Pineapple Fund closed its virtual doors in 2018 after donating $55 million to charities ranging from the ACLU all the way through the Water Project.

In a powerful experiment run by an individual who only identified themselves as "Pine," Pineapple Fund was a bitcoin-only philanthropy that donated money to 60 charities worldwide.

The Fund showed the impact that cryptocurrency could have on nonprofit missions, and the dent it could make towards fundraising, a make-it-or-break-it aspect of nonprofit life.

Why is cryptocurrency so powerful for non-profits?

Since crypto's earliest days, people have envisioned it as a tool that could aid developing countries, address income inequality and decentralize power. A logical progression is to facilitate contributions to non-profit organizations.

For starters, the money is there. As of November 2018, the market cap on cryptocurrencies is around $417 billion. That's a lot of wealth to tap into for donations. If you don't snag a piece of this pie, your competitors surely will.

But why crypto? Why are these blockchain-based digital assets proving to be the emerging currency and investment *du jour*, not just for enterprising tech bros but even for 501(c)(3) non-profits?

- **Cryptocurrency donations are more transparent, faster, and more cost-effective than conventional currencies.** Because the blockchain ledger is public, the flow of money is actually very transparent — arguably more so than conventional currency systems, which require third parties to intervene and monitor transactions. This also reduces costs, both in terms of fees and time.
- **Cryptocurrency donations get more money in the hands of the non-profit.** They come with low processing fees — if any at all — for all parties involved. This ensures more of the donation actually gets to the non-profit's mission. Plus, when filing their taxes, the recipient non-profit organization classifies the donation as a non-cash gift.
- **Cryptocurrency is becoming more secure by the day**. The most advanced technical experts are moving their way into the industry, if they're not already dabbling or involved. As these leaders transition into the crypto space, they're building the necessary infrastructure for everything from secure storage through dispute resolution. "While security has undoubtedly been improving, there will always be vulnerabilities," says BitIRA's director of strategic planning, Andy Klein. "Fortunately, we're starting to see the insurance industry warm to the space and introduce policies to cover certain losses. This will likely give would-be donors even greater peace of mind when deciding whether to contribute with crypto."
- **Anonymous donations are still possible**, which helps expand the donor base for various causes. While there is accountability in the flow of money with the public ledger, it is not necessarily tied to personal identification. Klein notes: "For the many philanthropists who wish to remain anonymous, this may prove to be a significant benefit. In the traditional model for charities, such donors would have to place trust in the organization to keep their identity secret. For anyone who

might pause to donate at this thought, contributing with crypto may help to put their mind at ease."

- **International donations are easier to accept.** Without agencies handling the flow of cryptocurrency, you can choose to accept donations from around the world and not face exchange fees and banking hold-ups while the funds are being reviewed.
- **Cryptocurrency donations appeal to the tech-savvy, wealthy demographics**. Many non-profits revolve around innovation in support, whether it be to aid economic impoverishment, people with disabilities, or inequalities in educational opportunities. Because of its status as an emerging technology, and moreover because it blends technology with entrepreneurship, involvement in crypto alone is a buy-in to progress and innovation. An October 2018 [Edelman study](#) indicated that 74% of affluent millennials place hope in innovations like blockchain to bring more security to financial systems. Accepting cryptocurrency donations puts you in front of this affluent demographic.

What can a non-profit do to stay safe?

Congratulations on choosing to accept cryptocurrency donations. (It's okay if you're still just checking it out.)

There are some simple steps you can take to help increase the security of your participation in the cryptocurrency world.

- **Use a well-known platform to accept donations.** BitPay has emerged as the leading cryptocurrency transaction platform for non-profits, with [CharityNavigator](#) even endorsing it. Coinbase is another popular platform, and more are continuing to emerge with time.
- **Get a financial advisor with crypto experience.** You want someone who has the know-how to keep you safe. Work with someone with direct experience, and who's also dedicated to staying up-to-date on what's going on with cryptocurrency regulation. While you want someone who exercises discretion, you don't want to work with someone who shuts the door on this type of donation out of fear or skepticism. Make sure that if you choose not to accept cryptocurrency donations, it's an informed and deliberate decision.
- **Speak with other non-profits who have already received cryptocurrency**. They'll have critical tips they can share on safety. They might even have insights on how to access crypto donors, and who the key players are who might be more likely to donate you. Of course, personal introductions are more likely to be safer.
- **Consider saving your donation or treating it like a security.** While this does bring the risk of depreciation, your board members might feel more comfortable over time as cryptocurrency continues to "play out." You might even see a long-term increase in the value of your cryptocurrency holdings if you wait to sell [during a bull market](#).
- **Know your tax laws.** The [IRS](#) treats cryptocurrency as personal property, and so donations are considered to be [in-kind](#). These are tax deductible for the donor. For the recipient, they need to be properly documented and a thank-you note needs to be sent that clearly notes that no goods or services were given in exchange for the contribution.

