



SMART CONTRACT AUDIT

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PREPARED FOR

DROPS TOKEN CONTRACT



INTRODUCTION

Auditing Firm	InterFi Network
Client Firm	Drops
Methodology	Automated Analysis, Manual Code Review
Language	Solidity
Contract	0xA562912e1328eEA987E04c2650EfB5703757850C
Blockchain	Ethereum Chain
Centralization	Active ownership
Commit	7f88a2ec7c99e76fab7b8c4025d9a1537725da5f
Website	https://drops.site/
Telegram	https://t.me/DropsERC/
X (Twitter)	https://twitter.com/DropsERC/
Report Date	March 09, 2024


 Verify the authenticity of this report on our website: <https://www.github.com/interfinetwork>



EXECUTIVE SUMMARY

InterFi has performed the automated and manual analysis of solidity codes. Solidity codes were reviewed for common contract vulnerabilities and centralized exploits. Here's a quick audit summary:

Status	Critical ●	Major ●	Medium ●	Minor ●	Unknown ●
Open	0	0	1	4	0
Acknowledged	0	1	0	1	1
Resolved	0	0	0	0	0
Noteworthy Privileges	Set Sell Buy Tax, Set Trading Open, Set Purchase Limit, Withdraw ETH, Withdraw ERC20 Token				
setTradingOpen()	Trading must be opened by owner to allow EOAs to transfer/trade assets				

 Please note that smart contracts deployed on blockchains aren't resistant to exploits, vulnerabilities and/or hacks. Blockchain and cryptography assets utilize new and emerging technologies. These technologies present a high level of ongoing risks. For a detailed understanding of risk severity, source code vulnerability, and audit limitations, kindly review the audit report thoroughly.


 Please note that centralization privileges regardless of their inherited risk status - constitute an elevated impact on smart contract safety and security.



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SCOPE OF WORK

InterFi was consulted by Drops to conduct the smart contract audit of their solidity source codes. The audit scope of work is strictly limited to mentioned solidity file(s) only:

- Drops.sol

 If source codes are not deployed on the main net, they can be modified or altered before main-net deployment. Verify the contract's deployment status below:

Public Contract Link	
https://etherscan.io/address/0xA562912e1328eEA987E04c2650EfB5703757850C#code	
Contract Name	Drops
Compiler Version	0.8.20
License	MIT



AUDIT METHODOLOGY

Smart contract audits are conducted using a set of standards and procedures. Mutual collaboration is essential to performing an effective smart contract audit. Here's a brief overview of InterFi's auditing process and methodology:

CONNECT

- The onboarding team gathers source codes, and specifications to make sure we understand the size, and scope of the smart contract audit.

AUDIT

- Automated analysis is performed to identify common contract vulnerabilities. We may use the following third-party frameworks and dependencies to perform the automated analysis:
 - Remix IDE Developer Tool
 - Open Zeppelin Code Analyzer
 - SWC Vulnerabilities Registry
 - DEX Dependencies, e.g., Pancakeswap, Uniswap
- Simulations are performed to identify centralized exploits causing contract and/or trade locks.
- A manual line-by-line analysis is performed to identify contract issues and centralized privileges.

We may inspect below mentioned common contract vulnerabilities, and centralized exploits:

Centralized Exploits	<ul style="list-style-type: none">○ Token Supply Manipulation○ Access Control and Authorization○ Assets Manipulation○ Ownership Control○ Liquidity Access○ Stop and Pause Trading○ Ownable Library Verification
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Common Contract Vulnerabilities

- Integer Overflow
- Lack of Arbitrary limits
- Incorrect Inheritance Order
- Typographical Errors
- Requirement Violation
- Gas Optimization
- Coding Style Violations
- Re-entrancy
- Third-Party Dependencies
- Potential Sandwich Attacks
- Irrelevant Codes
- Divide before multiply
- Conformance to Solidity Naming Guides
- Compiler Specific Warnings
- Language Specific Warnings

REPORT

- The auditing team provides a preliminary report specifying all the checks which have been performed and the findings thereof.
- The client's development team reviews the report and makes amendments to solidity codes.
- The auditing team provides the final comprehensive report with open and unresolved issues.

PUBLISH

- The client may use the audit report internally or disclose it publicly.

 It is important to note that there is no pass or fail in the audit, it is recommended to view the audit as an unbiased assessment of the safety of solidity codes.



