



# MOTECH AUDIT

SMART CONTRACT SECURITY AUDIT

## SECURITY ASSESSMENT

2021

# NAC TOKEN AUDIT REPORT

16 NOV 2021

# SECURITY ASSESSMENT

## SUMMARY

This report has been prepared for NAC Token smart contracts, to discover issues and vulnerabilities in the source code of their Smart Contract as well as any contract dependencies that were not part of an officially recognised library. A comprehensive examination has been performed, utilising Static Analysis and Manual Review techniques.




The auditing process pays special attention to the following considerations:

- Testing the smart contracts against both common and uncommon attack vectors.
- Assessing the codebase to ensure compliance with current best practices and industry standards.
- Ensuring contract logic meets the specifications and intentions of the client.
- Cross referencing contract structure and implementation against similar smart contracts produced by industry leaders.
- Thorough line-by-line manual review of the entire codebase by industry experts.

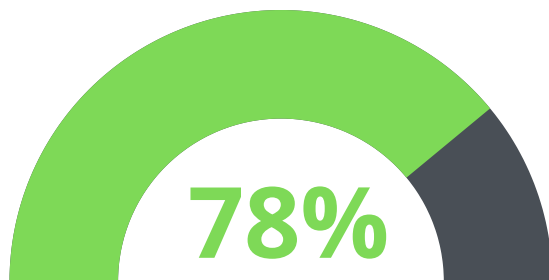
The security assessment resulted in findings that ranged from critical to informational. We recommend addressing these findings to ensure a high level of security standards and industry practices. We suggest recommendations that could better serve the project from the security perspective:

- Enhance general coding practices for better structures of source codes;
- Add enough unit tests to cover the possible use cases given they are currently missing in the repository;
- Provide more comments per each function for readability, especially contracts are verified in public;
- Provide more transparency on privileged activities once the protocol is live.

# SECURITY ASSESSMENT SUMMARY

Pass/Fail	Analyzer	Description
	Motech Audit	Vulnerability analyzer built by Motech Audit that quickly searches within smart contracts for vulnerable code fragments not only exact but also syntactically different clones.
	Formal Verifier	Sound formal verifier built by Motech Audit that analyzes within smart contracts for proving that a program satisfies nonexistence of vulnerability such as integer overflow.
	Achilles	Symbolic analyzer built by Motech Audit that extracts code patterns within smart contracts for finding syntactic and semantic bugs and vulnerabilities based on SWC specification.

 Pass  Compile Error  Failed



File : NACToken.sol

Language : solidity

Size. : 10106 bytes

Date : 2021-11-16T09:09:36.714Z

( STATEMENT : MOTECH AUDIT ONLY ISSUES THIS REPORT BASED ON THE FACT THAT HAS OCCURRED OR EXISTED BEFORE THE REPORT IS ISSUED, AND BEARS THE CORRESPONDING RESPONSIBILITY IN THIS REGARD. FOR THE FACTS OCCUR OR EXIST LATER AFTER THE REPORT, MOTECH AUDIT CANNOT JUDGE THE SECURITY STATUS OF ITS SMART CONTRACT. MOTECH AUDIT IS NOT RESPONSIBLE FOR IT. THE SECURITY AUDIT ANALYSIS AND OTHER CONTENTS OF THIS REPORT ARE BASED ON THE DOCUMENTS AND MATERIALS PROVIDED BY THE INFORMATION PROVIDER TO MOTECH AUDIT AS OF THE DATE OF THIS REPORT (REFERRED TO AS "THE PROVIDED INFORMATION"). MOTECH AUDIT ASSUMES THAT: THERE HAS BEEN NO INFORMATION MISSING, TAMPERED, DELETED, OR CONCEALED. IF THE INFORMATION PROVIDED HAS BEEN MISSED, MODIFIED, DELETED, CONCEALED OR REFLECTED AND IS INCONSISTENT WITH THE ACTUAL SITUATION, MOTECH AUDIT WILL NOT BEAR ANY RESPONSIBILITY FOR THE RESULTING LOSS AND ADVERSE EFFECTS. MOTECH AUDIT WILL NOT BEAR ANY RESPONSIBILITY FOR THE BACKGROUND OR OTHER CIRCUMSTANCES OF THE PROJECT.)

**PASSED**



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# AUDITING STRATEGY AND TECHNIQUES APPLIED

Throughout the review process, care was taken to evaluate the repository for security-related issues, code quality, and adherence to specification and best practices. To do so, reviewed line-by-line by our team of expert pentesters and smart contract developers, documenting any issues as there were discovered.

