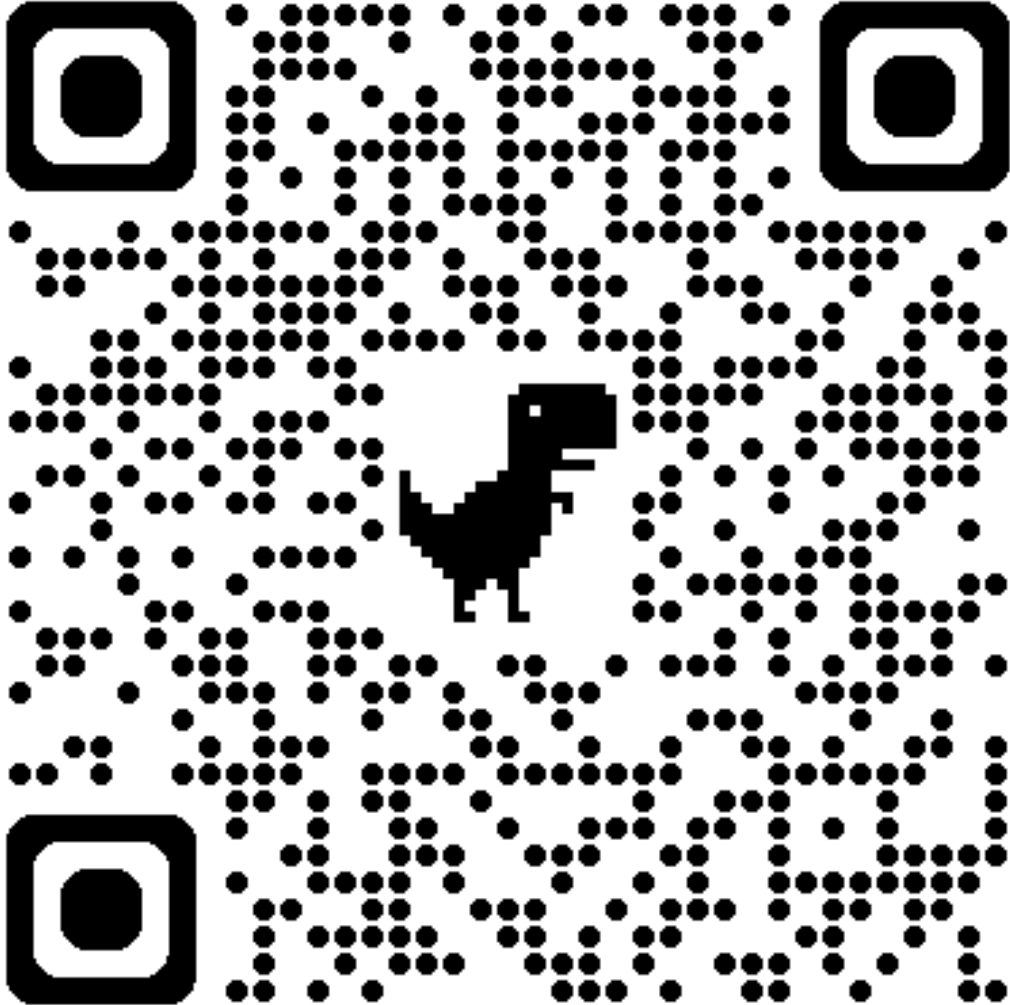
ASSETS:		EOM, 202X
Current assets:		
Cash and cash equivalents	\$	xx,xxx
Marketable securities		xx,xxx
Accounts receivable, net		xx,xxx
Vendor non-trade receivables		xx,xxx
Inventories		xx,xxx
Digital assets		xx,xxx
DA Fair value		xx,xxx
DA Book value (impaired)		xx,xxx
DA Stablecoins		xx,xxx
Total digital assets		xx,xxx
Total current assets		xx,xxx
Non-current assets:		
Marketable securities		xx,xxx
Property, plant and equipment, net		xx,xxx
Other non-current assets		xx,xxx
Total non-current assets		xx,xxx
Total assets	\$	xx,xxx

LIABILITIES AND SHAREHOLDERS' EQUITY:	
Current liabilities:	
Accounts payable	\$ xx,xxx
Other current liabilities	xx,xxx
Deferred revenue	xx,xxx
Commercial paper	xx,xxx
Term debt	xx,xxx
Total current liabilities	xx,xxx
Non-current liabilities:	
Term debt	xx,xxx
Other non-current liabilities	xx,xxx
Total non-current liabilities	xx,xxx
Total liabilities	xx,xxx
Commitments and contingencies	
Shareholders' equity:	
Common stock	xx,xxx
Retained earnings	xx,xxx
Accumulated other income/(loss)	xx,xxx
Total shareholders' equity	xx,xxx
Total liabilities and shareholders' equity	\$ xx,xxx

Applications and Use Cases for SoDA...

- ✓ Operational Accounting
- ✓ Investor / VC Reporting and Diligence
- ✓ Audit Readiness
- ✓ Tax Preparedness
- ✓ Compliance Posture

Endorse SoDA



Thank you



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