

Welcome!

Please leave questions or comments in the Q&A box.

I'll answer these towards the end of the session.



WEBINAR

Crypto 101: The 5 things you need to know for fundraising success



Today's agenda

1. Intros
2. Understanding cryptocurrencies
3. 2 trends in crypto and philanthropy
4. 5 keys to success with crypto
5. Next steps and Q&A



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Introductions

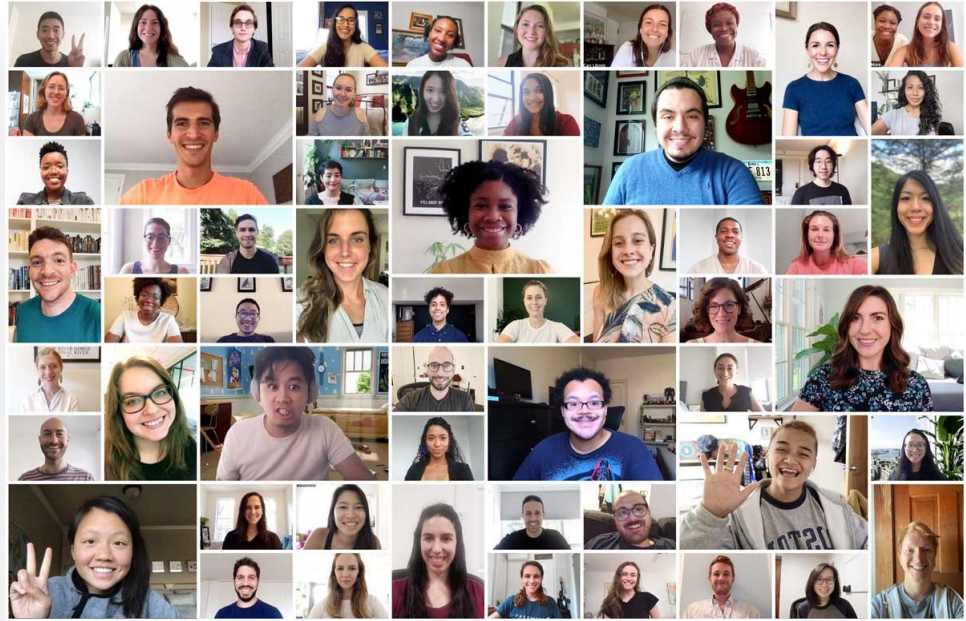


Intros

FreeWill Co-CEOs: Jenny Xia Spradling & **Patrick Schmitt**



The FreeWill team



GROWING TEAM

200+

BEQUESTS, STOCKS, & QCDS RAISED

\$5.4 billion+

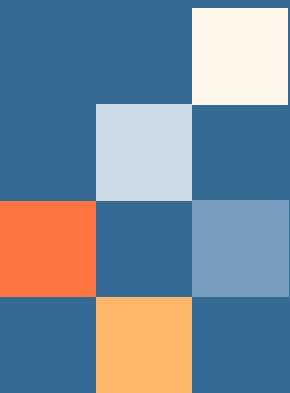


A quick note:



- This event is now **CFRE-approved for 1.0 credits**
- We've added a question to the survey to certify your participation
- **It's possible that CFRE audits are increasing, so make sure you do this!**





Cryptocurrencies 101

(A.K.A. “crypto”)



First things first:



- You don't have to be a crypto expert or understand all the complicated mechanics in order to fundraise crypto gifts
- A high-level understanding, plus the strategies to engage these donors will get you pretty far (that's what we'll provide here)
- You can generally just think of crypto as a new, tax-savvy way to give — and one that will excite your younger donors



What is crypto?



- **Cryptocurrencies** are digital or virtual forms of money
- Like money, you can use them to buy goods and services
- Like stock, you can also invest in them for short or long-term gains



How does it work?



- Cryptocurrencies don't rely on banks and middlemen because they're "decentralized"
- This means no single entity is in charge of the money
- Instead, cryptocurrencies use a software-based ledger of transactions, known as a "blockchain," to record and confirm transactions
- Most cryptocurrencies make transactions public (though the sender / receiver may not be identified)



How does it work?



