



Bitcoin Treasury Framework

BTC Treasury Adoption Guidance

Company Configuration

COMPANY TYPE

Non-Profit

COMPANY SIZE

Medium (51-250 employees)

INDUSTRY

Technology

JURISDICTION

Canada

PLANNED ALLOCATION

1% of Treasury

RISK ASSESSMENT

Low Risk

⚠️ IMPORTANT LEGAL DISCLAIMER

This framework provides general guidance based on current information and is for informational purposes only. It does not constitute legal, tax, accounting, or financial advice. Bitcoin regulations vary significantly by jurisdiction and are subject to frequent changes. Always consult with qualified legal, tax, accounting, and financial advisors before making any treasury decisions. House of Bitcoin and its affiliates assume no liability for any decisions made based on this framework.

Treasury Allocation Risk Profile

Allocation: 1% of treasury reserves

Risk Level: Low

Assessment: Conservative approach, suitable for initial adoption

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No

This framework is designed for a Canadian technology-focused Non-Profit Organization (NPO) with 51-250 employees. As an NPO, your primary fiduciary duty is the preservation of capital to serve your mission, while your tech-native status allows for more sophisticated self-custody or integration options.

- **1. REGULATORY LANDSCAPE (CANADA 2025)**

- **Legal Status:** Bitcoin is recognized as a **digital commodity** and "virtual currency." It is not legal tender in Canada. Under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (PCMLTFA), Bitcoin transactions are monitored by FINTRAC.
- **Tax Treatment:** The Canada Revenue Agency (CRA) treats Bitcoin as **property**. For NPOs, while general income is tax-exempt under Section 149(1)(l), "excessive" trading or "business-like" activity in Bitcoin could jeopardize tax-exempt status or be treated as taxable business income.
- **FINTRAC Compliance:** If the NPO facilitates exchanges for others, it must register as a Money Services Business (MSB). For internal treasury, you are an **"End User,"** but you must ensure your "on-ramp" (exchange) is FINTRAC-registered and compliant with the "Travel Rule" (transfer of info for transactions >\$1,000).
- **Provincial Securities Regulation:** The Canadian Securities Administrators (CSA) mandate that most platforms holding Bitcoin for users are subject to securities law. Use only **"Restricted Dealers"** or "Investment Dealers" registered with the CSA.
- **Recent Update (2025):** Enhanced reporting requirements under the OECD's **Crypto-Asset Reporting Framework (CARF)** are now being integrated into Canadian law, requiring more detailed annual reporting of crypto holdings.

- **2. ACCOUNTING CONSIDERATIONS**

- **IFRS/IASB Standards:** For 2025, the primary treatment follows **IAS 38 (Intangible Assets)**. However, the IASB has moved toward **Fair Value Through Profit or Loss (FVTPL)** for "holding for sale" in certain contexts. Canadian NPOs using ASPE (Accounting Standards for Private Enterprises) typically treat it as a Long-term Investment.

- **Balance Sheet Classification:** Classify as an **Indefinite-Lived Intangible Asset**. Unlike cash, it is not a "financial asset" under current IFRS unless it is held for active trading.
- **Valuation & Impairment:** Historically, Bitcoin was recorded at cost and "impaired" (written down) if the price dropped, with no "write-ups" allowed. **Crucial 2025 Update:** Many Canadian firms are now adopting **Fair Value Accounting** (revaluation model), allowing the balance sheet to reflect current market prices.
- **NPO Specifics:** Ensure the "Purpose of Holding" is documented. If held for inflation protection of an endowment, it is a capital asset. If held to pay international tech vendors, it may be treated as a foreign currency equivalent.

• 3. CUSTODY & SECURITY

- **Hybrid Custody Model:** For a mid-sized tech NPO, use a **Multi-Signature (Multi-sig)** setup. Distribute 3-of-5 keys between: (1) CFO, (2) Board Chair, (3) Third-party institutional custodian (e.g., Tetra Trust), and (2) geographically separated secure backups.
- **Qualified Canadian Custodians:** Use a Canadian-regulated custodian like **Tetra Trust** or **Fidelity Clearing Canada** to ensure assets are held in "cold storage" and are bankruptcy-remote from the exchange.
- **Insurance:** Verify your **Directors & Officers (D&O) Insurance** covers digital asset decisions. Seek specialized "Crime Insurance" for private key theft, which typically covers 10-20% of the total treasury value.
- **Key Management:** Implement a "**Proof of Reserves**" audit quarterly. Use hardware security modules (HSMs) and avoid any "Single Point of Failure" (e.g., one person holding the only password).

