

The Pros and Cons for Nonprofits Accepting Bitcoin Donations

Bitcoin and other cryptocurrencies have exploded onto the market. Should your nonprofit cash in on the virtual currency trend or is it better to avoid the risk? Understand the pros and cons before you decide.



The Cons

Cryptocurrencies can seem, well, cryptic. It's new territory, and that means there might be some kinks to work out.

- ⊗ Cryptocurrencies are still fairly niche. Many people don't use – or understand – them.
- ⊗ Cryptocurrencies can be unstable. The value of a cryptocurrency can drop suddenly.
- ⊗ Cryptocurrency exchanges can be hacked. Exchanges have lost millions of dollars in hacks.
- ⊗ Cryptocurrency donations can be anonymous. You might not be able to identify the donor.



The Pros

Cryptocurrency is new, but it might not be as rare as you think. According to Bitcoin.com, there were 40 million digital wallets in mid-2019.

- ✓ Third-party services make it easy to accept Bitcoin. You don't need to be a cryptocurrency expert.
- ✓ Third-party services can convert cryptocurrency and transfer the funds to your bank account.
- ✓ Processing fees tend to be low – often less than what credit card companies charge.
- ✓ Bitcoin donations are donations. Not accepting Bitcoin can mean turning down donations.



The Bottom Line:

As an organization, you have to decide if the reward of receiving a bitcoin donation is worth the risks involved with the new cryptocurrency frontier. The important thing is to make the decision collectively as an organization and to document your decision and the reasons behind it. As a nonprofit organization or board member, you have a fiduciary responsibility to be careful money stewards.

Before Accepting Bitcoin Donations:



Seek advice from your legal counsel.



Document your decisions, reasons and actions.



Get all stakeholders involved in the decision.



Monitor the entire process.

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