- Think of crypto as similar to gold
 - You can buy it, or digitally “mine it” (with lots of computational power)
 - Then you can trade it as an asset or form of currency
 - It has value *because* people place value on it
- Like gold, there’s a limited number of coins, so the value can fluctuate from supply and demand



History of crypto



- **2008:** Domain bitcoin.org is registered; Satoshi Nakamoto (unknown creator of Bitcoin) publishes whitepaper on Bitcoin
- **2009:** First bitcoin transfer of 10 BTC
- **2010:** First BTC transaction
- **2011:** Namecoin, Swiftcoin, and Litecoin debut
- **2012:** Crypto exchange, Coinbase, is founded
- **2013:** Meme coin, Dogecoin, is launched



History of crypto



- **2014:** Microsoft allows people to use BTC to buy games
- **2015:** New cryptocurrencies, like Ethereum, emerge
- **2016:** More companies, including Uber in Argentina, begin to accept BTC
- **2017:** Japan accepts BTC as legal payment
 - Total crypto market worth over \$500 billion by Dec. 28, 2017



History of crypto



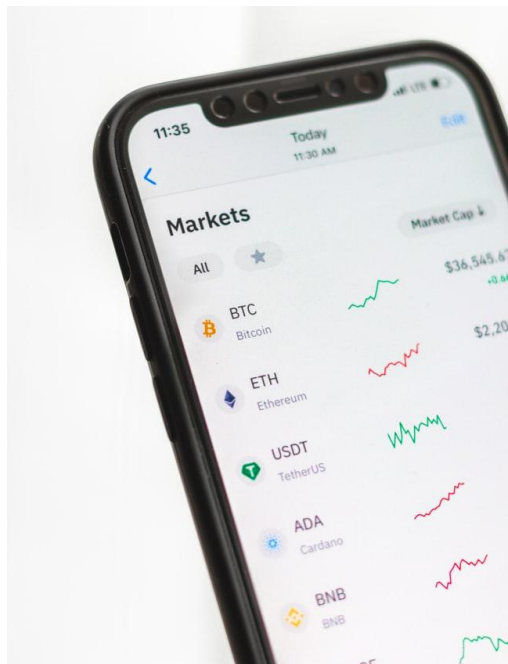
- **2018:** Total crypto market hits \$824B then crashes to \$186B
- **2020:** BTC trades in the \$20,000s for first-time ever
- **2021:** Total value of crypto hits \$3 trillion
- **2022:** Goldman Sachs becomes the first major U.S. bank to trade BTC over the counter



The price of Bitcoin



The past year in crypto



- The number of cryptocurrencies in 2021 doubled from ~8K to more than 16K
- Total value of the crypto market reached **more than \$3 trillion** in November
 - This was just 13 years since Bitcoin was launched and BTC accounts for 50%+ of the value of all crypto
- If Bitcoin reached \$200K per coin, **half of the world's billionaires would be crypto billionaires**

Source: [Bitcoinist](#)



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2 big trends impacting crypto donations this year



Trend #1: More people are investing in crypto



- Many people called 2021 a breakthrough year for crypto — coin values hit all-time highs, and it became a hot news topic
- A recent Pew Research Center survey shows that **16% of U.S. adults** have invested, traded in, or used crypto — about **41 million Americans**
- Crypto investing is now almost as mainstream as the stock market (which also saw recent surges in new investors)

Source: [Pew Research](#)



Trend #1: More people are investing in crypto

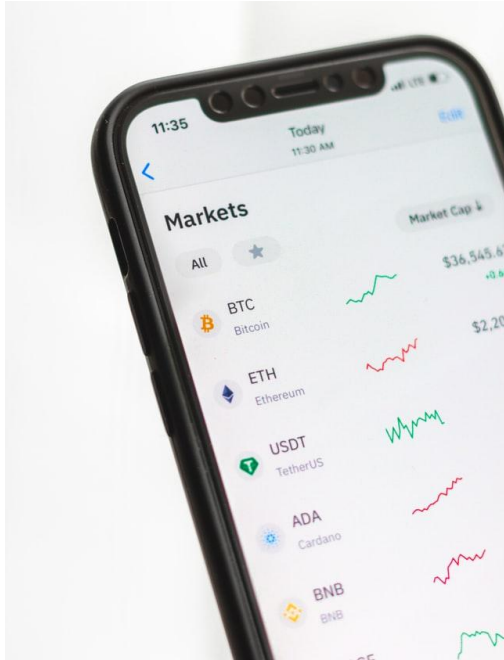


- More than half of Americans who own crypto bought it for the first time within the last 2 years — another 22% say that they're likely to buy in the next year
- Coinbase, a popular crypto exchange, saw an 84% increase in users last year

Source: [Motley Fool](#), [CB Insights](#)



Why is crypto getting so popular?