RISK CATEGORIES

Smart contracts are generally designed to hold, approve, and transfer tokens. This makes them very tempting attack targets. A successful external attack may allow the external attacker to directly exploit. A successful centralization-related exploit may allow the privileged role to directly exploit. All risks which are identified in the audit report are categorized here for the reader to review:

Risk Type	Definition
Critical 🛑	These risks could be exploited easily and can lead to asset loss, data loss, asset, or data manipulation. They should be fixed right away.
Major 🟡	These risks are hard to exploit but very important to fix, they carry an elevated risk of smart contract manipulation, which can lead to high-risk severity.
Medium 🟡	These risks should be fixed, as they carry an inherent risk of future exploits, and hacks which may or may not impact the smart contract execution. Low-risk re-entrancy-related vulnerabilities should be fixed to deter exploits.
Minor 🟢	These risks do not pose a considerable risk to the contract or those who interact with it. They are code-style violations and deviations from standard practices. They should be highlighted and fixed nonetheless.
Unknown 🟤	These risks pose uncertain severity to the contract or those who interact with it. They should be fixed immediately to mitigate the risk uncertainty.

All statuses which are identified in the audit report are categorized here for the reader to review:

Status Type	Definition
Open	Risks are open.
Acknowledged	Risks are acknowledged, but not fixed.
Resolved	Risks are acknowledged and fixed.



CENTRALIZED PRIVILEGES

Centralization risk is the most common cause of cryptography asset loss. When a smart contract has a privileged role, the risk related to centralization is elevated.

There are some well-intended reasons have privileged roles, such as:

- Privileged roles can be granted the power to pause() the contract in case of an external attack.
- Privileged roles can use functions like, `include()`, and `exclude()` to add or remove wallets from fees, swap checks, and transaction limits. This is useful to run a presale and to list on an exchange.

Authorizing privileged roles to externally-owned-account (EOA) is dangerous. Lately, centralization-related losses are increasing in frequency and magnitude.

- The client can lower centralization-related risks by implementing below mentioned practices:
- Privileged role's private key must be carefully secured to avoid any potential hack.
- Privileged role should be shared by multi-signature (multi-sig) wallets.
- Authorized privilege can be locked in a contract, user voting, or community DAO can be introduced to unlock the privilege.
- Renouncing the contract ownership, and privileged roles.
- Remove functions with elevated centralization risk.

 Understand the project's initial asset distribution. Assets in the liquidity pair should be locked. Assets outside the liquidity pair should be locked with a release schedule.



AUTOMATED ANALYSIS

Symbol	Definition
	Function modifies state
	Function is payable
	Function is internal
	Function is private
	Function is important

```

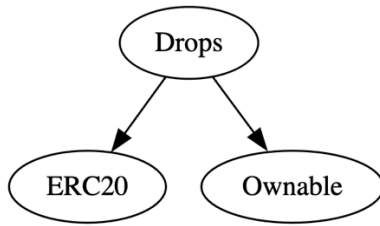
| **Drops** | Implementation | ERC20, Ownable |||
| L | <Constructor> | Public  |  | ERC20 Ownable |
| L | <Receive Ether> | External  |  | NO  |
| L | swapAndLiquify | Private  |  | lockTheSwap |
| L | addLiquidity | Private  |  | |
| L | swapTokensForETH | Private  |  | |
| L | _transfer | Internal  |  | |
| L | setSellBuyTax | External  |  | onlyOwner |
| L | setTradingOpen | External  |  | onlyOwner |
| L | setPurchaseLimit | External  |  | onlyOwner |
| L | setSwapAndLiqThreshold | Public  |  | onlyOwner |
| L | excludeFromLimitation | Public  |  | onlyOwner |
| L | batchExcludeFromLimitation | Public  |  | onlyOwner |
| L | withdrawETH | External  |  | onlyOwner |
| L | withdrawERC20Token | Public  |  | onlyOwner |

```

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INHERITANCE GRAPH



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MANUAL REVIEW

Identifier	Definition	Severity
CEN-01	Centralized privileges	Major 🟡
DRO-01	Trading must be opened to allow EOAs to transfer/trade assets	
DRO-02	Privileged role can withdraw native tokens from contract	

Important onLyOwner centralized privileges are listed below:

```

setSellBuyTax()
setTradingOpen()
setPurchaseLimit()
setSwapAndLiqThreshold()
excludeFromLimitation()
batchExcludeFromLimitation()
withdrawETH()
withdrawERC20Token()

```

RECOMMENDATION

Deployers, contract owners, operators', access controlled, and all other privileged roles' private-keys/access-keys/admin-keys should be secured carefully. These entities can have a single point of failure that compromises the security of the project.

Implement multi-signature wallets: Require multiple signatures from different parties to execute certain sensitive functions within contracts. This spreads control and reduces the risk of a single party having complete authority.

Use a decentralized governance model: Implement a governance model that enables token holders or other stakeholders to participate in decision-making processes. This can include voting on contract upgrades, parameter changes, or any other critical decisions that impact the contract's functioning.




ACKNOWLEDGEMENT

Drops team argued that centralized privileged are required by the design.

