



GIANT, IMPORTANT DISCLAIMER: WE AREN'T GIVING LEGAL, TAX OR FINANCIAL ADVICE. PLEASE SEEK YOUR OWN COUNSEL FOR ANY DONATIONS. MANY OF THESE QUESTIONS ARE OPEN TO SOME INTERPRETATION, ARE GENERAL IN NATURE OR ARE UNIQUE TO A PARTICULAR JURISDICTION. ASSUME ALL ANSWERS ARE WRONG UNTIL YOU/YOUR DONOR CONFIRMS WITH HER/HIS ADVISOR.

**Q & A from “Crypto is Backo! AND We're Hiring Two Team Members!”
<Apr, 2024>**

<p>Does transferring cryptocurrency take any longer than transferring stock? Curious about the in-office work.</p>	<p>About the same... general best practice is to do a quick test transaction of a VERY small amount, and then a following larger transaction. So, the transfer is very similar to DTC stock transfers practically.</p> <p>However, opening an institutional wallet for the charity is usually a much longer, more challenging process vs. opening a brokerage account all things equal.</p>
<p>[The Bitcoin halving] already happened.</p>	<p>Yes, Bitcoin halved on 4/20 last week. This is another reason staff shouldn't be allowed to take any vacations or days off. :-)</p>
<p>What platform do you use to transact digital assets? Giving Block?</p>	<p>We have direct institutional wallets with Kraken and Coinbase exchanges, so we don't use platforms/processors. But recall we average \$750K+ per donation so we can do a lot more handholding where many of the platforms are very user friendly, in particular at much lower giving levels. But there is a benefit/cost of how many transactions you will actually complete (vs. just discuss) vs. the cost of the platforms. Many of these work quite well but, like a gym membership, you need to have some higher use to make it worth it.</p>



<p>Do you have any experience with clients having their bitcoin as cold storage?</p>	<p>Yes. We helped a religious org that received coins in cold storage. That option is very secure, but the physical device must be stored safely (and the PIN for access remembered!). The problem for the religious org was that they didn't have any way to sell. This is the trick with cold storage...ultimately the coins still need to be "moved" out of the wallet for sale.</p>
<p>Are there any crypto wallets that understand how NPOs deal with crypto donations? We did our one and only crypto gift a few years back and Coinbase keeps telling us they are going to close the wallet due to lack of activity. It took quite a while to get it set up initially.</p>	<p>Not endorsing any of them but Gemini, Coinbase and Kraken tend (with emphasis) to be the easier options for the wallet. But all of them likely will want some level of volume to make their model work - the effort to set up the account initially can be a major lift.</p>
<p>Do you know if Giving Block requires personally identifiable info (birth date, SS#, etc.) from board members?</p>	<p>I don't exactly know, but under Know Your Customer compliance, institutional accounts usually require all this personally identifying information. This again gets back to you better be doing enough to make the effort worth it. Donors have ZERO idea what charities must go through - they think you can set up a new wallet in 5 minutes on your phone like they did for a retail account. Totally different.</p>
<p>Rev. Rul. 86-60 approving the acceleration of a CRT does say if the donor intended this at the outset this would be a nonqualified partial interest.</p>	<p>Russ, great cite. I have always laughed though at "intent/intended" language as that always gets murky as you know.</p>
<p>Do you have a recommended minimum crypto gift amount, given fees and the amount of work involved?</p>	<p>For us/Dechomai, at least \$100K but more efficient at \$250K. For direct charities with their own wallet, probably \$25Kish.</p> <p>For charities with a third-party processor, probably \$500 as a minimum if all is automated (and you get a TON of volume - hopefully getting at least \$25k a year in the aggregate). Again, just my two cents.</p>

<p>Please define staking.</p>	<p>We will provide some resource links in our Q&A - probably don't have enough time to go down that path on this webinar.</p> <p>But this one is quite good - it isn't complicated yet it is - https://www.fidelity.com/learning-center/trading-investing/crypto/crypto-staking. Briefly, think of “staking” coins like pledging them – they are tied up as they are used for maintenance of that coin’s blockchain. In exchange for tying up those coins, the owner receives more coins as a reward. The coins can still be “unstaked” and sold, but it can take some time (days or a couple of weeks).</p>
<p>In any event you do not want to create a paper trail, and probably turnaround time should not be immediate.</p>	<p>Totally agreed! Most I have seen have been after 6 months to a year.</p>
<p>Remind me what LP means again?</p>	<p>Limited partnership.</p> <p>These crypto venture funds normally have a limited partnership or similar structure, so a donation of the fund interest will legally be a donation of LP units.</p>
<p>When the Crypto processors accept the gift are they the legal recipients and provide the gift receipt or is the charity the legal recipient?</p>	<p>The charity is the legal recipient in every case we’ve seen. The processors are purely acting as an agent of their client, the charity.</p>
<p>How does a CRUT accept crypto? What process does it follow?</p>	<p>The trustee would use the CRTs EIN to open a wallet (which can be tricky), but once open, the donor can transfer tokens to the CRT wallet and then the trustee typically sells.</p>
<p>Is that any different from setting up accounts to accept an IRA?</p>	<p>Generally, the same in concept - a wallet is not a brokerage account per se, but is quite similar. The main issue is trust brokerage accounts are quite common, but many exchanges (of which there are about 1,000) won't open a wallet for a trustee.</p>

Charitable Solutions is the only entity I've heard of that can do crypto appraisals. Are there others, and how do we find them, if for no other reason than to have the ability to recommend more than one choice for donor?

Randy Tarpey, CPA is another appraiser as well as Jon Deluzio - that is about it. We have to use them for Dechomai donation since I would automatically be disqualified.