1. Innovation and volatility is **exciting to crypto owners**
2. Low fees — fees for international transactions and particularly low compared to other options
3. No government control — people like that it feels subversive and could be safer because it's not connected to governments
4. Profit — investors now see crypto as assets like stocks



Trend #2: More people are donating crypto

- Crypto donations surpassed **\$500M** in 2021
- Fidelity Charitable alone received \$331M in crypto last year — a 12X increase from 2020
- Plus, crypto owners are **more generous** than the average investor
 - 45% of crypto investors gave more than \$1,000 to charity in 2020 vs 33% of all investors

Source: [Fidelity Charitable](#)



Why have donations soared?

- Huge increases in value are leading to more wealth
- But **more value = more paid in taxes**
(and donating crypto avoids this)



Why giving crypto is so good for donors



- Remember: Capital gains are the increase in what was paid for an asset and its current value
- These gains are taxed when an individual sells the asset, called a “capital gains tax”
- When donors give crypto instead of cash, **they don’t have to pay capital gains taxes**
- They may also **receive a federal tax deduction** for the value of the gift




Why this matters for you



- When donors avoid capital gains taxes, they often transfer these savings onto the nonprofit
- That means **bigger gifts from the same donors**
- In this way, it's similar to giving stocks or any appreciated assets
- But the people who own crypto are a little different than stock donors — and providing this giving option can also **open up a new donor pool**



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Who owns and donates crypto?



A new generation of investors



- Overall, crypto owners are more likely to be young, wealthy, and male
- 43% of men between 18 and 29 have bought or used crypto, compared to 19% of women that age
- Crypto owners are also very diverse, with young Asian, Black, and Hispanic adults more likely than White adults to say they've used or invested in crypto

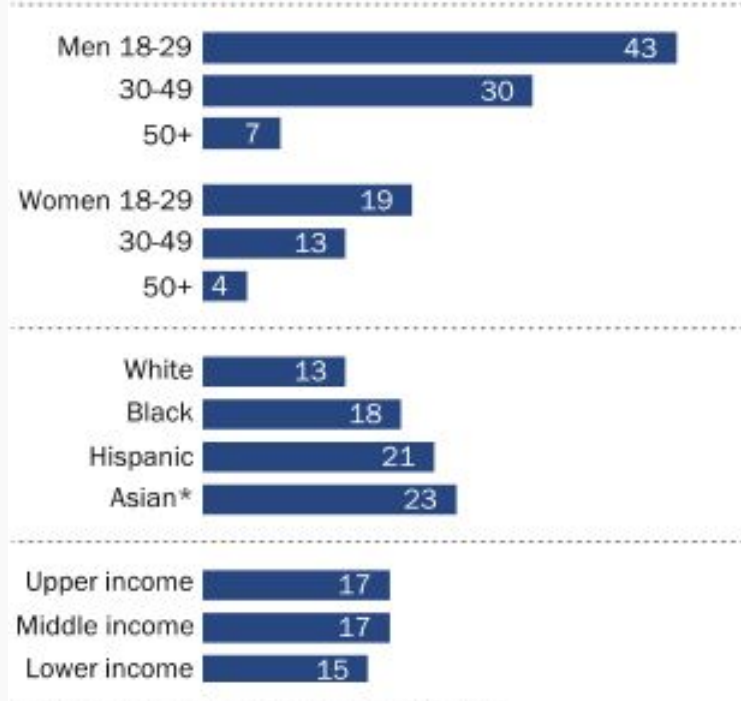
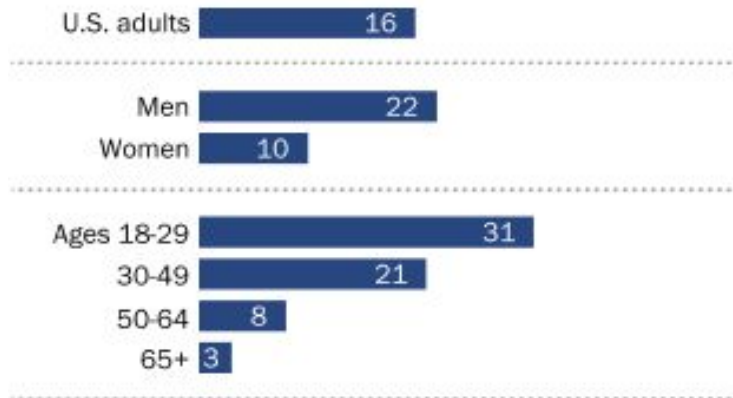
Source: [Pew Research](#)



