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STAYING FLUID

Staying fluid might be the most important concept in Web 3.0 that I have to share with you. The NFT ecosystem is experiencing enormous growth with no signs of slowing down. Blockchain development is ongoing, as is crypto legislation, which makes even the near future unpredictable. Staying as flexible and nimble as possible is the best way to ensure that you can respond appropriately to market trends as they unfold.

ADAPTING TO CROSS-CHAIN

New blockchains and networks continue to emerge in order to overcome challenges as they are discovered. For NFT creators, as well as collectors, this sets the stage for a patchwork of collections spread out across marketplaces and blockchains. This may feel cumbersome and while I do think it is wise to consider an overall strategy, giving yourself permission to grow with the space is key.

Sometimes you cannot know unless you try! Connecting with your audience can be hit or miss. If your NFT experience is feeling stagnant, then try another blockchain. Get started by researching the token, getting the appropriate wallet, and following related accounts on social media.

NFT WINTER

At some point you might experience what is known as an NFT winter. Suddenly your sales may dry up altogether and you may be left wondering what has happened. The NFT market and crypto market play off of one another, both cycling through bull and bear runs. The best thing to do during an NFT winter is to dig in and refine your craft, slow down your minting and create. Cultivate patience and celebrate those around you while you wait for the winter chill to subside.

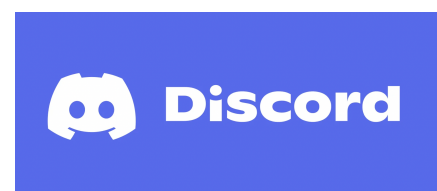
DISRUPTING INDUSTRIES

While art and collectibles are the primary industries utilizing NFT technology right now, the potential is there for numerous industries to be disrupted. NFTs can be used for any peer-to-peer transaction or contract. Just naming a few examples, smart contracts are on the verge of being used to validate real estate deeds, for securing medical records, and managing supply chain provenance. I believe that almost every industry will be impacted by the use of NFTs in the coming decades and learning about them now is what will set you ahead.



DISCORD

Discord is one of the main tools that is used in the NFT industry to communicate. It provides a way to send direct messages to friends, to join larger group conversations, and to host your own community forum. Discord offers a voice channel where participants can speak with one another, screen share, or video chat. Private channels can be configured to restrict access to users that have been assigned specific roles or to be accessible by invite only.



DO YOU NEED A DISCORD?

This is a common question. As an individual artist, you do not necessarily need your own Discord server to host and manage a community. Some artists have done this successfully, however there is a substantial amount of work that goes into keeping a Discord community. You have security challenges to account for and will likely need moderators to make sure everything is running smoothly. Bringing your audience into the server and keeping the conversation flowing will also require effort until you get it up and running.

Pfp projects on the other hand rely on Discord servers as a central meeting point for their communities. Discord is the most likely place to find current and relevant information pertaining to a project and its roadmap. If a project does not have a Discord server it may appear suspicious.

DISCORD BASICS

Once you have set up an account on Discord begin participating in a community by accepting the invitation to join their server. Most projects will have a link in their Discord that will direct you to the invitation. The first thing you will be asked to do is to verify your account. Each server is set up differently, so it may take a few seconds to figure out how to do that. A bot might send you a DM that you need to respond to. Or you might see a channel on the left that is labeled “verify.” If so, click there to begin and then follow the instructions. Once you’ve verified your account then the server’s public channels will be unlocked and revealed for you to access.

<https://discord.com/>

STAYING SAFE

Stay alert and do not fall for scams! Never give out your seed phrase. Never give out your passwords. If you think you are talking to an admin, slow down and check it out. Scammers routinely impersonate Discord admins.



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You may receive messages from accounts that you don't know. Please be very cautious and do not click on any links. You can adjust your settings to prevent direct messages from random accounts, as well as prevent others from sending friend requests.

CLAIMING ROLES

Once inside a Discord server, roles are used to give members access to specific channels. Some roles will be self-assigned by answering a simple questionnaire, other roles will be established by connecting your crypto wallet to a bot known as "collab.land." Collab.land will view the NFTs in your wallet and determine which role to assign. Projects often grant their NFT holders Discord roles, giving them access to exclusive channels as part of their roadmap or member perks. Roles are also a useful way to organize your community members into conversations centered around specific themes.

<https://collab.land/>

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POAPS

POAPs are digital badges issued to mark an occasion or commemorate an event that get recorded on the blockchain. Organizers can create POAPs for their attendees to collect, which can be claimed during or after the event.



From a technical perspective, POAPs are collectibles minted under the Proof Of Attendance Protocol smart contract on the Ethereum blockchain. They are standard ERC-721 tokens.



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These are the most common uses for POAPs:

1. **Collectibles** - instead of traditional party favors, give out POAPs to your guests
2. **Recognition** - instead of Certificates of Completion use POAPs to record achievements
3. **Rewards** - instead of handing out swag, reward attendees with POAPs that grant access to private content or future events

HOW IS POAP PRONOUNCED?

Proper pronunciation of POAP:

"Poh-ap," not "Pope"

CLAIMING A POAP

The most common way to claim a POAP is via a secret word or phrase provided by the event organizers. You may also be given a unique link or offered the option to scan a QR code. First, visit the POAP website from a mobile device to download the app. Enter your Ethereum wallet address to begin minting POAPs or use your email address to reserve your POAP for minting at a later time.

<https://poap.xyz/>



BROUGHT TO YOU BY INVISIBLE LOTUS

SETTING UP A POAP

There are a few things to keep in mind if you are going to issue a POAP.

