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Page Title: Cryptocurrency Fundraising for Nonprofit Organizations | [INSERT RELATED SERVICE] | [INSERT FIRM NAME]

Meta Description: [NAME OF FIRM] discusses strategies and policies that nonprofit organizations can use to leverage the booming \$2.5 trillion global cryptocurrency market.

Headline: Cryptocurrency Fundraising for Nonprofit Organizations

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Cryptocurrency has become a significant economic force in recent years. [According to CoinMarketCap](#), cryptocurrency has global market capitalization of more than \$2.5 trillion as of mid-March 2024, with daily market volume approaching \$150 billion. Nonprofit organizations are seeing more donors offering cryptocurrency instead of cash. While cryptocurrency can be an excellent source of funding for nonprofits, policies and plans are essential. This article provides a guide for nonprofits that want to prepare for cryptocurrency donations.

Cryptocurrency Use Is Growing Across the U.S.

After 2022 saw a major market dip, 2023 was [an excellent year for cryptocurrency](#):

- The cryptocurrency market has projected revenue of over \$23 billion for 2024.
- The compounded annual growth rate from 2024 to 2028 is expected to be 9.10%, resulting in 2028 revenue of almost \$33 billion.
- An [estimated 40% of adults in the U.S.](#), or 93 million people, own cryptocurrency in 2024.
- The [rate of cryptocurrency ownership](#) is highest in California, New Jersey, Washington state, New York and Colorado.

CoinMarketCap reports that Bitcoin is the largest cryptocurrency as of mid-March 2024, with global market capitalization of about \$1.33 trillion and daily market volume of around \$54 billion. Ethereum is second, with a global market cap and daily volume of about \$435 billion and \$24 billion, respectively.

Cryptocurrency Donations Are on the Rise

The Giving Block, a cryptocurrency donation platform, [released its 2024 Annual Report on Crypto Philanthropy](#) in late February 2024. Its findings show that cryptocurrency is a growing source of nonprofit funding:

- Donations using cryptocurrency over the past five years exceed \$2 billion.
- More than half of the top charitable organizations in the U.S. accept cryptocurrency donations.

The Risks for Nonprofits of Accepting Cryptocurrency Donations

Accepting cryptocurrency donations carries certain risks for nonprofits. Two significant risks involve cryptocurrency's potential for volatility and its still-uncertain legal status.

Volatility

While 2023 was a good year for cryptocurrency markets, [2022 was the opposite](#). The crashes of several cryptocurrencies and exchanges [caused values to drop](#) for nearly all cryptocurrencies. Bitcoin, for example, lost over 65% of its value. In total, 2022 saw about \$2 trillion in value wiped out.

This is not to say that cryptocurrencies are inherently unstable, but many factors may contribute to wild fluctuations in value, or even the loss of value altogether. A famous example involved a Canada-based exchange that [lost up to \\$190 million in cryptocurrency assets](#) upon the sudden death of its CEO, who was the only person who knew the password to access those funds. The exchange turned out to have more problems than just password access. An [investigation by Canadian securities regulators](#) found that the company was engaged in fraud against its clients.

Legal Uncertainty

Aside from risks like loss of value or fraud, cryptocurrency's legal status remains uncertain in some ways. The legal definitions of cryptocurrency in tax law and securities law do not always line up. This could cause complications in the future, in ways that are not yet clear.

- The IRS [considers cryptocurrency to be an asset](#). Donations of cryptocurrency are similar, for tax purposes, to donations of appreciated stock.
- The SEC has typically also viewed cryptocurrency as an asset — specifically, a type of security — but a [July 2023 court decision](#) held that some cryptocurrencies might not be securities after all.

How Nonprofits Can Prepare for Cryptocurrency Donations

The following steps can help nonprofit organizations be in position to receive cryptocurrency as donations:

Notify the Board of Directors

Accepting cryptocurrency donations could be a substantial change in how an organization handles fundraising. Keeping all levels of the organization in the loop is vital. The board of directors should be apprised of all plans, and their approval should be sought for any major changes.

Establish a Control System for Cryptocurrency Donations

A nonprofit organization must have certain infrastructure in place before it can accept cryptocurrency. It must have a “digital wallet” or other system to receive donations, as well as plans for:

- When to hold cryptocurrency assets; and
- When and how to liquidate cryptocurrency.

Organizations should carefully vet any third parties that they might use to hold or sell cryptocurrency.

Accepting Donations

Nonprofits have several options for how they may accept cryptocurrency donations:

- **Digital wallet:** A third-party company typically provides this type of service, which involves holding and providing access to cryptocurrency assets. It presents several significant risks, including security breaches and the possibility that the company might collapse.
- **Donation processor:** Some businesses provide services specifically tailored to nonprofit cryptocurrency donations in exchange for a fee.
- **Nonprofit intermediary:** An organization could direct cryptocurrency donations to a donor-advised fund or other charitable intermediary.

Liquidating Donations

Nonprofits need policies for how they decide whether to keep cryptocurrency assets on their balance sheets or sell them on an exchange.

Accounting Practices

Accounting best practices are necessary for valuing cryptocurrency donations and preparing tax statements.

Review and/or Revise Gift Acceptance Policies

A revised gift acceptance policy can help both the nonprofit and its donors. Nonprofit staffers have a guide for how to handle donations, and donors have step-by-step instructions on how to donate.

Let Donors and the Public Know

Once everyone in an organization is on board and the new policies are complete, it is time to start fundraising for cryptocurrency.

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