No more Pineapple Fund – so now what?

Without Pine running around and showering non-profits with donations, you will have to take more deliberate steps to make cryptocurrency an easy contribution for potential donors. The good news is that none of these are particularly complex steps.

- **Get a digital wallet**. You must have a place to store your cryptocurrency funds. A wallet has an address (an alphanumeric string you can share with others so they know where to send the money), a public key, and a private key. We cover this in more detail in our [cryptocurrency security guide](#).
- **Vet your donation platform.** Can you add a button or even a designated page on your website to accept donations? Is the platform built to serve givers or recipients (or both)? Another consideration is what the options are for your received donation. Do you want to keep it in its original cryptocurrency form? Do you want to convert it directly into U.S. dollars, or some other currency? Look for conversion fees and other potential costs.
- **Help a user who'd like to donate**. Prepare an easy one-page document for your audience, even if it's something as simple as a PDF that details the easy steps they can take to donate. Clarify that their donation is tax-deductible, and that using the resources listed above will give them a high-level idea of what they can expect, come tax-time.
- **Review donations.** Decide what criteria you'd like to use in determining whether or not to accept donations. Because of the anonymous nature of cryptocurrency donations, you might have a hard time researching the donor's background. Use a little technical elbow grease to build a form that requires certain fields to be completed, and make sure those fields capture information that's critical to your organization. While there's no way to ensure donors are honest in their reporting, this can help get you what you need and discourage anyone less reputable. Choosing your donation application wisely as well as even the currency (e.g. Ethereum and its smart contracts) might add layers of necessary protection.
- **Create a mining competition**. Consider calling for a cryptocurrency mining competition, where proceeds go directly to your non-profit. This is a creative way to advertise your non-profit to a new demographic and get your message across to a potentially younger set.

Cryptocurrency funds and donors

We've assembled a partial list of some efforts by enterprising crypto to build funds and networks connecting donors with organizations.

- [**Crypto Charity Fund**](#) - Charities and donors can register here as part of a directory connecting crypto-enthusiasts on both sides of the donation transaction.
- [**5050 Labs**](#) – Still in development, this platform creates a raffle process for organizations to fundraise from potential contributors.
- [**GiveCrypto**](#) - Launched by the founder of Coinbase, this fund purports to give crypto contributions to individuals living in poverty.

- **Building Blocks** – A UN-backed blockchain initiative to help deliver food vouchers to Syrian refugees. By eliminating the bureaucracy such initiatives face in conventional currencies, aid is able to reach those who need it much faster.
- **UNICEF Game Chaingers** – This is a great example of the cryptomining competition we outlined earlier. Gamers, known both for their tech savvy as well as their advanced computer systems, can download a safe app that mines crypto, which is then donated to UNICEF.
- **Ethereum** – Although bitcoin remains the most popular cryptocurrency, Ethereum allows for smart contracts, or the programming of money to be disbursed only when certain conditions are met. UNICEF is one example of a non-profit that is digging deeper into Ethereum as a result.
- **Giveth** – Decentralized giving platform that is geared to serve donors by providing them with insights and control over who gets to access their contributions. Giveth is based on Ethereum to utilize its smart contracts.
- **Alice** – Also built on Ethereum and also purporting to bring transparency to giving by tying donations to project outcomes. Here the information is made publicly available, so that subsequent investors can identify projects that work — and put their money there.
- **BitGive** – Another platform that monitors success through project milestones to provide donors with transparency regarding how their contributions are being used.
- **Disberse** – Uses blockchain technology to track international movement of funds from donor through organization, and does so while proudly licensed by the UK Financial Conduct Authority.
- **Giftcoin** – This cryptocurrency platform centers around monitoring the progress through project milestones. Recipients must provide proof of progress in order to have each successful chunk of cryptocurrency released to them. Again, this helps empower donors to know that their contribution is being used as intended.
- **Fidelity Charitable Giving** – Set up a "giving account" on your own to help make it easier to donate your cryptocurrency.
- **National Philanthropic Trust** – An alternative donor-funded account option that accepts cryptocurrency.