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

2019
Practice Started
(Solana Labs)

$70B
Client Token Market
Capitalization

500M
Client Onchain Transactions
Translated to QBO

75+
Engagements
(current & graduated)

$1B
Client VC Funds
Raised

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)
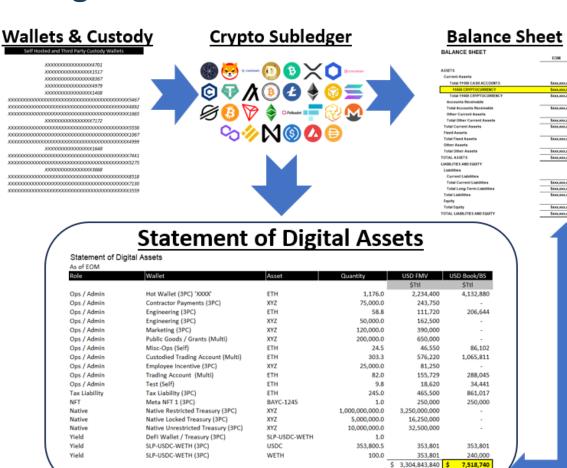
- Opaque liquidity - limited visibility to underlying assets, FMV, or wallet detail

- 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

What is a Statement of Digital Assets?
Bridging onchain holdings with US GAAP

Wallet	Asset	Qty	USD FMV $Ttl	USD Book/BS $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
Test (Self)	ETH	9.8	34,441	18,620
Tax Liability (3PC)	ETH	245.0	861,017	465,500
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 $Ttl	USD Book/BS $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			
BV	Native	Native Restricted Treasury (3PC)	XYZ	1,000,000,0		
BV	Native	Native Locked Treasury (3PC)	XYZ	5,000,0		
BV	Native	Native Unrestricted Treasury (3PC)	XYZ	10,000,0		
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

Accounting	Role	Wallet	Asset	Qty		
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

CONSOLIDATED BALANCE SHEET

EOM, 202X

ASSETS:

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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