



**CRYPTO FUNDRAISING 101**

# **A Beginner's Guide for Nonprofits**

# Table of Contents

**3** Overview

---

**4** What is Cryptocurrency?

---

**7** Why Do Nonprofits Accept Cryptocurrency Donations?

---

**8** Who Donates Cryptocurrency?

---

**10** How Can Nonprofits Establish Successful Crypto Fundraising Programs?

## Overview

Thanks for checking out The Giving Block's **Crypto Fundraising 101: A Beginner's Guide for Nonprofits.**

Cryptocurrency fundraising is the fastest growing donation method today, due to its tax efficiency and the rapidly growing crypto user base.

Hundreds of millions of dollars worth of cryptocurrencies like Bitcoin are donated every year.

Today, thousands of nonprofits of all sizes have built successful crypto fundraising programs.

Ready to maximize your nonprofit's fundraising outcomes this year and in the years to come?

Keep reading to discover what's fueling the rise of cryptocurrency fundraising, and find out how your nonprofit can build a successful crypto fundraising program.

## What is Cryptocurrency?

It's only natural to have questions about crypto. Bitcoin? Blockchain? Web3? NFTs? As a fundraiser, how much do I really need to know?

The good news is that you don't need to be an expert on blockchain and cryptography to start accepting cryptocurrency donations.

Rest assured, every nonprofit with a six-figure (or higher) crypto fundraising program had to learn the basics too.

So that's exactly where we're getting started.

### Cryptocurrency

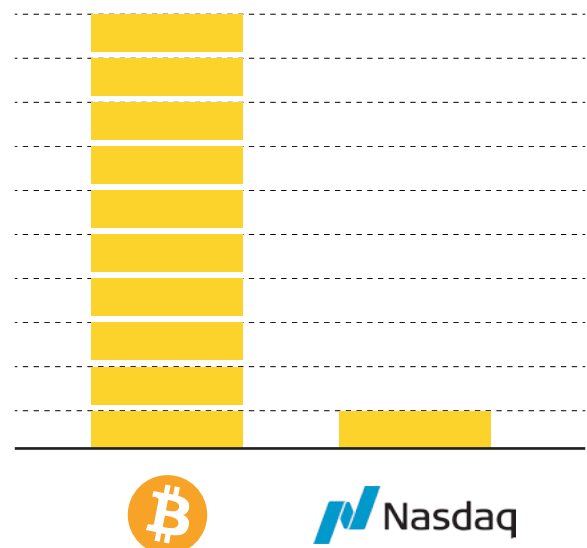
A digital currency that uses cryptography and blockchain to encrypt, secure, and verify transactions.

### A very Brief History of Cryptocurrency

Bitcoin is widely considered the first cryptocurrency. It was created in 2008 by an individual (or individuals) using the pseudonym Satoshi Nakamoto. Initially it was traded by a small group of early users, and had minimal real-world value.

But with public frustrations mounting in the wake of the 2007–2008 global financial crisis, an interest in Bitcoin and cryptocurrencies in general began to grow steadily. As time went on, more and more people began to view crypto as a more democratized alternative to the traditional financial system. Slowly, the price of Bitcoin and other cryptocurrencies began to rise.

Since its humble beginnings, Bitcoin has become the best-performing asset class of the past decade, returning 10 times more than the Nasdaq 100. Today, Bitcoin is the most well-known cryptocurrency in the world—and it has the highest market value of any crypto asset.



But that's not the whole story of crypto. At the present moment, there are thousands of cryptocurrencies. As a whole, the global market cap for crypto is more than \$1 Trillion. Cryptocurrencies now have a user base of roughly 300 million people, a figure that is estimated to grow to 1 billion sometime in the next decade.

### **How Crypto Works (In the Most Basic Sense)**

Instead of relying on central banking systems to conduct, approve, and verify financial transactions, cryptocurrencies run on "decentralized" blockchains. These blockchains use a network of computers from all over the world, rather than a centralized system, to validate and record each and every transaction.

This setup makes it difficult to hack or tamper with a blockchain's ledger of transactions, which is also publicly viewable.

While you may see cryptocurrencies like Bitcoin and Ethereum as popular investment assets, they are also the native tokens used on their respective blockchains.

### **Blockchain**

Digital ledger made up of chronologically-arranged blocks of information, used to record all transactions of a particular cryptocurrency.

The typical way to buy crypto is by visiting an online cryptocurrency exchange and transferring cash to an account. Then, purchasing crypto works very much like buying a stock. You purchase your desired amount of crypto for its fair market value.

