

FORVIS

Prepare Your Nonprofit for the Future: Accepting Crypto Donations

May 2, 2023



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- **You must respond to at least 3 of the 4 polling questions per CPE hour**
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Presenters



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Housekeeping Items

- Use the chat feature to ask questions
 - There is no such thing as a stupid question
 - We will try to answer as many as we can
- This webinar is not financial, tax, or legal advice
 - Consult your advisor

Agenda

- Explore the changing landscape of generosity & why crypto donations are rising in popularity
- Understand the tax & reporting considerations for accepting crypto donations
- Learn how Engiven is streamlining the process & mitigating risk for nonprofits

Why Should We Talk About Crypto?

- Study participants were asked: where do you expect the greatest return on your investments over the next 10 years?

	Gen Z		Millennials		Gen X		Boomers	
1	Cryptocurrency	24%	Cryptocurrency	30%	Cryptocurrency	29%	Stocks	33%
2	Stocks	20%	Stocks	18%	Stocks	22%	Mutual funds	22%
3	Mutual funds	11%	Real estate	11%	Mutual funds	13%	Real estate	12%
4	NFTs	9%	Mutual funds	9%	Real estate	11%	Other	10%
5	Real estate	8%	NFTs	8%	ETFs	7%	Cryptocurrency	8%

Generational Investment Shift
 (Investopedia 2022 Financial Literacy Survey)

Evolution of the Internet

Web 1

- Read Only
- Decentralized
- Basic Web Pages
- Desktop

1990 – 2000



Web 2

- Read & Write
- Centralized
- Social Media
- Mobile

2000s – 2020s



Web 3

- Read, Write, & Own
- Decentralized
- AI/VR/AR/Metaverse
- IoT Devices

2020s –



Growth of Crypto

- [One report](#) found that businesses can expand their customer base by up to 40% by accepting cryptocurrency
- [Another report](#) found that 95% of boards are actively seeking to educate themselves on digital assets
- [34 million](#) adults owned cryptocurrency at end of 2022

From the Outside, Crypto Can Seem Scary

- Substantial learning curve
- Headlines

World Regulators Worried About Cryptocurrencies Used In Illegal Activities

Crypto hackers stole billions; why it's a growing problem

<https://www.cnbc.com/2022/08/19/crypto-hackers...> ▼

Lost Passwords Lock Millionaires Out of Their Bitcoin Fortunes

<https://www.nytimes.com/2021/01/12/technology/...>

Let's Talk About FTX

- Enron
- Bernie Madoff
- Subprime mortgage crisis
- Theranos
- Traditional Banks
 - > Silicon Valley, Signature, Silvergate



Regulatory Uncertainty

WEBINAR



Dispelling Top 5 Myths

- Crypto has no value – only for speculation
 - Countries like Turkey, Venezuela, & Nigeria experienced hyperinflation of their currency & turned to crypto as a safe haven
- Crypto is too volatile/not a safe store-of-value
 - \$100 USD in 2023 purchasing power equivalent to \$15.63 in 1973
- Crypto is “scammy”
 - U.S. Financial Sector Estimated Fraud - \$1.5 Trillion (2018)
 - Crypto Estimated Fraud - \$1.9 Billion (2022)

Dispelling Top 5 Myths

- Crypto is for criminals
 - Illicit activity in 2022 was 0.24% of transactions & hasn't been more than 1.90% in the last 6 years
- Crypto is bad for the environment
 - Less energy-intensive than traditional banking system
 - 59% of energy used for bitcoin mining is clean energy
 - Ethereum Proof of Stake uses roughly 99% less energy

Crypto Can Also Be A Useful Tool



Ukraine / Україна @Ukraine

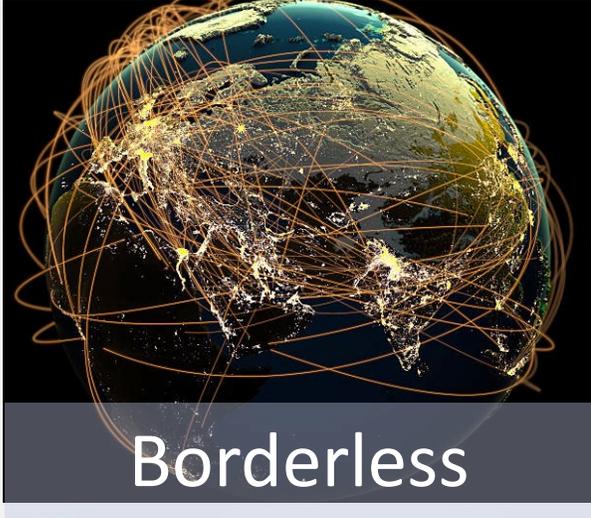
Stand with the people of Ukraine. Now accepting cryptocurrency donations. Bitcoin, Ethereum and USDT.

