The Case For Crypto:

What We Can Learn From Challenging Times

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- Management Consulting Background—worked with Fortune 500 companies to develop strategies for emerging technologies.
- Has been featured in Forbes, USA Today, and Bloomberg for his expertise in Crypto Philanthropy.
- Recognized as Forbes 30 Under 30 for Social Impact

About The Giving Block

The Giving Block is the leading platform connecting nonprofits with modern philanthropists.

As pioneers of the "Crypto Philanthropy" movement, The Giving Block developed the leading solutions for cryptocurrency donations, taking crypto and NFT donations mainstream.

The Giving Block team has since parlayed their crypto experience into stock giving, developing a solution that provides modern philanthropists with one of the easiest and most efficient ways to donate non-cash assets.

Today, thousands of nonprofits have joined The Giving Block to fundraise more effectively from modern donors.

Agenda

01 2022 Crypto Year in Review

02 The Donation of Non-Cash Assets

03 Expected 2023 Philanthropy Trends

Section One

2022 Crypto Year in Review

All Eyes Were on Crypto in 2022. Here were some of the highs and lows:

Nov. 2021

Crypto Hit an All Time High

Bitcoin reached $61,000 in November 2021, almost quintupling its value from the year prior.

Jan. 2022

The Crypto Market Begins to Correct Itself

The inflated prices due to the aftermath of the COVID-19 pandemic were impossible to sustain for long periods of time, and in 2022, the market began to correct itself.

Apr. 2022

Bitcoin Reached its Highest Point of 2022

In April of 2022, Bitcoin reached its highest point of the year, topping out at $46,281.

Dec 2022

Bitcoin Ended the Year at a Low

In December, Bitcoin ended the year at the lowest it had been in 2022 at around $16,600.

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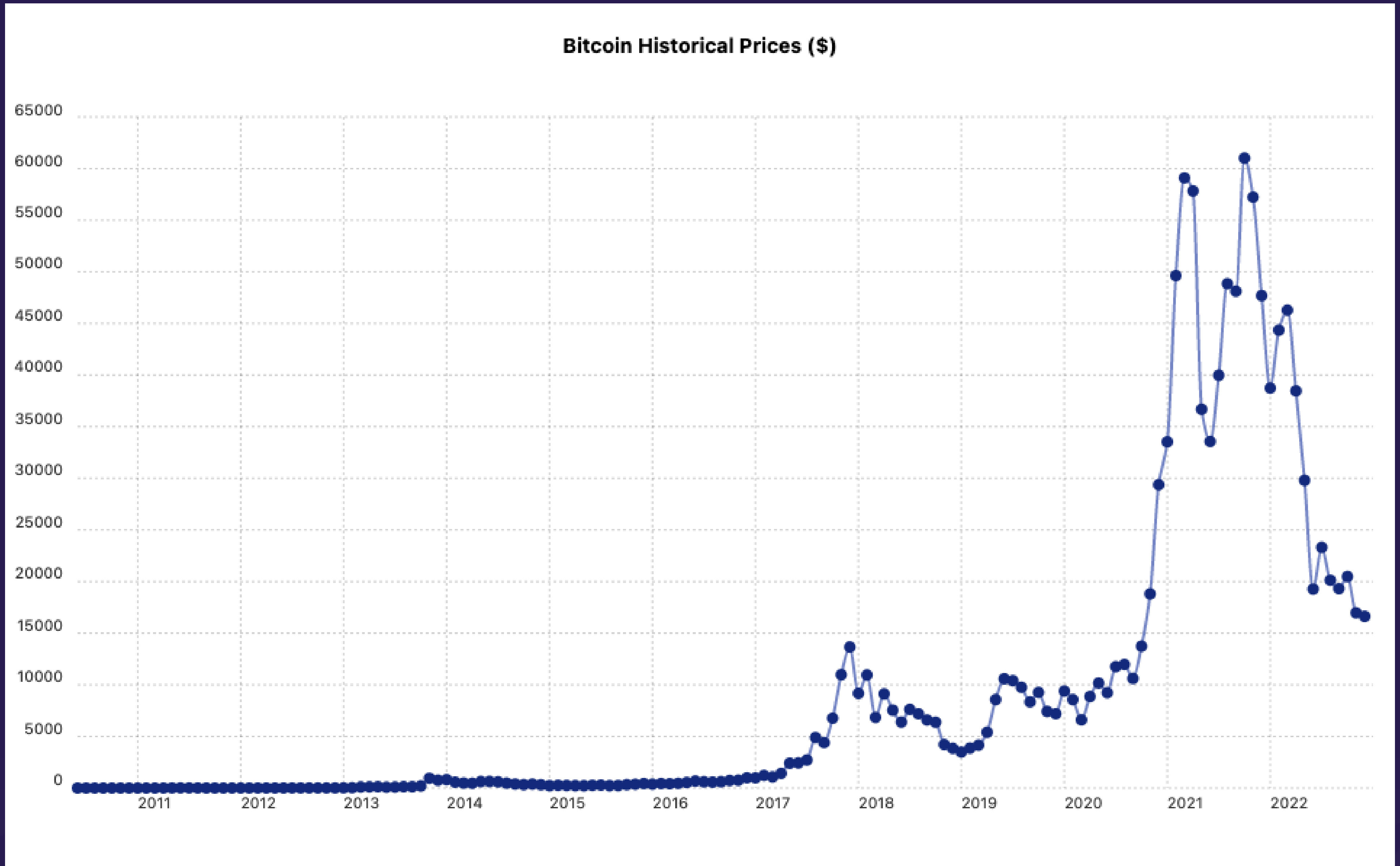
Even at its lowest in 2022, Bitcoin was still up over 20% from where it was during much of 2020.