From there, you can store your assets in an online crypto wallet or several other wallet types.

You've probably heard chatter about a difference between public and private keys for crypto wallets. Without getting too technical, you can think of public keys as an email address, in this case a string of characters and numbers used to send and receive transactions between two users. Private keys serve to verify transactions and are similar to a password in that they provide access to the funds in a wallet and should not be shared with anyone you don't want entering your wallet.



Because crypto is, in principle, a “decentralized” system, transactions are assumed to be irreversible. For that reason, crypto users are serious about data security and protecting their private key information.

Cryptocurrency donors also tend to exercise caution when donating their crypto to nonprofits, taking extra care to ensure that they have the correct wallet information before making charitable contributions.



## Why Do Nonprofits Accept Cryptocurrency Donations?

Nonprofit organizations have so many reasons to be excited about cryptocurrency. The Giving Block works with thousands of nonprofits, and these are five of the most common reasons we hear about why they incorporate crypto into their fundraising strategies:

1. Diversifying revenue streams in case donations decline from direct mail, costly in-person galas, and other traditional fundraising strategies.
2. Future-proofing your nonprofit against unpredictable global events like recessions and pandemics.
3. Embracing a young, affluent, and passionate donor demographic that you're not currently reaching through other fundraising methods.
4. Offering a more tax-efficient way for donors to give, so that they can reduce their tax burdens and have more to give in support of your mission.
5. Adapting to a rapidly-changing society that is increasingly adopting blockchain tools and crypto payment methods.

Mainstream crypto adoption today is growing at a similar rate as internet usage in the late 1990s. This means that your nonprofit can still be an early mover in crypto fundraising.

By starting today, you'll have a competitive headstart on understanding the space, experimenting with fundraising tactics, and practicing donor stewardship that's likely to benefit your organization for years to come.

A lot of the conversation that's been happening for the fundraising team is, what can we set up now to help the organization in the future? Cryptocurrency donations is one of those things that we're hoping people will thank us for decades from now.

**Kristin Jakub,**  
Director of Communications, CEDARS

## Who Donates Cryptocurrency?

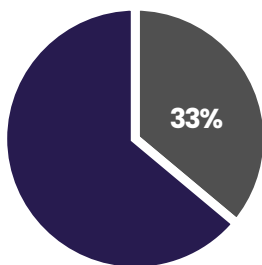
Crypto users tend to be young, affluent and passionate about the causes they support. A majority of users are Millennials, followed by Gen Z and Gen X.

The average crypto user is 38 years old, nearly half the age of the average nonprofit donor—who is 65, according to a recent Blackbaud report.

The crypto users' average income is \$110,000, larger than the average income of the population of any major city in the United States.

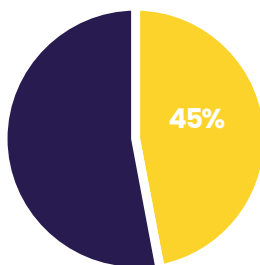
Best of all, they like to donate to charity. A recent study from Fidelity Charitable found that crypto donors are disproportionately generous, compared to their cash-giving peers.

Traditional Investor



\$1,000

Crypto Users



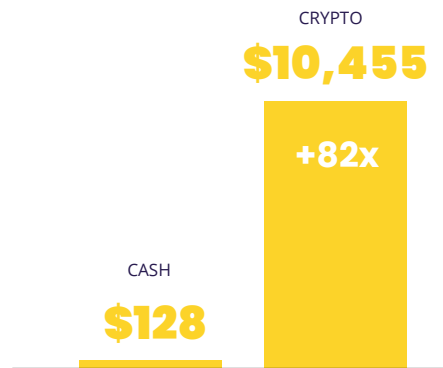
\$1,000

45% of crypto users donate at least \$1,000 to charity each year, compared to only 33% of the general investor population.

Recent data from donations processed by The Giving Block mirrors those findings.

### Donations: Crypto vs. Cash

Average Cryptocurrency Donation vs. Average Online Cash Donation



In a short time, the definition of a “crypto donor” has evolved to include more than just individual donors.

Today, we see a large donation volume coming from NFT projects and creators as well as crypto companies that are establishing CSR initiatives through crypto charitable giving efforts.



## Why Do Crypto Donors Give?

Crypto users are eager to support charitable causes. Even more so when they can use their crypto instead of donating with cash.