A new generation of investors

43% of men ages 18 to 29 say they have invested in, traded or used a cryptocurrency

% of U.S. adults who say they themselves have ever invested in, traded or used a cryptocurrency such as Bitcoin or Ether



A new generation of investors



A 2020 study had similar findings:

- **Age:** Average age is 38 and 77% of crypto owners are under 45
- **Gender:** 74% of crypto owners are men, but 53% of people who are interested in buying crypto are women
- **Location:** More than half live in urban or suburban areas
- **Wealth:** Avg income is \$111K; 69% are investors

Source: [Gemini](#)



And they mainly live in major cities

Source: [Cointracker](#)

Rank	City	User Index	
1	San Francisco, CA	100.0	<div></div>
2	New York, NY	92.0	<div></div>
3	Los Angeles, CA	57.2	<div></div>
4	Chicago, IL	48.8	<div></div>
5	Brooklyn, NY	48.5	<div></div>
6	Seattle, WA	39.7	<div></div>
7	San Jose, CA	36.2	<div></div>
8	Houston, TX	29.3	<div></div>
9	Austin, TX	25.0	<div></div>
10	Atlanta, GA	23.9	<div></div>
11	Dallas, TX	23.1	<div></div>
12	San Diego, CA	22.2	<div></div>
13	Miami, FL	21.9	<div></div>
14	Denver, CO	20.4	<div></div>
15	Portland, OR	16.3	<div></div>
16	Las Vegas, NV	15.4	<div></div>
17	Philadelphia, PA	15.4	<div></div>
18	Minneapolis, MN	14.5	<div></div>
19	Phoenix, AZ	14.3	<div></div>
20	Washington, DC	13.7	<div></div>



A new source of wealth — and donations



- For many crypto owners, this is a new source of wealth
- While younger donors may not be able to give much in cash, many will hold a lot of wealth in crypto
- Providing crypto donations as an option can help you **secure more gifts from a growing segment**
- And having multiple giving vehicles strengthens your fundraising programs



A new source of wealth — and donations



- Because crypto is a new source of wealth for many, 55% of crypto investors said they weren't sure the digital assets could be donated
- And 46% those who did give crypto said it was difficult to find charities that accepted it
- This means **nonprofits have a major opportunity to educate new donors, and make it easier for them to give**

Source: [Fidelity Charitable](#)



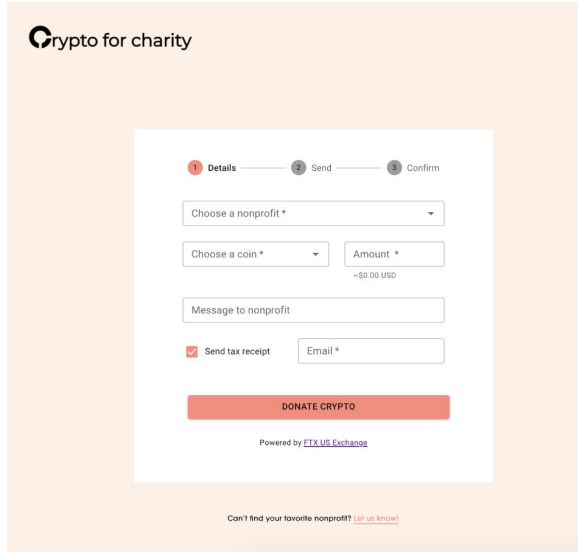
One additional note on younger donors



- There are ~700,000 Millennial millionaires
- According to a recent CNBC survey, more than half (53%) have more than half of their wealth in crypto
- One-third have more than 75% of their wealth in crypto
- Half of these millionaires become so through **inheritance**
- Remember: Millennial wealth is expected to grow by 5X over the next decade




