CASE STUDIES   01

05.2022 - Validators & Miners

In this publication we highlight how TechAccountingPro solves accounting challenges for blockchain validators.

NETWORK VALIDATOR ON A JOURNEY TO **AUDIT READINESS**

Metrics

+37%
Average quarterly growth rate.

90%
Long-term client relationships

3 years
Serving our clients

HELPING ACCOUNTANTS GET IT RIGHT

SINCE 2022

Overview

WHO WE ARE

Challenge of Status Quo. Trust. Innovation.

About Us

At TechAccountingPro, our mission is to deliver solutions that empower and transform the accounting landscape. We partner with startups in the digital assets space (including leading DAOs, token issuers, foundations, proof-of-stake validators, and other Web3-native businesses) as well as with accounting firms serving the industry. We provide thoughtful, data-driven insights and drive innovation to help our clients overcome complex accounting and reporting challenges.

Background

CLIENT PROFILE

Proof-of-stake validator working towards an initial public offering.

Problem

The management team engaged TechAccountingPro in preparation for a potential initial public offering in the United States. We were asked to assist with developing accounting policies, establishing the financial reporting function, and performing technical accounting analyses for several complex arrangements critical to ensuring accurate accounting and fair presentation of the company's financial statements.

LET'S GO

01

Readiness Gap Analysis

We reviewed process documentation, control descriptions, and policies, identifying gaps with potential material impact and resource needs. To address these findings, we managed the full cycle of internal policy development, drafted technical accounting memorandums, and coordinated the audit process, which ultimately ensured audit success.

02

Customer Contract Reviews

We worked with management to refine revenue accounting practices under ASC 606. The company's milestone-based contracts involved complex terms, so we reviewed all contracts, documented ASC 606 application for each, and developed standard templates to reconcile customer balances and track changes, ensuring compliance with US GAAP.

03

Embedded Derivative Training

We developed clear, illustrative educational materials on embedded derivatives accounting, and conducted an internal training for the accounting department. Our straightforward examples and practical guidance streamlined their processes and improved understanding of complex guidance on derivatives relevant for the business.

04

Consolidation Analysis

We reviewed FASB ASC 805 and ASC 810 to determine accounting treatment for variable interest entities and business acquisitions. We advised management on tax-identified intangible assets and designed the process for eliminating intercompany transactions.

05

Workiva Implementation

We configured the Workiva reporting environment and reports, including rollforwards, cash and stablecoin flows, and creating bridge reports that clearly reconcile Operating Loss to Cash Burn and EBITDA. We also ensured that the reporting structure aligned with management's needs for audit readiness and internal decision-making.

06

IFRS to US GAAP Conversion

We identified differences between IFRS and US GAAP, calculated required adjustments, and prepared technical documentation. We also supported the change in functional and reporting currency, delivering complete calculations and reconciliations to ensure accurate conversion.

HELPING ACCOUNTANTS GET IT RIGHT

OTHER PROJECTS

Software Costs

We developed templates for capitalizing and amortizing software development costs. These assigned each transaction to a project and determined if costs fell within periods capitalizable under US GAAP and company policy. Capitalized costs were tracked by asset objects, grouping project expenditures into initial development and later essential features. Our client successfully passed a financial statement audit by a Top-100 US CPA firm.

Crypto Subledgers

We assisted a number of web3 startups with the implementation of BitWave, Cryptoworth, Gilded, CoinTracker, and other crypto subledgers, including the classification of transactions from exchanges and blockchains, and reconciliation of transactions from crypto subledger to ERP system, accrual basis adjustments for staking revenue and DeFi operations.

Contact Us

If you need support with crypto accounting or technical accounting research, we provide tailored solutions backed by valuable insights and first-hand industry experience. If your business operates in digital assets, reach out to us today.

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