Here are the three most popular reasons why people donate crypto:

### 1. Giving Back

Millennials, who make up the majority of crypto users, have a desire to give back and support important causes. They also tend to view themselves as philanthropists, regardless of how much they donate. With many crypto users having large gains, they are more likely to have the financial means to donate than the average person.

### 2. Taking Crypto Mainstream

Crypto users love any positive use case for cryptocurrencies. As more nonprofits start accepting crypto donations, these users can help contribute to crypto's mainstream adoption in a way that can change the world for the better.

### 3. Enjoying Tax Incentives

Donating crypto is a highly tax-efficient form of giving. That's because crypto is treated as a property by the IRS for tax purposes, meaning that donors typically don't have to pay capital gains taxes—which can be as high as 37%—on their donated cryptocurrency. They can also write-off their donation as a charitable contribution. The result is often significant tax savings.

With fundraisers strained due to the COVID-19 pandemic and fears of a possible recession, what nonprofit wouldn't want an opportunity to engage with this exponentially-growing user base?

## How Can Nonprofits Establish Successful Crypto Fundraising Programs?

Crypto donors represent the future of charitable giving for the nonprofit sector. The challenge for nonprofits is deciding how to accept cryptocurrency donations in a way that embraces the largest portion of the crypto community as possible.

Thinking of going the DIY route? You'll have options—but getting set up and maintaining your donation system can be time-consuming and require a level of expertise and specialized staffing that most nonprofits don't have.

Consider the following questions:

- How many cryptocurrencies can your donation platform accept?
  - Is your operations team capable of managing cryptocurrency wallets and scaling its technical solution during peak fundraising season?
  - Can it generate tax receipts for your crypto donors?
  - Is your donation system secure and regulatorily compliant?
  - Does it seem safe to the crypto, NFT, and web3 community?
- Does it offer your organization the ability to hold and sell donated crypto?
  - Is your support team knowledgeable about cryptocurrency?



**Get started with  
crypto fundraising  
today.**

Join thousands of nonprofits  
that are actively fundraising with  
cryptocurrency.

## Ready to Fundraise?

Some nonprofits have an existing supporter that wants to donate crypto. Others are simply ready to embrace a future-forward mindset and become an early mover in the space.

Whatever your reason, once you've chosen a method of accepting crypto donations, it's time to start fundraising.

Take the following steps to establish your place in the Crypto Philanthropy community:

1. Set up a cryptocurrency donation page on your website
2. Post on Twitter, Discord and other social media platforms
3. Inform your current donors base about your new crypto acceptance policy
4. Study nonprofits that are successfully fundraising crypto
5. Establish a crypto fundraising campaign or goal for the year

The crypto community is growing and your future supporters are out there. To create a following, consistency is key. Post regularly on social media. Host Twitter Spaces to discuss your mission and impact with your new followers. Show gratitude whenever

possible—even if it's just for a positive comment or retweet.

Remember that in this community, a win for crypto is a win for everyone. So when other nonprofits have exciting crypto fundraising outcomes, be sure to celebrate these wins. Above all, participate in the active conversation around crypto's charitable impact.

Matching donation campaigns and charity auctions with NFT projects don't happen overnight. But as your team becomes more experienced in the crypto fundraising space, the connections you make can deepen into real, genuine relationships. That's where the opportunity lies.

Forward-thinking nonprofits like yours have turned a novel idea into a powerful vehicle for generosity. Today, hundreds of millions are donated every year to better the world. Tomorrow, the possibilities for crypto fundraising are limitless. Is your organization ready to learn more?

## Cryptocurrency Fundraising Is On The Rise

At The Giving Block, we're on a mission to make crypto the most powerful force for good. Our all-in-one **cryptocurrency fundraising solution** enables nonprofits like yours to securely accept hundreds of cryptocurrencies, helping you meet your fundraising goals and connect with a new generation of donors.

To explore more crypto fundraising resources for nonprofits, case studies, and the latest stats, visit **thegivingblock.com** today.



### Ready to fundraise crypto now?

Talk with one of our advisors about how crypto donations can help your team deliver strong fundraising outcomes. Request a demo of our all-in-one crypto fundraising solution and services for nonprofits.

Note: The Giving Block is not a financial or tax advisor, and cannot give investment or tax advice. Regulations in this industry are also rapidly changing. You should consult a qualified, licensed advisor before deciding to engage in any transaction. This guide is not tax or financial tax or financial advice, but rather is a summary of practices observed in this rapidly developing industry.