

# Aprio Initial Coin Offering Services

## SUCCESSFULLY NAVIGATE THE CHALLENGES AND OPPORTUNITIES OF FUNDING SOURCES FOR BLOCKCHAIN VENTURES

The emergence of blockchain and crypto-currencies has made these exciting times for startups. A new disruptive funding model called the initial coin offering (ICO) now allows startups to fund ventures while simultaneously building a sustainable ecosystem of product users. Although ICOs enable startups to bypass the demanding regulated funding processes imposed by VCs, PEs and banks, they present a whole new set of legal and tax challenges, opportunities and questions.

### Sound advice for your ICO or token sale

Aprio offers the guidance companies need to successfully navigate the ICO process before and after the sale. Leveraging over four years of blockchain experience, our services help you:

- Determine the appropriate ICO structure for tax purposes
- Assess the tax implications of a non-U.S. vs a U.S. ICO
- Establish tax, accounting and financial reporting procedures - pre-token sale and post-token sale
- Maximize the tax savings associated with ICOs throughout the life-cycle of the business

### Pre-sale services

Domestic services	International services
<ul style="list-style-type: none"> <li>• Consult with founders and legal counsel on tax matters, including review of whitepaper</li> <li>• Income tax projections to determine uses of cash to support amount of ICO proceeds:                             <ul style="list-style-type: none"> <li>• Offset multiple years of expenses and use R&amp;D Credits to reduce the impact of a token sale</li> </ul> </li> <li>• Tax impact of fiscal token sale</li> <li>• Sales tax and state income tax implications on token sales</li> <li>• GAAP/IFRS accounting for pre-token sales, including proceeds under a Simple Agreement for Future Tokens (SAFT)</li> </ul>	<ul style="list-style-type: none"> <li>• Jurisdiction selection and tax structure for legal entity</li> <li>• Accounting advice related to VIE</li> <li>• Statutory reporting for local entity and accounting policies</li> <li>• Transfer pricing policies</li> <li>• Advice related to IP transfers from the U.S. to a non-U.S. entity</li> <li>• Advice on functions of personnel representing U.S. and non-U.S. entities and where services are performed</li> <li>• Impact on GAAP reporting for U.S. investors</li> </ul>



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## Post-sale services

Domestic services	International services
<ul style="list-style-type: none"> <li>• Advice on tax accounting and GAAP/IFRS accounting requirements related to:               <ul style="list-style-type: none"> <li>• Revenue recognition for tokens issued and cryptocurrencies in various wallets (<i>including impact of ASC 606 effective January 2018 for all private companies</i>)</li> <li>• Measurement of token/cryptocurrency asset and corresponding liability and gains/losses</li> <li>• Tracking cost basis and fair value of the tokens and cryptocurrency</li> <li>• Reconciliation of tokens/crypto on blockchain to GL</li> </ul> </li> <li>• VIE analysis and impact on tax and financial statements</li> <li>• Determine accounting policies for cryptocurrencies (<i>tokens issued and crypto in various wallets</i>)</li> <li>• Guidance on reconciliation of token transactions on blockchain and GL</li> <li>• Train staff on KPIs and financial statement reporting based on users of the information</li> <li>• Assistance with developing internal control policies around key operating cycles</li> <li>• Equity/token incentive consulting</li> <li>• Compliance consulting for SOC 2 or other reporting requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Transfer pricing study</li> <li>• Intercompany agreements</li> </ul>

## Ongoing support services

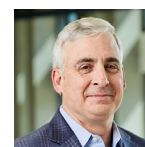
Domestic services	International services
<ul style="list-style-type: none"> <li>• Preparation of federal and state income tax returns</li> <li>• Perform R&amp;D Tax Credit study</li> <li>• Token confirmation and reconciliation</li> <li>• SOC 2 testing and reporting</li> <li>• Real-time reconciliation and verification of transactions on blockchain and GL</li> <li>• Update on revenue recognition as new revenue streams are developed/changes in business model</li> <li>• Audit of financial statements (<i>applicable for companies where we do not perform accounting functions</i>)</li> </ul>	<ul style="list-style-type: none"> <li>• Transfer pricing study</li> <li>• Intercompany agreements</li> <li>• Statutory reporting</li> <li>• Real-time reconciliation and verification of transactions on blockchain and GL</li> <li>• Update on revenue recognition as new revenue streams are developed/ changes in business model</li> <li>• Audit of financial statements (<i>applicable for companies where we do not perform accounting functions</i>)</li> </ul>

### About Aprio

Since 1952, clients throughout the U.S. and across more than 40 countries have trusted Aprio for guidance on how to achieve what's next. As a premier, CPA-led professional services firm, Aprio delivers advisory, assurance, tax and private client services to build value, drive growth, manage risk and protect wealth. With proven expertise and genuine care, Aprio serves individuals and businesses, from promising startups to market leaders alike.

[Aprio.com](http://Aprio.com)

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