Making crypto giving easier



The screenshot shows the 'Crypto for charity' website interface. At the top left is the logo 'Crypto for charity'. Below it is a three-step progress bar: 1. Details (active), 2. Send, 3. Confirm. The 'Details' step contains several input fields: a dropdown for 'Choose a nonprofit *', a dropdown for 'Choose a coin *' next to an 'Amount *' field (showing '-\$0.00 USD'), a text field for 'Message to nonprofit', a checked checkbox for 'Send tax receipt' next to an 'Email *' field, and a large orange 'DONATE CRYPTO' button. Below the button, it says 'Powered by [ETX US Exchange](#)'. At the bottom, there is a link: 'Can't find your favorite nonprofit? [Let us know!](#)'.

- We recently launched a site called Crypto for Charity to simplify crypto giving, making it possible for donors to give 165+ currencies to 55K US orgs
- We've seen a large **average donation of \$6,400** (there's a \$10 minimum), and the **largest donation has been \$110,000**
- We're also making it easier for nonprofits to put crypto giving on their own sites (we'll go over this later)



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5 things you need to do for success with crypto



There are 5 keys to success with crypto



1. Make sure you can accept crypto
2. Have it on your website as an option
3. Sell immediately
4. Train gift officers & marketing
5. Make sure to follow appropriate tax laws



#1: Don't turn away crypto gifts



- Crypto giving doesn't need to be a massive effort or cost — it will be a relatively small percentage of overall giving in 2022
- But you really want to be ready when donors come to you
- Many of these donors have significant gains, and hunt for somewhere to give them
- Be ready for some **very large** gifts



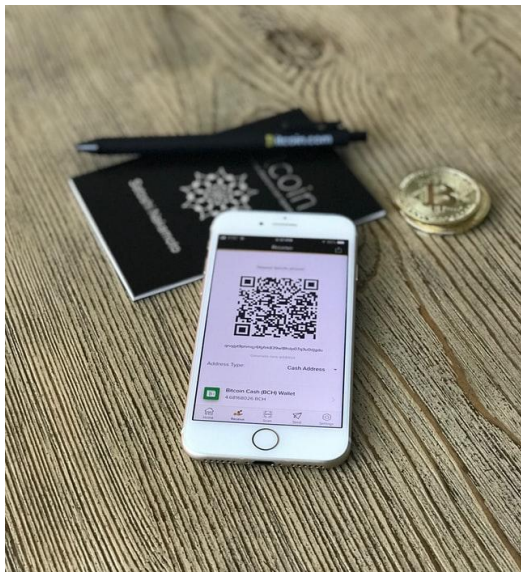
#1: Don't turn away crypto gifts



- You can set up your own wallet and manage your own liquidations
- Though many nonprofits prefer to have experts do it
- There are some easy and cost effective ways to quickly set up the ability to take crypto (more on this in a moment)



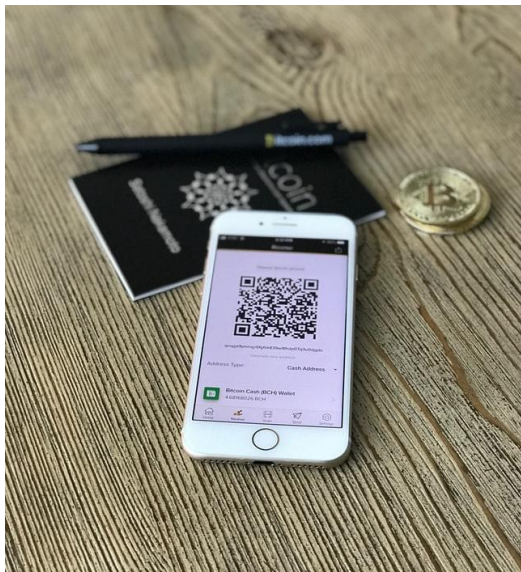
#2: Get crypto donations on your website