BTC - 357a3So9CbsNfBBgFYACGvxxS6tMaDoa1P

ETH and USDT (ERC-20) -
0x165CD37b4C644C2921454429E7F9358d18A45e14

4:29 PM · Feb 26, 2022 · Twitter for iPhone

3,875 Retweets 810 Quote Tweets 16.5K Likes



There Are Risks

Risk Type*	Example	Potential Mitigation
Operational	Losing private keys & thus access to the assets	Third-party custody
Market	Price volatility	Investment horizon, stablecoins, use of derivatives/hedging
Cyber	Hacking & misappropriation	Advanced security & internal controls over authorization
Regulatory	Uncertainty	Legal consultation
Financial reporting	Incorrect accounting classification, measurement, & reporting	Proper application of GAAP
Tax implications	Misunderstanding of taxable transactions	Understanding tax regulations, complete/accurate data collection

Proper Controls With Guidance From FORVIS

Custody Policy

- Self-Custody
 - Hot or cold wallet?
 - Multi-signature wallet?
 - Who has access?
- Qualified Custodian
 - SOC 1/2 Reports
 - Two-Factor Authentication
 - Who has access?

Conversion Policy

- Hold
- Convert immediately
- Who is approved to direct trading/transactions?

Record Retention Policy

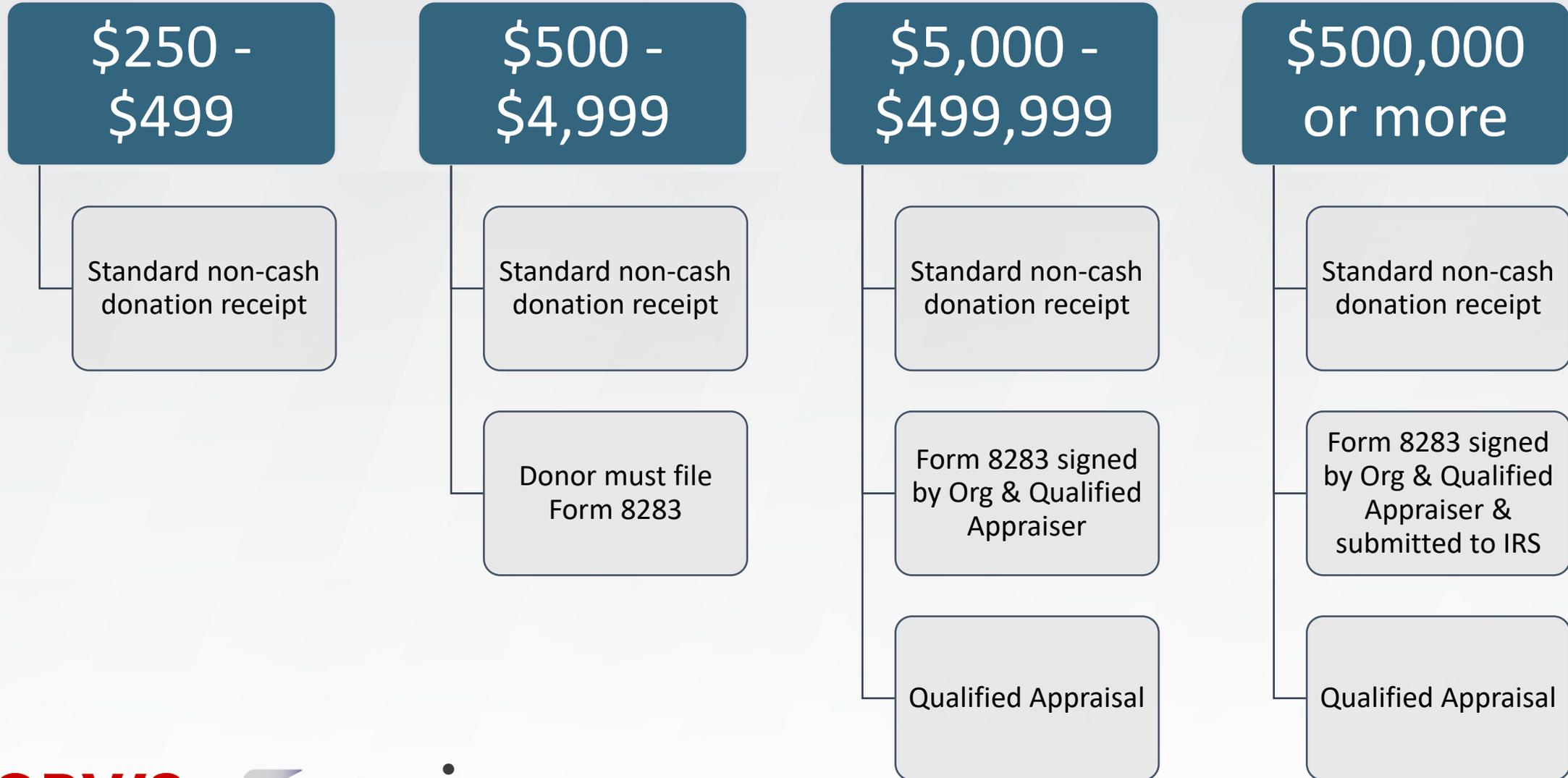
- How will you record & reconcile the FMV of gift received?
- Roll forward controls
- IRS Form 8282

