



This article presents general guidelines for Georgia nonprofit organizations and should not be construed as legal advice. Always consult an attorney to address your particular situation.

Accepting Cryptocurrency Donations

By Kylan Memminger, Associate, Kilpatrick Stockton

Cryptocurrency is a popular, secure, and virtual currency that is often used to invest and make financial transactions. Cryptocurrency charitable giving has become more common in recent years, as more individuals invest in virtual currency and seek to take advantage of the tax benefits of donating appreciated assets. When a nonprofit organization accepts cryptocurrency donations, it can potentially increase major gifts to the organization. Facilitating and promoting the acceptance of cryptocurrency gifts also encourages donations that are tax-efficient and financially beneficial for both the organization and the donor. Many established nonprofits such as the American Cancer Society, American Red Cross, and Save the Children already accept a wide range of cryptocurrencies in conjunction with their fundraising activities. This article is intended to provide an overview of accepting cryptocurrency donations and the best practices for cryptocurrency giving for small nonprofit organizations.

What is Cryptocurrency?

The Internal Revenue Service (“IRS”) has defined cryptocurrency, such as Bitcoin, Ethereum, Dogecoin, Chainlink, Tether, and XRP, to be a specific type of virtual currency that uses cryptography to secure transactions that are digitally recorded on a distributed ledger, such as a blockchain.¹

Accordingly, cryptocurrency owners can easily buy, sell, or transfer their virtual currency anywhere in the world just by using the internet. In recent years, cryptocurrency has not only gained acceptance as a method of payment for goods and services, but it has also become an increasingly popular way to make charitable donations. Despite its growing popularity, the legal and regulatory framework surrounding cryptocurrency remains limited and often unenforceable. Currently, few comprehensive laws or regulations govern how cryptocurrencies are created, held, sold, traded, used, or recovered. Additionally, because new types of cryptocurrencies or “coins” are always being created, there are some that can be more secure or trustworthy than others.

Buying cryptocurrency is similar to buying arcade tokens. At an arcade, a person exchanges real currency for tokens, and the value of tokens is subject to change. For

¹ See “Frequently Asked Questions on Virtual Currency Transactions” Internal Revenue Service, Q3. What is Cryptocurrency? (<https://www.irs.gov/individuals/international-taxpayers/frequently-asked-questions-on-virtual-currency-transactions>) (last visited April 2, 2026).

Dated: 5/26/2026

www.pbpatl.org

© 2026 Pro Bono Partnership of Atlanta

example, one dollar could have been redeemed for one token yesterday, but today, each token is worth five dollars because there is now a higher demand for arcade tokens.

Like arcade tokens, a person can exchange real currency for cryptocurrency and the value of cryptocurrency changes often. The longer a person holds cryptocurrency, the more it is likely to fluctuate in value. Cryptocurrency markets tend to be very volatile.

Why Cryptocurrency?

Accepting donations of cryptocurrency can be beneficial to both the donor and the charitable recipient. Donations of cryptocurrency held for at least one year are tax-deductible **as appreciated capital gain property**, so donors receive a charitable contribution deduction equal to the fair market value of the property on the date of the donation but are not subject to tax on any appreciation in value.

In addition, processing cryptocurrency donations can be efficient in that:

- Transactions can be completed in a single day.
- Foreign donors do not need to exchange currency.
- Generally, there are low transactional costs.
- Charities can immediately sell the cryptocurrency, reducing its risk due to volatility.
- The transactions are public, which is helpful for a nonprofit looking to maintain transparency.

Before Accepting Cryptocurrency Donations

A nonprofit's board of directors should discuss and determine whether to accept gifts of cryptocurrency and what to do with the donations upon receipt. It is strongly recommended that nonprofits sell cryptocurrency immediately upon receipt due to its extreme volatility. Upon conversion, donations should be recorded in the organization's financial statements based on net proceeds, valued in U.S. dollars. Additionally, the nonprofit should update its gift acceptance policy to reflect the board's decision.

How to Accept Cryptocurrency Donations

Nonprofit organizations have two primary options for accepting cryptocurrency donations:

1) Establishing a Dedicated Cryptocurrency Wallet

The organization can create and manage its own digital wallet, enabling it to receive cryptocurrency donations directly from donors. This method provides the nonprofit with full control over the donated assets but also requires it to address the technical, regulatory, and security considerations associated with managing cryptocurrency.