- If you are already (or plan on) accepting crypto, make sure it's easy to give on your website
- Include the option on your:
 - **Donate page**
 - Ways to give page
 - As a P.S. in fundraising emails
- These donors are tech-savvy, young, and **extremely unlikely to call or email you about how to make a gift**



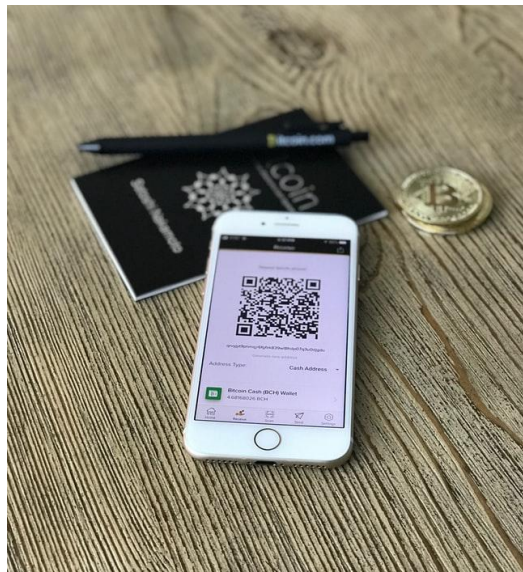
#2: Get crypto donations on your website



- If using your own payment processor, include a form to capture donor information, and **provide a reason for why you want this info**
 - Many crypto owners like the anonymity of cryptocurrencies
 - Simply providing a reason for being not anonymous can help lower anonymity rates
 - People are highly motivated by reasons — even when the reason is “fake”





#2: Get crypto donations on your website




- “Thank you for your crypto donation to the Land Trust. Please use the form to make your gift. Your name, address, and phone number are optional, **but it helps us tremendously to understand who our donors are. We never share, sell, or trade donor information.** Your donation does not trigger capital gains tax and is tax-deductible.”



United Way chapter “Donate” page





WAYS TO GIVE

☐ I want to donate via stock transfer

☐ I want to donate via IRA distribution

☐ I want to donate cryptocurrency

☐ I want to make a one-time or monthly donation

Select your donation amount here

\$52

\$155

\$288

Other

\$

52.00

Payment frequency



WAYS TO GIVE

☐ I want to donate via stock transfer

☐ I want to donate via IRA distribution

☒ I want to donate cryptocurrency

****When making a donation via cryptocurrency, you do not need to fill out the online form. However, please let us know once a transaction has been initiated because some financial institutions don't pass along donor contact information.****

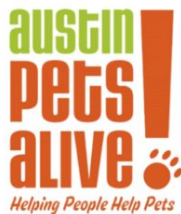
Click this link to donate cryptocurrency to United Way of Volusia-Flagler Counties:
<https://bit.ly/CryptoUWVFC>

Cryptocurrency donations are processed by Cocatalyst Impact, Inc. and Crypto for Charity, and the net proceeds are promptly sold and transferred to United Way of Volusia-Flagler Counties (UWVFC) in U.S. dollars. We do not maintain a reserve of cryptocurrency, therefore all crypto donations to UWVFC are final.





#2: Get crypto donations on your website



Donating cryptocurrency is safe, easy, and tax-efficient.

Thank you for your crypto donation to *Austin Pets Alive!*. Please use the form to make your gift. Your name, address, and phone number are optional, but it helps us tremendously to understand who our donors are. We never share, sell, or trade donor information. Your donation does not trigger capital-gains tax and is tax-deductible.



