

## **Cryptocurrency Donations FAQ**

### **1. What is Cryptocurrency?**

Cryptocurrency, also known as Virtual Currency or “Crypto,” is digital asset designed to function as an alternative to sovereign fiat currency (US Dollars, for example) whereby transactions between two parties are verified through a public, distributed ledger, also known as a blockchain. Most people think of Bitcoin and/or Ether when they heard the word “Crypto”, and while Bitcoin is the original cryptocurrency and most widely followed, there are a number of cryptocurrencies currently available.

### **2. Is it legal for nonprofits to accept donations of Cryptocurrency?**

Yes. It is lawful for a nonprofit to accept a donation in the form of a cryptocurrency. On March 2014, the United States Internal Revenue Service (IRS) ruled that Bitcoin is treated as property for tax purposes (IRS Notice 2014-21).

### **3. How are Cryptocurrency donations treated for federal tax purposes?**

For U.S. tax purposes, transactions using virtual currency must be reported in U.S. dollars. Therefore, taxpayers will be required to determine the fair market value of virtual currency in U.S. dollars as of the date of donation. If a virtual currency is listed on an exchange and the exchange rate is established by market supply and demand, the fair market value of the virtual currency is determined by converting the virtual currency into U.S. dollars (or into another real currency which in turn can be converted into U.S. dollars) at the exchange rate, in a reasonable manner that is consistently applied. Donors who give cryptocurrency donations will receive an electronic donation receipt (through the Engiven donation platform) in US dollars with comprehensive details about each transaction.

### **4. What is the SEC’s position on Cryptocurrency?**

U.S. Securities and Exchange Commission (SEC) chairman Jay Clayton states that, “The SEC is right to insist that the digital coins, such as Bitcoin, which are replacement for sovereign currencies, such as the dollar, sterling, yen and euro, are not securities.” However, the SEC does contend that many alternative cryptocurrencies are in fact considered securities. It is for this reason that we currently only accept Bitcoin and Ether, as the SEC has clearly stated that these tokens are not regulated securities and are treated as physical property.

### **5. Is the process of giving Cryptocurrency safe and secure?**

As with any form of electronic payment or transaction, certain safeguards are needed to ensure that the transaction is secure. With the transfer of cryptocurrency from donor to nonprofit, the transaction can actually be more secure than many other forms of payment, provided certain protocols are followed: 1) By using the Engiven platform, both the nonprofit and the donor are required to undergo a simple but effective Know Your Customer (KYC) and Anti-money Laundering (AML) screening which provides a high level of background security to ensure both parties are properly screened. 2) As with any cryptocurrency transaction, when transferring your tokens to the organization's wallet to make a donation, do not expose or share your wallet's private keys at any time.

## **6. What is the Engiven Platform?**

The Engiven platform is a donation software technology that enables nonprofits to safely and securely receive Cryptocurrency donations and then convert those donations into usable fiat currency such as US dollars. Learn more about Engiven [here](#).

## **7. What are the transactions costs to donate Cryptocurrency via the Engiven platform?**

The Engiven platform charges its nonprofit members \$100 per year for access to all platform resources and the ability to receive unlimited amounts of cryptocurrency donations.