Why does this matter?

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This matters because those who invested in crypto prior to 2021 are still up on their investment.

These long-term crypto investors are the same people who look to donate crypto as a way to offset their taxes by donating non-cash assets.

But didn’t everyone lose all of their money when FTX collapsed in November of 2022?

No!

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FTX was just one of many crypto exchange platforms

Much like how you may have money in more than one brokerage account or bank, there are other prominent crypto exchanges where investors held and continue to buy, sell or hold their cryptocurrency assets:

- Coinbase
- Binance
- Gemini
- Fidelity
- Robinhood
- And hundreds more!

Did People Lose Money?

Yes, it was reported that the company lost $8 Billion in customer funds.

To put this into perspective though, at the time of creating this deck, Bitcoin alone has a market cap of $366.02 billion. The second most popular coin, Ethereum, has a market cap of $171.92 billion. The total cryptocurrency market cap is over $1 TRILLION dollars.

Ultimately, the amount of money that FTX lost its customer is **not big enough to kill the global crypto market (similar to Bernie Madoff)**.

Regulation of Cryptocurrency

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To many people, cryptocurrency is the "wild west," but the idea that they are totally unregulated is **false. Cryptocurrency has been regulated since 2014!**

Cryptocurrencies are subject to regulations by many of the same governmental agencies that oversee regulations in the world of traditional finance and banking.

- For example, the IRS updated their guidance on digital currencies to classify cryptocurrency as **property**.
- The IRS now asks all taxpayers whether they have transacted in "virtual currencies" on their 1040 tax return.
- Federal agencies like the Treasury, FinCen, SEC and CFTC all regulate cryptocurrencies.
- Most local state regulators like the New York Department of Financial Services also have their own specific regulations.

Section Two

The Donation of Non-Cash Assets

Volatility Fuels Philanthropy

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Changes in both stock and crypto markets are inevitable. Experienced investors do their best to understand these patterns and base their investment decisions on them.

Market Corrections enable investors to reinvest in their favorite asset at a lower price and enjoy great returns later on. When that asset grows and an investor wants to cash out, they will generally owe capital gains tax on the sale.

Giving a portion of your non-cash asset to charity can lower your tax burden dramatically.

Tax Efficiency of Donating Non-Cash Assets

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A donation in cryptocurrency to a 501(c)3 is similar to a stock donation, meaning that **the donor does not pay capital gains tax and can write it off on their taxes.**

Donation Type	Donors can write-off donations.	Donors can write-off appreciation on donations.	Donors are exempt from Capital Gains Tax.
Cash	✓	✖	✖
Stock	✓	✓	✓
Crypto	✓	✓	✓

That means donors are able to both give and deduct 30% more with non-cash gifts. A win win for the donor and the nonprofit recipient.

