

**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 Donation and Appraisal Process 2.0:  
New and 52% Improved”  
<January, 2025>**

<p><b>Do you accept any and all crypto? If not, what criteria do you use to determine acceptance? Finally, what exchange are you using for your liquidations?</b></p>	<p>We typically use Coinbase and Kraken to have as much of the landscape as possible - but no one accepts all crypto (there are roughly 12-15,000 different tokens - some don't even sell on centralized exchanges) ... but we probably cover 95% of the market value token landscape.</p>
<p><b>Is the crypto fee paid from the gift or separate of the gift?</b></p>	<p>From the gift.</p>
<p><b>Refresh my memory - On CGAs rules follow the state of residence of the donor or state the charity is in or both?</b></p>	<p>Both - state of residence at the time of contract execution.</p>
<p><b>Is it easier working with a crypto mutual fund?</b></p>	<p>Generally, yes, although at this point I suspect those donors will not have as much appreciation as long-term crypto owners. So those funds (and ETFs) are just less appealing from a tax standpoint, at least for now.</p>
<p><b>The additional appraisal fee is each additional appraisal per year? Or at any time as long as they go through you guys again?</b></p>	<p>Good question - we used to do it that way but it got cumbersome keeping track, so now it is additional appraisals at the time of submission. So, if they have one submission less than \$500K, it is \$150, and if they do another one 2 months later, it is another \$150. If they just wait until the next year (like now) and submit them all at once for all of 2024, then the first is \$150 and all the others are \$75/each. We keep time way down through the batching process.</p>

<p><b>When you do turn down a crypto donation, what is the most common reason?</b></p>	<p>Either donor is not reasonable "Can I call you from Australia at midnight EST to do multiple trades on a Saturday?" That is a real quote. With love, no. Or it has a heavy liquidation process (best to sell 3 times a week for the next 3 months), potential staking issues, or just not an easy way to sell through our wallets.</p>
<p><b>Is the crypto sold as soon as received or does it require manual approval by Dechomai?</b></p>	<p>Manually sold. We looked into automatic sale, but it was too costly for these types of donors (additional 1% in most cases).</p>
<p><b>Is an appraisal part of the donation fee or must that be requested also?</b></p>	<p>Separate - since we're not ever doing both donation and appraisal for the same gift, these are always distinct.</p>
<p><b>We are looking at a supporting org with crypto... any advice?</b></p>	<p>We talked about this quickly live, but I would make sure the donor is serious. Because of the volatility inherent to crypto, it would be easy for the donor to pull the plug with little warning if the price of Bitcoin dives say 10% in a 24 hour period (or worse).</p>
<p><b>Can there be multiple crypto donors in this SO?</b></p>	<p>Should be fine but then you would have to be clear who has grant making authority.</p>
<p><b>Do you think the change in administration might change the IRS valuation requirements?</b></p>	<p>I wouldn't count on it. Although the new administration looks to be very crypto-friendly, I doubt they will loosen the valuation requirements because of the chances donors will game the system to claim an inflated deduction.</p>
<p><b>What was that threshold for the appraisal requirement?</b></p>	<p>\$5,000 (for any noncash donation, actually)</p>

<p><b>Can you speak briefly on the complications of a nonprofit/University trying to take a Crypto gift on its own through say Coin Base.</b></p>	<p>We have a number of specific webinars on exactly this question (which is different than we are discussing today) - but generally, just getting the account set up can be a beast and likely will require PII from all control people including Board (it is a LONG process for an institutional account), then do you have the secure process for who will hold keys for controls and redundancy, increase crime insurance (our premium went up \$10K because of our crypto value) and then making sure you have the volume to make sure it is worth it (every 10 people who ask about crypto, you will do 1).</p>
<p><b>What is staking?</b></p>	<p>Basically, similar to lending our your crypto to be used in blockchain protocols, for which the reward is a % of your staked crypto. It has been the subject of considerable SEC and IRS litigation, which has ripple effects for charities with donors who say “I’d love you to hold my crypto for a while, and if you’re going to do that, can it earn some interest?”</p>
<p><b>Is the \$5,000 threshold value for an appraisal a requirement of the IRS for noncash donations?</b></p>	<p>Yes, the IRS requires a qualified appraisal for any noncash asset of \$5K or more and \$10K if restricted stock.</p>
<p><b>Is your 1% donation process fee inclusive of liquidations costs of their wallet? Or is it only the percentage that you take and the liquidation fee would be in addition to the 1%?</b></p>	<p>The 1% fee is in addition, but the exchange fee is only 15 basis points, so it is minimal overall.</p>
<p><b>Can you recommend a good primer on cryptocurrency?</b></p>	<p>Relative to charitable planning, we have written a series of articles for Forbes, have a chapter in our free book Charitable Gifts of Noncash Assets, and 2-3 intro webinars in our free library.</p>

**The 0.15% is a transaction fee or liquidation fee? Any other fees the donor pays to get the crypto from coin to cash to Dechomai?**

The 1% fee we charge is sort of both, since the donation and sale normally happen very close in time. The exchange fee is separate, but is normally 15 basis points.