Online brokers allow for cryptocurrency purchase and transfer. If your organization chooses this option, you simply need to make and maintain a wallet through an application or exchange that will allow you to accept a cryptocurrency gift. You can add the wallet address to your organization's donation page on its website for accessibility. A donor simply needs to obtain the address of a verified nonprofit's wallet to donate cryptocurrency.

If your organization chooses to set up an online wallet with an application or exchange, consider the following recommendations:

- Choose an application or exchange that is reputable and more commonly known. Do your research!
- Best practice would be to prohibit anonymous donations to your wallet.
- Limit the type of cryptocurrencies accepted by your wallet, so you only accept more common and reputable types of cryptocurrencies that can be easily sold.
- Do not offer anything of value (goods or services or even corporate sponsorships) in exchange for the cryptocurrency donation as the value of cryptocurrency is uncertain and can change dramatically day to day.
- Due to the volatility of cryptocurrency, set up your wallet to automatically sell any donated cryptocurrency immediately for US dollars.

2. Partnering with a Third-Party Service Provider

Alternatively, the nonprofit may collaborate with a specialized service provider that accepts cryptocurrency donations on the organization's behalf. These service providers typically handle the complexities of receiving, converting, and disbursing the donated funds, thereby reducing the administrative and compliance burden on the nonprofit.

Some online platforms make cryptocurrency donations possible by facilitating the ability of organizations to accept payments of cryptocurrency and converting them to US dollars. Other platforms, are specifically designed for cryptocurrency donations and make it possible for a nonprofit to accept cryptocurrency donations without its own wallet or exchange. These platforms allow donors to choose the nonprofit recipient and amount of the cryptocurrency donation. After the funds are transferred, the platform immediately liquidates donated cryptocurrency into U.S. dollars and transfers it to the nonprofit.

When selecting a third-party provider to facilitate any donations to your organization, carefully research the options and the specific vendor platform. [This episode of the PBPA Podcast](#) includes insight into donation platform considerations.

Tax Reporting and Donor Acknowledgements

Acknowledging cryptocurrency donations is the same as acknowledging a non-cash property donation. The recipient should provide each cryptocurrency donor who donates property valued at \$250 or more with a written acknowledgement of their gift no later than January 31 of the year following the year in which the donation is made. Most charities choose to provide a written acknowledgement of all gifts regardless of amount in order to express their appreciation to donors. Donations of cryptocurrency valued at different amounts have different acknowledgement and tax reporting requirements, as set forth below:

1. Cryptocurrency donation valued between \$250 to \$499: Send the donor a written acknowledgement that includes (a) the nonprofit's name and address, (b) the date of contribution, (c) the type and amount of cryptocurrency donated (e.g., 0.0124 Bitcoins), (d) whether goods or services were provided in return for the donation, and (e) the value of any goods or services provided.
2. Cryptocurrency donation valued at \$500 or more: Send the donor the same acknowledgement as in #1 above. If you sell or otherwise dispose of the cryptocurrency within three years of receipt, you must file Form 8282 with the IRS and provide a copy to the donor within 125 days of the sale or disposition. For charities that adopt a policy of immediately liquidating cryptocurrency donations for cash, a Form 8282 will need to be filed with the IRS and provided to the donor.
3. Cryptocurrency donation valued at more than \$5,000: Send the donor the same acknowledgement as in #1 above and follow the rules for sales or dispositions within three years under #2 above. A donor should ask the nonprofit to review Part V of the donor's Form 8283 and sign it to: (a) verify the date of the donation, (b) verify the donor's description of the donated property and (c) agree to file Form 8282 if the nonprofit sells or otherwise disposes of the property within three years of receipt.

Accepting Cryptocurrency as a Form of Payment for Goods or Services

Due to the volatility of cryptocurrency, it is very hard to determine its true value at any given moment until it is sold on an exchange. As a result, if a nonprofit accepts cryptocurrency as payment for goods or services that have fixed prices, the nonprofit will likely not know the actual value it received for the transaction until it sells the cryptocurrency for cash. Due to the nature of this more complex and less certain process, a nonprofit's board of directors should carefully consider whether to accept payment in cryptocurrency for goods and services.