Austin Pets Alive

EIN: 742893360

1 Details — 2 Send — 3 Confirm

Choose a coin *

Amount *

~\$0.00 USD

Name

Address

 +1

Message to nonprofit

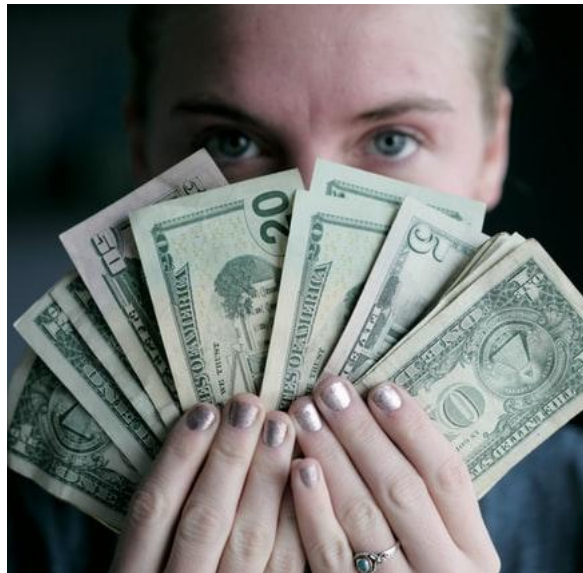
☒ Send tax receipt

Email *

DONATE CRYPTO



#3: Sell immediately



- Crypto is (by far) the most volatile asset you will receive
- So most nonprofits prefer to immediately sell crypto donations for cash
- This is considered **the least risky way to handle donations** — it prevents discrepancies between the amount donated and the amount actually received



#3: Sell immediately



- Remember: Bitcoin has frequently had drops of more than 15%
- In contrast, this has happened to the US stock market only *once in more than a century*
- Coins besides Bitcoin and Ethereum can be even more volatile
- Have a plan to auto-liquidate to U.S. dollars (or your local currency)



#4: Educate your gift officers



- If you don't feel confident about crypto, your team and boards likely don't feel confident in their knowledge either
- But to fundraise successfully, gift officers need at least a basic understanding of how crypto works (and to not be scared of it)



#4: Educate your gift officers



- As crypto goes mainstream, it's important for gift officers to **think holistically** and be able to talk about giving stocks, giving crypto, etc with donors to help them choose the right path
 - Hint: The right path will likely be the one that helps your donor have the biggest impact (e.g. passing on tax savings from their gifts)



#4: Educate your marketing team



- The marketing team should be able to message about crypto to the right donors, without confusing others:
 - Donors in the SF Bay Area, NYC, and LA
 - Younger donors (think class of 2000 and younger)
 - Donors in tech professions and young professionals



#5: Please, please follow tax law



- Many nonprofits **are currently not complying** with IRS regulations around taking crypto gifts
- Yes, crypto can feel like stocks, where there is a clear price at any date and time
- But **the IRS treats crypto like gifts of property** with a different set of rules



#5: Please, please follow tax law



- If a nonprofit sells donated property (like crypto) within three years, it must file Form 8282 with the IRS within 125 days of sale
- The form must be signed by an officer of your organization
- Penalty for non-filing is \$50 per form (plus the bad image of being fined by the IRS)
- This is generally true for all donations valued over \$500



#5: Please, please follow tax law

- If a gift is over \$5,000, the nonprofit must also sign Form 8283 for the donor
- You don't need to attest to the value, just acknowledge the receipt of the property



How we think about the future of crypto giving



Donating cryptocurrency is safe, easy, and tax-efficient.

Thank you for your crypto donation to *Austin Pets Alive!*. Please use the form to make your gift. Your name, address, and phone number are optional, but it helps us tremendously to understand who our donors are. We never share, sell, or trade donor information. Your donation does not trigger capital-gains tax and is tax-deductible.



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EIN: 742893360

1 Details — 2 Send — 3 Confirm

Choose a coin *

Amount *

~\$0.00 USD

Name

Address

+1

Message to nonprofit

☒ Send tax receipt

Email *

DONATE CRYPTO



How we think about the future of crypto giving



- It's possible that IRS regulation will change — in the meantime, **we are creating crypto sites for qualified 501(c)(3)s that solve these problems**
- Gifts are received by a 501(c)(3) nonprofit (called Cocatalyst Impact) that functions like a donor-advised fund
- Then they're auto-liquidated to USD, and Cocatalyst Impact provides donor receipts, and sends the money on to the organization
- Cocatalyst also handles all of the IRS regulations, forms 8282 & 8283, etc.