1. Remember to configure your POAP at least 24 hours in advance, as it must be manually approved by the POAP team.
2. Make note that POAPs are intended for events occurring at a specified time and place.
3. POAPs are collectible items and the artwork submitted for the badge must meet a certain level of craftsmanship to be approved.

VIEWING A POAP

You can view your POAP collection in the mobile app or from a desktop browser by visiting:

<https://app.poap.xyz/scan/>

OTHER USES

With collab.land, ERC tokens including POAPs can be used to assign roles in Discord, as well as grant access to Telegram guilds. This makes it possible to provide expanded access to dedicated fans and participants who have your tokens in their wallet. You can also use POAPs to run a raffle during or after your event!

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PREPARING FOR TAXES

If you are an NFT creator or collector it is likely you will need to report information related to your NFT and crypto activity on your taxes.



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RECORD KEEPING

Whether you have an NFT related business or not, it is advisable to practice good record keeping. The most basic way of doing this is to track your income and expenses using a simple spreadsheet or ledger. There are bookkeeping tools such as Quickbooks that provide more robust solutions. However, none of these options easily lend themselves to tracking your NFT transactions.

As an artist, I keep a record of my collectors and artwork sales. Yet, because the price of crypto is constantly fluctuating this does not quickly translate into palatable numbers for tax time. Also the amount spent on gas can be extremely tedious to track manually if you have numerous transactions. All of this makes the job seem fairly daunting.

Cointracker is a great solution to this problem. I was hesitant at first to use it, but I have found this service to be very valuable. All of the popular crypto wallets and exchanges can be linked with a Cointracker account to get the exact calculations needed for tax preparation.

Cointracker's service is available in most countries and has varying levels of service depending on how many transactions that you have per tax period. You can use their service to generate the specific tax documents required or to simply download a .csv document with the raw numbers for each of your crypto transactions.

Cointracker is the most widely known among the many crypto accounting solutions available.

<https://www.cointracker.io/i/phgrbUHqwJlw>



REPORTING

Once the necessary reports have been drawn up, these should be submitted along with your other tax documents per your country's tax code.



IMPORTANT CONSIDERATIONS

It is recommended to assess your standing with a quarterly Profit/Loss report so that you are able to anticipate and minimize your tax liability. Make a rough estimation by contrasting your income to your expenses.

Every transaction you make with crypto, whether it be a purchase, a sale, or receiving a reward payment, it is applicable to your taxes.

- If you make a sale on the primary NFT market that yields a large profit, this will have an impact on your taxes in the form of greater income.
- If you profit from a sale on the secondary market this will likely result in a tax liability calculated as either short-term or long-term capital gains in accordance with the time elapsed since the NFT was acquired.
- If you hodl your crypto and NFTs without selling, then your tax accounting will be much simpler and likely less costly.

Last but not least, tax laws surrounding crypto and NFTs are still being established. Do your best to plan ahead and anticipate coming regulations. Stay up to date with the current news and as always, be prepared for change!

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SHAPING THE FUTURE

Blockchain technology has inspired fundamental change that now reaches well beyond commerce, making a decentralized approach governance a tangible reality. Smart contracts, which rely solely on logic, offer the possibility for autonomous organizations to operate without a central leader.



PARTICIPATING IN A DAO

A decentralized autonomous organization (DAO) is an emerging legal structure whose purpose is the oversight and management of an entity, similar to a corporation. However, DAOs are governed by the collective group rather than by a single institution such as a government or a central bank. Larger NFT projects are frequently governed by DAOs that grant tokenholders membership along with the opportunity to vote on every decision.

VOTING

Voting power is typically distributed across DAO members based on the number of tokens held. The number of votes each member can cast is often determined by the number of tokens they have obtained.

TRANSPARENCY

All DAO activity, including voting, is recorded on the blockchain. As a result the actions of all participants are stored permanently and are publicly viewable.

COMMUNITY

A DAO provides the opportunity to individuals from across the globe to unite in pursuit of a common goal. DAO members are more often than not driven by a shared vision and therefore can be expected to act in the best interest of the entity.

SECURITY

Security is a key component to the prosperity and longevity of a DAO. Therefore it is important to have a team with sufficient technical expertise to securely implement all aspects of the DAO.



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If security measures are inadequate the results can be catastrophic, from tampering with votes to having vaults completely drained.

INEFFICIENCY

Due to the nature of the DAO and its reliance on the collective, the decision making process is not always speedy. With every member given an opportunity to vote, longer voting periods are standard. DAOs also feature diverse membership with participants ranging in education, access to resources, language, and timezone. As a result it may take longer to educate the voting body on DAO initiatives and activities that are up for vote.

SUSTAINABILITY

A DAO can raise initial capital by trading its native tokens for fiat. If a DAO is successful then the value of its native token will increase and can be traded at subsequently higher values to raise additional capital. If members approve the measure a DAO can also invest in assets, for instance acquiring a company, other tokens, or NFTs.



ADDITIONAL READING

Three Good Reasons to Love Discord

https://www.linkedin.com/posts/melshapcott_nfts-web3-nftcommunity-activity-6935234409830780928-qK_u/

How to Disable DMs From Random People on Discord

<https://getonstream.com/how-to-disable-dms-on-discord-solved/>





HOMework

Set up a Discord profile and visit the **#collabland-join** channel to claim your Discord role:
<https://discord.gg/QU4NnqMnkz>

Download the POAP app so that you will be prepared to claim your POAP Certificate of Completion.

Implement a solution to track your NFT related income and expenses.