## Methodology

The auditing process follows a routine series of steps:

1. Code review that includes the following:

- Review of the specifications, sources, and instructions provided to Motech Audit to make sure we understand the size, scope, and functionality of the smart contract.
- Manual review of code, which is the process of reading source code line-byline in an attempt to identify potential vulnerabilities.
- Comparison to specification, which is the process of checking whether the code does what the specifications, sources, and instructions provided to Motech Audit describe.

2. Testing and automated analysis that includes the following:

- Test coverage analysis, which is the process of determining whether the test cases are actually covering the code and how much code is exercised when we run those test cases.
- Symbolic execution, which is analysing a program to determine what inputs causes each part of a program to execute.

3. Best practices review, which is a review of the smart contracts to improve efficiency, effectiveness, clarify, maintainability, security, and control based on the established industry and academic practices, recommendations, and research.

4. Specific, itemized, actionable recommendations to help you take steps to secure your smart contracts.



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# DISCLAIMER

This is a limited report on our findings based on our analysis, in accordance with good industry practice as at the date of this report, in relation to cybersecurity vulnerabilities and issues in the framework and algorithms based on smart contracts, the details of which are set out in this report. In order to get a full view of our analysis, it is crucial for you to read the full report. While we have done our best in conducting our analysis and producing this report, it is important to note that you should not rely on this report and cannot claim against us on the basis of what it says or doesn't say, or how we produced it, and it is important for you to conduct your own independent investigations before making any decisions. We go into more detail on this in the below disclaimer below – please make sure to read it in full.

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The analysis of the security is purely based on the smart contracts alone. No applications or operations were reviewed for security. No product code has been reviewed.



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# SECURITY ASSESSMENT

# BACKGROUND

Motech Audit was commissioned by Ark Community to perform an audit of smart contracts:

NACToken.sol

Report\_de9780c1e9fa0402545e482e8bcd39ea1ac68efc6bc7da19498ad8f8d77eabdc

The purpose of the audit was to achieve the following:

- Ensure that the smart contract functions as intended.
- Identify potential security issues with the smart contract.

The information in this report should be used to understand the risk exposure of the smart contract, and as a guide to improve the security posture of the smart contract by remediating the issues that were identified.

# VULNERABILITY & RISK LEVEL

## 6 Total Issues

Risk represents the probability that a certain source-threat will exploit vulnerability, and the impact of that event on the organization or system.

Risk Level is computed based on CVSS version 3.0.

Level	Total Issues	Vulnerability	Risk (Required Action)
<b>Critical</b>	<b>0</b>	A vulnerability that can disrupt the contract functioning in a number of scenarios, or creates a risk that the contract may be broken	Immediate action to reduce risk level.
<b>High</b>	<b>0</b>	A vulnerability that affects the desired outcome when using a contract, or provides the opportunity to use a contract in an unintended way.	Implementation of corrective actions as soon as possible.
<b>Medium</b>	<b>1</b>	A vulnerability that could affect the desired outcome of executing the contract in a specific scenario.	Implementation of corrective actions in a certain period.
<b>Low</b>	<b>5</b>	A vulnerability that does not have a significant impact on possible scenarios for the use of the contract and is probably subjective.	Implementation of certain corrective actions or accepting the risk.
<b>Note</b>	<b>0</b>	A vulnerability that has informational character but is not affecting any of the code.	An observation that does not determine a level of risk.