• 4. GOVERNANCE FRAMEWORK

- **Board Mandate:** Obtain a formal Board Resolution authorizing Bitcoin as a "**Reserve Asset**." This should explicitly state the maximum allocation (e.g., 1% to 5% of liquid reserves).
- **Investment Policy Statement (IPS):** Update the IPS to include Bitcoin. Define the "Primary Objective" as **Long-term Wealth Preservation** or **Inflation Hedge**, not "Speculation."

- **Execution Strategy:** Use **Dollar-Cost Averaging (DCA)**. For a medium NPO, automate buys of \$5,000—\$25,000 monthly to mitigate "Market Timing Risk" and smooth volatility.
- **Rebalancing Trigger:** Set a "Hard Cap." If Bitcoin grows to exceed 10% of total assets due to price appreciation, a mandatory rebalancing (sell) back to the 5% target should be triggered.

- **5. RISK MANAGEMENT**

- **Volatility Management:** Limit Bitcoin to a percentage that, if it went to zero, would not impair the NPO's ability to operate for **18 months**.
- **Counterparty Risk:** Never leave significant assets on an exchange (e.g., Kraken, Coinbase) overnight. Move assets to your **Qualified Custodian** or **Self-Custody Vault** immediately after purchase.
- **Operational Risk:** Conduct "Fire Drills" twice a year where key holders practice a small "test spend" to ensure keys work and recovery phrases are intact.
- **Regulatory Risk:** Maintain a "Exit Trigger." If Canada passes legislation significantly hindering NPO crypto ownership (e.g., restrictive UBIT-style taxes), the policy should dictate an immediate 90-day liquidation plan.

- **6. TREASURY IMPLEMENTATION ROADMAP**

- **Education (Month 1):** Board/Executive workshop on Bitcoin basics and fiduciary duties.
- **Policy Development (Month 2):** Draft the updated IPS and obtain Legal/Compliance sign-off.
- **Entity Onboarding (Month 3):** Open a **Corporate Account** with a CSA-registered Canadian platform (e.g., Newton, Bitbuy, or WonderFi) and a Qualified Custodian.
- **Security Setup (Month 3):** Configure multi-sig hardware and establish "Emergency Recovery" protocols.
- **Initial Purchase (Month 4):** Execute a "Genesis Purchase" (small amount) to test the plumbing.
- **Full Implementation (Month 5-6):** Begin automated DCA.

- **Ongoing Monitoring:** Monthly reporting to the Board and quarterly security audits.

- **7. DUE DILIGENCE CHECKLIST**

- ☐ Is the exchange a **FINTRAC-registered** MSB?
- ☐ Does the custodian offer **SOC 1 Type II or SOC 2 Type II** reports?
- ☐ Has the Board approved the **maximum drawdown** tolerance?
- ☐ Is the Bitcoin held in a **segregated account** (not commingled with exchange funds)?
- ☐ Does our accounting software (e.g., QuickBooks/Xero) have a plugin for **Cost Basis tracking**?
- ☐ Have we verified the **Succession Plan** if the lead "Key Holder" becomes incapacitated?

- **8. KEY RESOURCES & CONTACTS**

- **Regulatory:** [FINTRAC (Financial Transactions and Reports Analysis Centre of Canada)](<https://fintrac-canafe.canada.ca/>)
- **Industry Body:** [Canadian Blockchain Consortium](<https://www.canadablockchain.ca/>) (Networking and Advocacy)
- **Tax/Audit:** [CPA Canada - Crypto-Asset Guidance](<https://www.cpacanada.ca/>) (Specific papers on IFRS/ASPE for crypto)
- **Legal:** Look for firms with dedicated **Digital Asset/Fintech** groups (e.g., Osler, Hoskin & Harcourt; or BLG).
- **Self-Custody Tech:** [Unchained](<https://unchained.com>) or [Casa](<https://casa.io>) (Note: Ensure their collaborative custody models align with Canadian tax residency requirements).



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