Donors Have a Great Reason to Give Crypto

- How does the IRS treat crypto?
 - Treated as property similar to stock
- What are the benefits of donating crypto?
 - Charitable Contribution Credit
 - Avoid the Capital Gains tax
 - Maximizing your gift



How Donors Claim the Deduction



Form 8282

- If charitable organization sells/converts the cryptocurrency donation within three years
 - Reported to IRS & Donor
 - For IRS to match deduction by donor with FMV

Form 8282 (Rev. October 2021) Department of the Treasury Internal Revenue Service	Donee Information Return (Sale, Exchange, or Other Disposition of Donated Property) ▶ Go to www.irs.gov/Form8282 for latest information.	OMB No. 1545-0047 Give a Copy to Donor							
Parts To Complete <ul style="list-style-type: none"> If the organization is an original donee, complete <i>Identifying Information</i>, Part I (lines 1a–1d and, if applicable, lines 2a–2d), and Part III. If the organization is a successor donee, complete <i>Identifying Information</i>, Part I, Part II, and Part III. 									
Identifying Information <table border="1" style="width: 100%;"> <tr> <td rowspan="3" style="width: 5%; text-align: center; vertical-align: middle;">Print or Type</td> <td style="width: 75%;">Name of charitable organization (donee)</td> <td style="width: 20%;">Employer identification number</td> </tr> <tr> <td colspan="2">Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address)</td> </tr> <tr> <td colspan="2">City or town, state, and ZIP code</td> </tr> </table>			Print or Type	Name of charitable organization (donee)	Employer identification number	Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address)		City or town, state, and ZIP code	
Print or Type	Name of charitable organization (donee)	Employer identification number							
	Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address)								
	City or town, state, and ZIP code								
Part I Information on ORIGINAL DONOR and SUCCESSOR DONEE Receiving the Property <table border="1" style="width: 100%;"> <tr> <td style="width: 80%;">1a Name of original donor of the property</td> <td style="width: 20%;">1b Identifying number(s)</td> </tr> <tr> <td colspan="2">1c Address (number, street, and room or suite no.) (P.O. box no. if mail is not delivered to the street address)</td> </tr> <tr> <td colspan="2">1d City or town, state, and ZIP code</td> </tr> </table>			1a Name of original donor of the property	1b Identifying number(s)	1c Address (number, street, and room or suite no.) (P.O. box no. if mail is not delivered to the street address)		1d City or town, state, and ZIP code		
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1d City or town, state, and ZIP code									
Note. Complete lines 2a–2d only if the organization gave this property to another charitable organization (successor donee).									
<table border="1" style="width: 100%;"> <tr> <td style="width: 80%;">2a Name of charitable organization</td> <td style="width: 20%;">2b Employer identification number</td> </tr> <tr> <td colspan="2">2c Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address)</td> </tr> </table>			2a Name of charitable organization	2b Employer identification number	2c Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address)				
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The Market Moves Fast

- Prices may be down from all-time highs right now
- Significant price appreciation in 2023 from lows
- Client that received \$21M crypto donation in 2023
- What if you didn't have a plan in place when donor wanted to donate \$21M in crypto?