## SECURITY ASSESMENT

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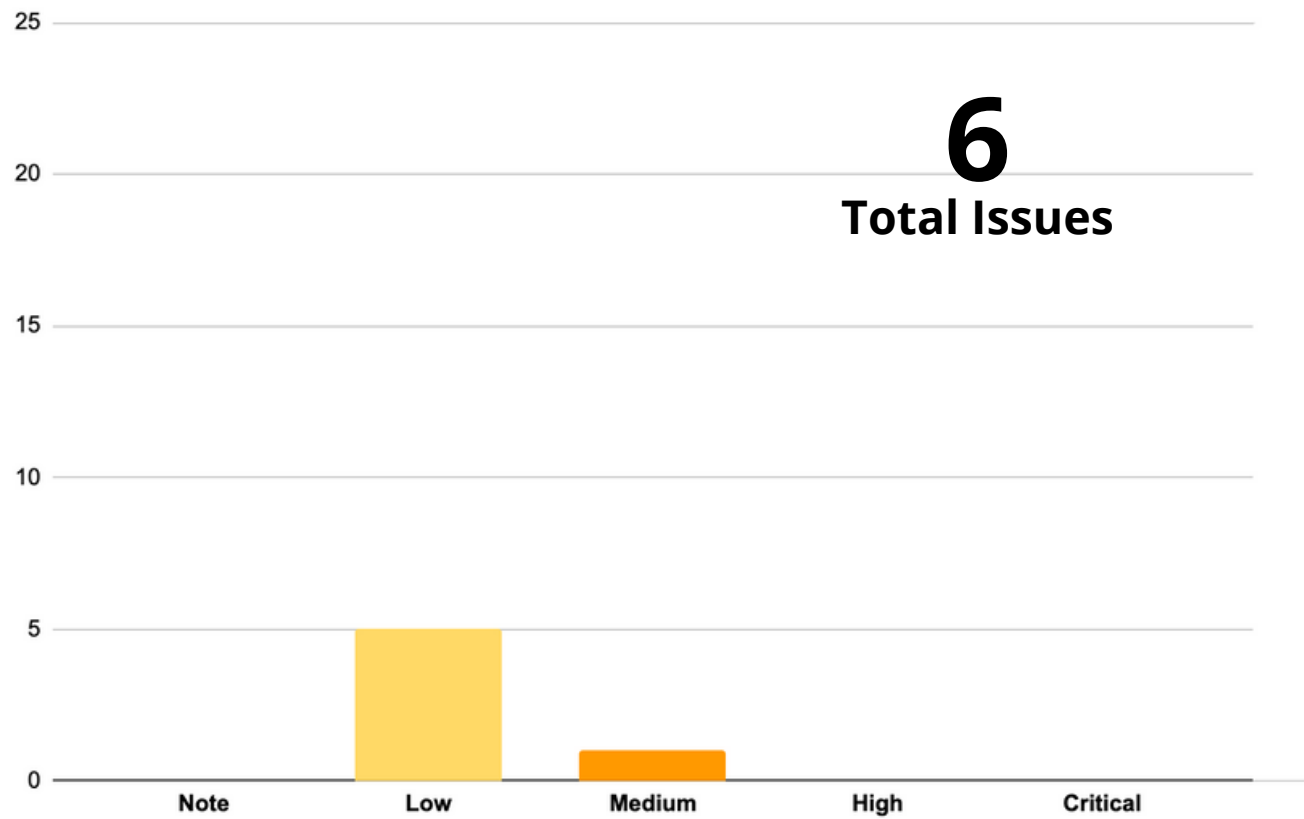
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# FINDINGS

ISSUES



Severity	Issue	Code Lines
Medium	SWC-102	0
Low	SWC-103	3, 15, 38, 198, 298



# SECURITY ASSESSMENT CODE

1. SWC-102 / lines: 0 Medium Achilles

⊖ A security vulnerability has been detected.

1 // File: contracts/Context.sol

## In detail

Using an outdated compiler version can be problematic especially if there are publicly disclosed bugs and issues that affect the current compiler version.

2. SWC-103 / lines: 3 Low Achilles

⊖ A security vulnerability has been detected.

2  
3 pragma solidity ^0.5.8;  
4

## In detail

Contracts should be deployed with the same compiler version and flags that they have been tested with thoroughly. Locking the pragma helps to ensure that contracts do not accidentally get deployed using, for example, an outdated compiler version that might introduce bugs that affect the contract system negatively.

3. SWC-103 / lines: 15 Low Achilles

⊖ A security vulnerability has been detected.

14  
15 pragma solidity ^0.5.8;  
16

## In detail

Contracts should be deployed with the same compiler version and flags that they have been tested with thoroughly. Locking the pragma helps to ensure that contracts do not accidentally get deployed using, for example, an outdated compiler version that might introduce bugs that affect the contract system negatively.



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# SECURITY ASSESSMENT CODE

4. SWC-103 / lines: 38 Low Achilles



⊖ A security vulnerability has been detected.

37

38 `pragma solidity ^0.5.8;`

39

## In detail

Contracts should be deployed with the same compiler version and flags that they have been tested with thoroughly. Locking the pragma helps to ensure that contracts do not accidentally get deployed using, for example, an outdated compiler version that might introduce bugs that affect the contract system negatively.

5. SWC-103 / lines: 198 Low Achilles



⊖ A security vulnerability has been detected.

197

198 `pragma solidity ^0.5.8;`

199

## In detail

Contracts should be deployed with the same compiler version and flags that they have been tested with thoroughly. Locking the pragma helps to ensure that contracts do not accidentally get deployed using, for example, an outdated compiler version that might introduce bugs that affect the contract system negatively.

6. SWC-103 / lines: 298 Low Achilles



⊖ A security vulnerability has been detected.

297

298 `pragma solidity ^0.5.8;`

299

## In detail

Contracts should be deployed with the same compiler version and flags that they have been tested with thoroughly. Locking the pragma helps to ensure that contracts do not accidentally get deployed using, for example, an outdated compiler version that might introduce bugs that affect the contract system negatively.



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# CONCLUSION

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Motech Audit note: Please check the disclaimer above and note, the audit makes no statements or warranties on business model, investment attractiveness or code sustainability. The report is provided for the only contract mentioned in the report and does not include any other potential contracts deployed by Owner.

**PASSED**