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How to Donate Crypto in 2022

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<https://www.btcc.com/en-US/academy/crypto-basics/how-to-donate-crypto-in-2022>

With more people holding their wealth in cryptocurrency, many are looking for ways to do good with their gains. Here's how to support philanthropic efforts with crypto.

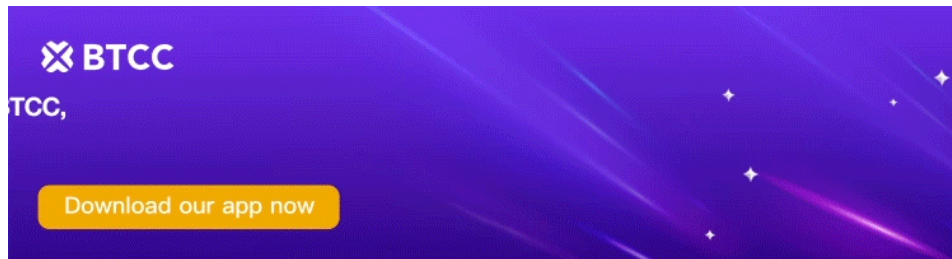
While some people devote their lives to hoarding crypto in the hopes that "number go up" forever, others are eager to spread the wealth to worthy causes. Consequently, plenty of non-governmental organizations (NGO) and charities are now more than happy to accept crypto from the newly rich and distribute it to those in need, encapsulating the "WAGMI" or "we're all gonna make it" mantra so central in crypto.

Many such organizations popped their heads above the parapets in response to the Ukraine crisis, and millions of dollars in crypto have been donated to Ukraine. Indeed, Ukraine itself launched crypto wallets to receive donations and use them for supplies. But how can you donate crypto, and which NGOs accept them?

How to Donate Crypto?

You need to own crypto before you can donate it. You can buy crypto on a centralized exchange like Binance or Coinbase (COIN), or on a decentralized exchange like Uniswap. You can also earn crypto from a decentralized finance (DeFi) protocol. You could, for instance, lend out cryptocurrencies you earn on decentralized lending platform Aave and donate the interest you receive.

Donating crypto is usually a case of transferring funds from your wallet to the beneficiary. That'll often be an NGO. You can transfer funds from most exchanges, or via a Web 3 wallet such as MetaMask. Note: Watch out for so-called charity scam coins - cryptocurrency projects that claim they'll donate proceeds to charities before absconding with funds.



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Why it Matters?

A lot of cryptos are infamous for their volatility, and if you want to transfer the value you hold today you might be better off donating cash - just in case the market crashes by the time your beneficiary wants to use your crypto to buy stuff.

However, some charities welcome price volatility, considering it a way to increase the value of donations over time. For example, a non-profit called charity: water is holding crypto donations it raised in 2021 until at least 2025 in a charitable bitcoin (BTC) trust, for instance. UNICEF's crypto fund operates in a similar way.

There are other benefits. Direct crypto donations could help you avoid capital gains taxes on sales, and you could even be entitled to a tax deduction if you're donating to an established charity.

Some fundraisers take place within the crypto economy and make use of decentralized fundraising methods, such as decentralized autonomous organizations (DAO). Endaoment, for instance, is a charitable organization that intends to eventually become an Ethereum-based decentralized philanthropic institution. It's also common for non-fungible token (NFT) projects to allocate a budget to charity donations. Psychedelics Anonymous is an NFT project that donates money to an organization that provides therapy using psychedelic drugs. (Note: the project itself isn't a charitable organization.)

Public blockchains are also transparent and you can - up until funds are converted to cash - trace the flow of money, potentially reducing corruption. (However, given that most charities convert crypto donations into fiat currency and then use them to buy goods "off-chain," this has limitations.) Crypto donations are also private - donors need not be identified outside of their wallet address.

Who Accepts Donations of Cryptocurrency?

One of the most prominent brands for crypto giving is The Giving Block, a company that makes it easy for nonprofits to fundraise crypto. It provides services to nonprofits focused on specific causes, like the environment or water quality, and is also aligned with impact index funds that, in a stroke of utilitarianism, disburse your funds to projects they have determined will relieve the most suffering. Crypto for Charity also facilitates crypto donations to more than 55,000 U.S. non-profits, and Daffy supports more than 1.5 million organizations.

Numerous crypto projects have their own charity arms. The Binance Charity Foundation claims to have donated about \$25 million, plus another \$10 million to a humanitarian relief fund for the war in Ukraine. During the COVID-19 pandemic, Polygon was among several projects to raise funds for hotspots. Gitcoin runs funding rounds for open-source crypto projects and frequently matches charitable donations.

Plenty of charities accept crypto donations these days, including the Electronic Freedom Foundation, UNICEF, Greenpeace and the Human Rights Foundation.

Since 2015, Fidelity has operated a donor-advised bitcoin fund, which allows donors to send bitcoin to charity. Fidelity uses Coinbase to sell the converted bitcoin for cash, but the structure of Fidelity's fund allows donors to avoid capital gains taxes on sales.

Governments also accept crypto donations. The Ukrainian government, for instance, launched a fundraiser by listing crypto wallets on its Twitter account.