

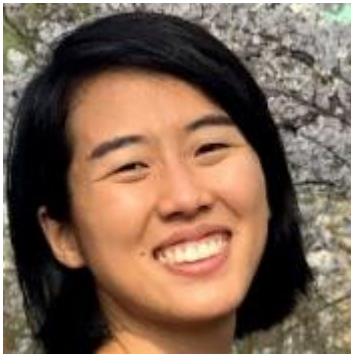


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What Your Nonprofit Needs to Know About Cryptocurrency Donations

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With so many ways for nonprofits to accept cryptocurrency donations, you don't need to turn away donors who wish to donate their Bitcoin, Ethereum, or other coins. It's a new technology that is constantly evolving, and it's understandable if you have some apprehension or confusion about how it all works. However, with so many tools available at your disposal, it is simple to get started.

Why Accept Donations in Cryptocurrency?

On top of all the other fundraising strategies nonprofits have to master, you may be thinking that the additional hassle of figuring out cryptocurrency donations may not be worth it. Yet, cryptocurrency has reached and sustained a valuation of over \$2 trillion in 2021, and many people are now sitting on appreciated coins with not many places to use them. On the flip side, the IRS incentivizes donations of crypto similarly to gifts of stock. Cryptocurrency is considered property and [donating it is a nontaxable event](#). This means that donors don't have to recognize capital gains and, if they itemize deductions, could potentially deduct up to the fair market value of the donated asset. Accepting cryptocurrency isn't as difficult as you may think – and it can open up the opportunity to engage new donors for your nonprofit.

In a recent study, Fidelity Charitable [found crypto owners to be more charitable than the typical investor](#), but 46 percent of these donors noted it was difficult to find nonprofits that accept cryptocurrency donations.

What is Cryptocurrency?

Cryptocurrency is a digital asset that functions like currency. Unlike the dollar or other “fiat” money, the currency is generated by code and circulates without a central regulatory body. This means that transactions could be handled peer-to-peer instead of going through a bank or other financial intermediary, and the transactions are recorded through a distributed ledger called a blockchain.

The value of a unit of cryptocurrency (often called a “coin”) comes from the perceived value – similar to traded securities – and can be quite volatile. Still, many of the thousands of cryptocurrencies enjoy high liquidity and can be converted instantly into dollars on exchanges such as [Coinbase](#) or [Gemini](#).

Ways to Accept Cryptocurrency

There are many different ways to accept crypto donations depending on your organization's needs. For options 2-4 below, your organization will take custody of the crypto. So it will be important to set gift acceptance policies and handle compliance with IRS regulations and accounting practices. Gift acceptance policies for cryptocurrency are similar to in-kind gifts of property, but you may have specific policies around specific coins you deem more “risky.” If holding onto crypto, you should also set policies around when to liquidate.

1. Use an intermediary 501(c)(3) to minimize legal, accounting, and administrative burdens. Your nonprofit can accept crypto support through another 501(c)(3), such as a donor advised fund (DAF), without taking custody of cryptocurrency. This allows you to receive cash grants without new accounting or tax filing requirements, and usually all 501(c)(3) public charities are automatically eligible with little to no onboarding other than confirmation of their status. The intermediary is responsible for sending tax receipts, filing IRS Forms 8282, converting to cash, and following evolving regulations and practices around cryptocurrency.

While donating crypto through DAFs like Fidelity Charitable is only available to account-holders, nonprofits can generate a donate button and get started for free on Every.org, a nonprofit donation platform that does not charge any fees. Learn more at every.org/crypto.

2. Use a crypto donation processor to receive crypto directly. Your nonprofit can go through specialized payment processors to accept donations into your own crypto wallets, while automating receipts and conversion to cash. This allows you to hold onto cryptocurrency as an investment if you wish (though it's not typically advised).

Service fees vary depending on the provider, but providers may also assist with developing marketing campaigns and strategies specific to the crypto community. Learn more at [The Giving Block](https://thegivingblock.com), one of the leading crypto donation processors.

3. Use an embeddable checkout experience through a crypto exchange. For minimal fees, crypto exchanges offer checkout experiences that nonprofits can embed into their websites. Like the above options, they have a built-out donation experience with automatic conversion to cash. While typically cheaper than specialized crypto donation processors, the checkout experience is not created with nonprofits and donations in mind. Therefore, your organization will need to fill in with donor support, tax receipt creation, and collection of donor information. Learn more at [Coinbase](https://coinbase.com) or [BitPay](https://bitpay.com).

4. Use your own crypto wallets and receive donations without any intermediary. This is the most technical and “DIY” of the options. Given so many other options, your organization should only consider this if you have technical staff who can weigh the different wallet options and keep track of transactions. You

should also create a flow to collect donor information, as transactions are typically anonymous on the blockchain. Importantly, you should create policies around accessing the wallet, such as securely storing credentials like the seed phrase. Learn more at [Coinbase](#).

What's Next?

If you want to allow donors to support you in crypto and make it a part of your development strategy, consider the many ways listed above. If you already have donors wanting to donate their favorite coins, there are free, easy options like [Every.org](#) that don't require your organization to take on any additional risk around cryptocurrency.

It's nearly 2022— don't leave your donors hanging without an option to donate cryptocurrency!

More Resources:

- [Cryptocurrency for Nonprofits](#) (Every.org)
 - [Part 1: Basics and Overview](#)
 - [Part 2: Risks and Considerations](#)
 - [Part 3: Best Ways to Accept Cryptocurrency](#)
- [How to accept Crypto and NFT donations](#) (Vault12)
- [Cryptocurrency](#) (Investopedia)
- [2021 State of US Crypto Report](#) (Gemini)

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