How we think about the future of crypto giving

- Go to CryptoForCharity.io to learn more (or make a note in the survey)



Donating cryptocurrency is safe, easy, and tax-efficient.

Thank you for your crypto donation to *Austin Pets Alive!*. Please use the form to make your gift. Your name, address, and phone number are optional, but it helps us tremendously to understand who our donors are. We never share, sell, or trade donor information. Your donation does not trigger capital-gains tax and is tax-deductible.



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Resources



New resource for you



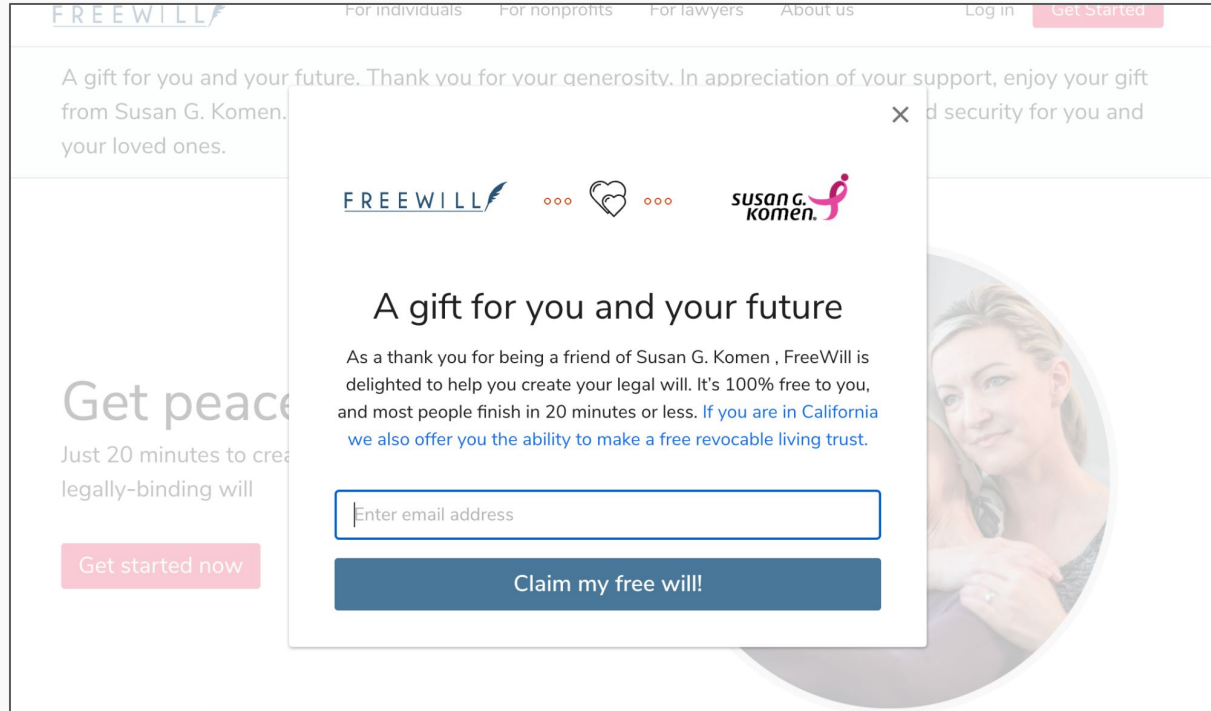
- Cryptocurrency toolkit: Best practices & templates for nonprofits
 - Includes basics of crypto, best practices, social media posts, and templates for fundraising crypto



Best-in-class tools available for you

#1 estate planning tool in the US

- Custom tools available
- “Featureships” available
- \$6M raised every day



Best-in-class tools available for you

Stock giving tool



Charitable Stock Gifts

See combined tax savings of up to 70% of your gift, when you donate appreciated stocks or mutual funds.

Donating appreciated assets avoids federal capital gains taxes and provides a federal income tax deduction for the current market value of the gift. Similar state tax benefits are also provided in most of the country.



What can we help you with?

I want to begin a gift of stock online to Saint Ignatius High School

Thanks to FreeWill, you can start your stock gift quickly and hassle-free by beginning your forms online.

[Begin stock gift online](#)



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Q&A

