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April 3, 2024

Federal Accounting Standards Advisory Board  
441 G Street NW, Suite 1155  
Washington, DC 20548

RE: Comments on FASAB Exposure Draft – *Seized and Forfeited Digital Assets*

The Financial Management Standards Board (FMSB) of the AGA appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board's proposed standards.

*QFR 1: Should reporting entities treat central bank digital currencies as monetary instruments and treat all other digital assets as nonmonetary property when applying SFFAS 3 to digital assets?*

Yes, we support the proposed guidance. Guidance is appropriate and we note that it is consistent with guidance on digital assets issued by the [IRS](#).

*QFR 2: Should market values be reported only if management can determine that a publicly observable active market exists for the specific digital asset?*

Yes, we support the proposed guidance. Especially given the highly volatile nature of digital assets without active markets, we would expect the cost of developing estimates would exceed any benefits.

*QFR 3: Should existing SFFAS 3 provisions be applied to digital assets for which a market value cannot be determined?*

Yes, we support the proposed guidance. While digital assets represent emerging technology, they are functionally no different than other forms of monetary or nonmonetary property and thus should be reported using extant requirements.

*QFR 4: Do any ambiguous areas remain that could lead to challenges with implementing SFFAS 3 requirements to digital assets?*

We do not see any remaining ambiguity in applying SFFAS 3 requirements to digital assets.

Since digital assets are an emerging and evolving area, we are aware of a number of operational challenges faced by agencies, as well as challenges that arise due to a lack of familiarity with these assets and their markets. To address familiarity challenges, it may be helpful to maintain a list that identifies which digital assets are considered to have publicly observable active markets, and how to access those markets to look up historical values. Such a list would be a resource for agencies and assist in consistency for government-wide reporting. Given the speed at which digital assets and their markets evolve, we think such a list would not be appropriate content for FASAB to maintain. Rather, it would seem more appropriate for such a list to be maintained by the U.S. Department of the Treasury or the IRS.



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Sincerely,

A handwritten signature in black ink, appearing to read 'Scott DeViney', with a large, sweeping flourish at the end.

Scott DeViney, CPA  
Chair, Financial Management Standards Board

AGA  
Financial Management Standards Board

The FMSB is comprised of the following 22 members with accounting and auditing backgrounds in federal, state, and local government, as well as academia and public accounting. The FMSB reviews and responds to proposed standards and regulations of interest to AGA members. The purpose of the FMSB is to advocate for the improvement of accounting and financial reporting standards at all levels of government and thus advance government accountability. The views of the FMSB do not necessarily represent those of AGA. Local AGA chapters and individual members are also encouraged to comment separately.

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