Bitcoin Price 2012 – 2013

Published on TradingView.com, Nov 17, 2022 19:32 UTC

Bitcoin / U.S. Dollar, 1D, BITSTAMP 16651.00 -3.00 (-0.02%)
Vol 2.152K



FORV/S

TradingView

Bitcoin Price 2012 – 2014



TradingView

Bitcoin Price 2014 – 2018

Published on TradingView.com, Nov 17, 2022 19:30 UTC

Bitcoin / U.S. Dollar, 1D, BITSTAMP 16654.00 0.00 (0.00%)
Vol 2.15K



TradingView

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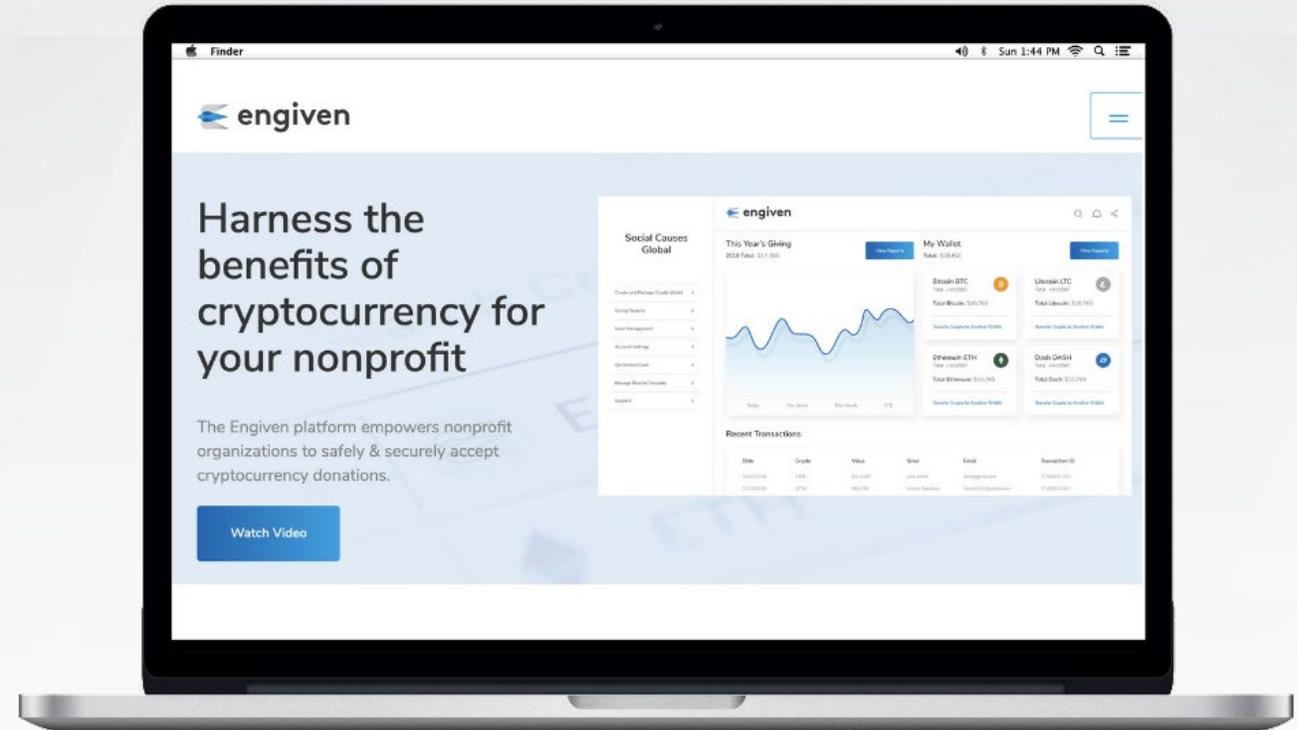
Bitcoin Price 2018 – 2023



The Solution | Engiven

We empower your nonprofit to accept crypto **Safely & Securely**

- Automatic Liquidation or Custody options
- Qualified appraisals completed at no extra cost
- Generated non-cash gift receipts and 8283/8282 filings for donors
- 1st Crypto Donation Platform to receive SOC2 Compliance