Crypto's Unique Position

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On the whole, donors tend to be more conservative with their donations during economic downturns. So far, **this behavioral trend does not apply to crypto donors:**

- **Ukrainian Humanitarian Relief**

Since late February 2022, Ukraine has received over $100M in cryptocurrency donations

- **LGBTQIA+ Rights**

On the first day of Pride Month, The Giving Block's LGBTQIA+ Impact Index Fund ~50 ETH donation (worth ~$100,000 at the time of receipt)

- **Abortion Rights**

Upon the U.S. Supreme Court's landmarks Dobbs. v. Jackson decision, the Center for Reproductive Rights received an 86 ETH donation (worth $169,000 at the time of donation)

What Differentiates the Crypto Market?

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1. Volatility

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Because Crypto is a relatively new asset class, many cryptocurrencies experience **more price volatility** when compared to to other non-cash assets. Although counterintuitive, this is good in a charitable giving context.

Normal volatility ensures:

- Optimism during a Downturn
- New Investments regardless of Market State
- Steady Population of Appreciated Investments

Note that nonprofits are not exposed to the volatility because donations are automatically converted to cash!

2. Increased Generosity

Fidelity Charitable found that crypto donors are more generous on average than their cash-giving peers. In fact, 45% of crypto users are likely to give $1,000 or more to charities per year, compared to 33% of the general investor population.

Crypto users are eager to use their cryptocurrency for social good and tend to be enthusiastic about real-world opportunities for their digital assets.

3. New, Young and Wealthy

The average crypto donor is **young**, **affluent**, and **passionate** about charitable giving. They are also often first-time major donors.

- **Average Annual Income**: $110,000
- **Average Age**: 38
- **Average Donation Size**: $10,455

DONATION OF NON-CASH ASSETS

Overview

1. The volatility of the crypto and stock markets motivate donors to give.
2. Donating non-cash assets can lower your tax burden dramatically.
3. Economic downturns do not affect crypto donors like they affect others.
4. The crypto market presents more volatility and generosity than any other market.
5. Accepting crypto donations will help you tap into a younger and wealthier donors.

Section Three

Philanthropy Trends We Expect to See in 2023

Active Non-Cash Fundraising is Winning Out

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Last year, some nonprofits got away with sitting and waiting for non-cash gifts. This year, reminding your audience that crypto + stocks is an option is what is separating successful and unsuccessful programs.

The most successful clients on The Giving Block are those who view crypto and stock donors as a new donor demographic to work with, instead of passively waiting for donors to find them.

In 2023, we expect to see more nonprofits actively fundraising non-cash assets, and looking to this new donor demographic for impactful gifts. This is a great way to diversity revenue in an uncertain time.

Combined "Asset" Appeals On the Rise

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Nonprofits are combining their non-cash fundraising strategies to include crypto, stock and other non-cash giving since the tax benefits are similar. This trend has made it easier for nonprofits to gain more non-cash donations from their audience without donor-fatigue on single non-cash assets.

Nonprofits are starting to get non-cash gifts directly that would have previously gone to DAFs. As more donors see the tax benefits of donating non-cash assets and more nonprofits accept non-cash gifts, we expect to see a rise in high-impact donations directly to nonprofits.

Investing in Technology

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We think that more nonprofits will invest in technology that diversifies revenue throughout 2023 to increase fundraising efficiency and offsets lost revenue, especially given staffing shortages in the nonprofit sectors.

With less time spent on administrative tasks, teams have more time to spend strategizing and actively fundraising.

Social Impact on the Rise

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In 2022, we saw a leap in donations in April and June. April's donations were attributed to donors wanting to make an impact in Ukraine during the humanitarian crisis. In June, our LGBTQIA+ nonprofits saw a huge increase in donations.

Young donors who give crypto and stocks through The Giving Block, are showing that they give to causes when they can make a noticeable impact with a cause they care about.

In 2023, we're already seeing this to be true after the Syria and Turkey Earthquakes. **NFT creators and donors have leaped to show generosity, and we predict that these giving habits will continue throughout the year. Because of this, February has been a record month for crypto donations.**

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Thank You

Questions?

thegivingblock.com