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Identifier	Definition	Severity
CEN-02	Initial asset distribution	Minor 

All of the initially minted assets are sent to the project owner when deploying the contract. This can be an issue as the project owner can distribute tokens without consulting the community.

```
_mint(_msgSender(), 1e6 ether);
```

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RECOMMENDATION

Project must communicate with stakeholders and obtain the community consensus while distributing assets.

ACKNOWLEDGEMENT

Drops team will distribute these tokens according to their predefined tokenomics strategy.



Identifier	Definition	Severity
CEN-04	Privileged role receiving LP tokens	Medium 🟡

Smart contract function `addLiquidity()` sends liquidity to `owner()`

```
function addLiquidity(uint256 tokenAmount, uint256 ethAmount) private {
    // approve token transfer to cover all possible scenarios
    _approve(address(this), address(uniswapV2Router), tokenAmount);

    // add the liquidity
    uniswapV2Router.addLiquidityETH{value: ethAmount}(
        address(this),
        tokenAmount,
        0, // slippage is unavoidable
        0, // slippage is unavoidable
        owner(),
        block.timestamp
    );
}
```

RECOMMENDATION

Send LP tokens to dead address or unreachable address.



Identifier	Definition	Severity
LOG-01	Lack of appropriate arbitrary boundaries	Minor ●

Below mentioned function is set without appropriate arbitrary boundaries.

```
setPurchaseLimit()
```

RECOMMENDATION

This function should be provided appropriate upper input boundary.



Identifier	Definition	Severity
LOG-02	Potential front-running	Minor 

Potential front-running happens when an attacker observes a transaction swapping tokens or adding liquidity without setting restrictions on slippage or minimum output amount. The attacker can manipulate the exchange rate by front-running a transaction to purchase assets and make profits by back-running a transaction to sell assets. Below mentioned functions are called without setting restrictions on slippage or minimum output:

```
addLiquidityETH()
```

```
swapExactTokensForETHSupportingFeeOnTransferTokens()
```

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RECOMMENDATION

These functions should be provided reasonable minimum output amounts, instead of zero.



Identifier	Definition	Severity
COD-02	Timestamp manipulation via <code>block.timestamp</code>	Minor 

Be aware that the timestamp of the block can be manipulated by a miner. When the contract uses the timestamp to seed a random number, the miner can actually post a timestamp within 15 seconds of the block being validated, effectively allowing the miner to precompute an option more favorable to their chances.

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RECOMMENDATION

To maintain block integrity, follow 15 seconds rule, and scale time dependent events accordingly.



Identifier	Definition	Severity
COD-10	Direct and indirect dependencies	Unknown 🟠
COD-11	Reliance on <i>OpenZeppelin</i> libraries	

Smart contract is interacting with third party protocols e.g., DEX Routers, Locker Contract, External Contracts, Web 3 Applications, *OpenZeppelin* tools. The scope of the audit treats these entities as black boxes and assumes their functional correctness. However, in the real world, all of them can be compromised, and exploited. Moreover, upgrades in these entities can create severe impacts, e.g., increased transactional fees, deprecation of previous routers, etc.

RECOMMENDATION

Inspect third party dependencies regularly, and mitigate severe impacts whenever necessary.

ACKNOWLEDGEMENT

Drops team will inspect third party dependencies regularly, and push updates as required.



Identifier	Definition	Severity
COD-12	Lack of event-driven architecture	Minor ●

Smart contract uses function calls to update state, which can make it difficult to track and analyze changes to the contract over time.

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RECOMMENDATION

Use events to track state changes. Events improve transparency and provide a more granular view of contract activity.



DISCLAIMERS

InterFi Network provides the easy-to-understand audit of solidity source codes (commonly known as smart contracts).

The smart contract for this particular audit was analyzed for common contract vulnerabilities, and centralization exploits. This audit report makes no statements or warranties on the security of the code. This audit report does not provide any warranty or guarantee regarding the absolute bug-free nature of the smart contract analyzed, nor do they provide any indication of the client's business, business model or legal compliance. This audit report does not extend to the compiler layer, any other areas beyond the programming language, or other programming aspects that could present security risks. Cryptographic tokens are emergent technologies, they carry high levels of technical risks and uncertainty. You agree that your access and/or use, including but not limited to any services, reports, and materials, will be at your sole risk on an as-is, where-is, and as-available basis. This audit report could include false positives, false negatives, and other unpredictable results.

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ABOUT INTERFI NETWORK

InterFi Network provides intelligent blockchain solutions. We provide solidity development, testing, and auditing services. We have developed 150+ solidity codes, audited 1000+ smart contracts, and analyzed 500,000+ code lines. We have worked on major public blockchains e.g., Ethereum, Binance, Cronos, Doge, Polygon, Avalanche, Metis, Fantom, Bitcoin Cash, Velas, Oasis, etc.

InterFi Network is built by engineers, developers, UI experts, and blockchain enthusiasts. Our team currently consists of 4 core members, and 6+ casual contributors.

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