Using A Platform to Donate **Crypto**

Engiven Simplifies the Crypto Donation Process

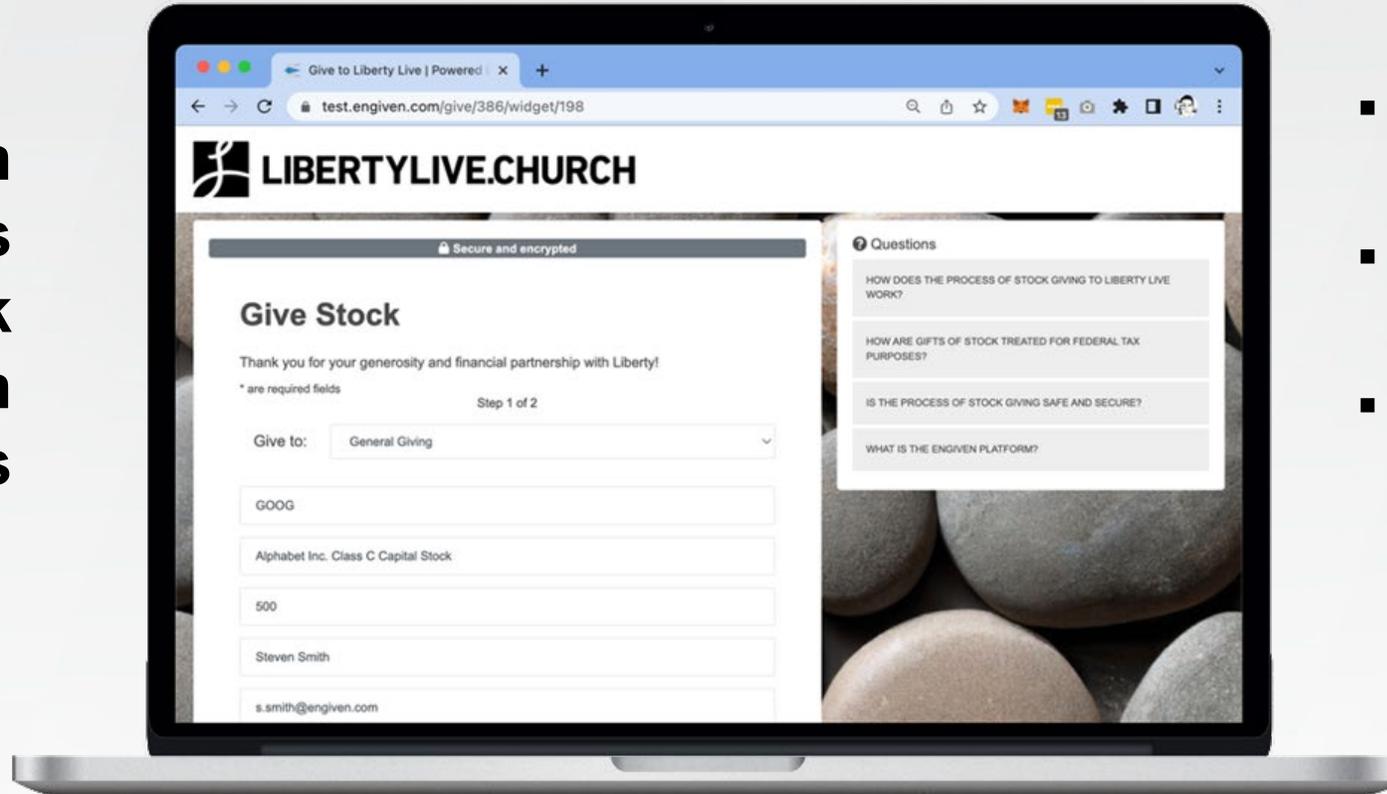
The image displays three sequential screenshots of the Engiven mobile application interface for donating via cryptocurrency.

- Step 1 of 2:** The user is prompted to "Give via Cryptocurrency". It shows a "Give to:" dropdown menu with "General Fund" selected. Below it are two input fields for amounts, one with a "BTC" dropdown and another with a "USD" dropdown. There is an "Anonymous?" checkbox and a "Memo" field. At the bottom, there is a "Full Name*" field.
- Step 2 of 2:** This screen collects the recipient's address. It includes input fields for "Phone Number", "Address Line 1", "Address Line 2", "City", "State or Province", "Country", and "Zip or Postal Code". A disclaimer states: "This information is only used to provide the nonprofit with your giving data and to provide a valid tax receipt for this gift. No information will be shared publicly." Below the disclaimer is a link to the "Engiven Privacy Policy" and a prominent black "Next" button.
- Step 3 of 2:** This screen provides a confirmation and QR code. It says "Thank you for your generosity and financial partnership with Liberty!" and "Please use your wallet to send to this address." A large QR code is displayed. Below the QR code, the "Public Address:" is shown as "1F6foNcpPgA4fuTJqCqWZzn8i". The "Amount" is listed as "0.00100000 BTC". A "Copy Address" button is located at the bottom.

- Quick and easy sign-up & set-up
- Configure your powerful yet simple dashboard
- Easily customize and add your giving page to your website
- USD exchange + tax documentation all handled automatically

Using A Platform to Donate **Stock**

Engiven Simplifies the Stock Donation Process



- A customizable stock giving widget
- All required documents provided to the donor
- Each step in the process monitored and reported in real-time to the nonprofit

Engiven + FORVIS Relationship

- Preferred pricing
- Dedicated webpage & support videos
- “White glove” service
- Dedicated support team

To book a demo & receive
discounted pricing, please visit

www.engiven.com/FORVIS

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Questions

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FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office.

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