



CRYPTOCURRENCIES AND DONOR-ADVISED FUNDS

Benefits of Donating Cryptocurrency to a DAF

Just like other alternative assets, cryptocurrency can be contributed to a Donor-Advised Fund. The amount an individual can deduct from their taxes (assuming itemized deductions), varies with cryptocurrency because it can be treated as either income or capital assets.

What is a DAF?

A Donor-Advised Fund (DAF) is a charitable account for you to give to the causes you care about. It is sponsored by a DAF host, a non-profit organization, where you get an immediate tax deduction upon donating and to then focus on your charitable impact while they oversee the logistics of giving. UI Triple DAF is a DAF hosted by University Impact that enables donors to amplify their philanthropy. Learn more at uitripledaf.org.

- If the crypto was held as an investment for greater than one year, fair market value may be deducted up to 30% of adjusted growth income (AGI) with a five-year carryover.
- If the crypto was held as an investment for one year or less, or was received as compensation, the lesser of cost basis or fair market value at the time of contribution may be deducted up to 50% of AGI with a five-carryover.

Both of these situations will require qualified appraisal. In addition to tax deductions, capital gains tax can be avoided by donating crypto to a DAF. Once donated to a DAF, the crypto assets can appreciate without additional tax. In addition, a financial advisor can manage these assets in a UI Triple DAF.

What Types of Crypto Can You Donate? What Happens After You Donate Your Crypto?

University Impact accepts all cryptocurrencies traded on Kraken, Gemini, and Coinbase. Crypto can also be transferred through a Metamask wallet. Donors can transfer crypto assets to UI's accounts or according to the donor's or financial advisor's request can purchase crypto assets with existing DAF funds. UI will hold crypto assets in these accounts and can provide monthly reports on performance. Cryptocurrencies may also be converted into USD and can be allocated to other assets or contributed to charitable giving or UI sourced impact investments. Financial advisors are able to actively manage crypto assets (buying, selling, and trading). In the future a Defi strategy (staking, market making, borrowing, and lending) may be available. This process is currently under development.

*According to IRS Notice 2014-21 on the tax treatment of transactions involving cryptocurrency.

For more information please contact
UI Managing Director, Daniel Blake at dan@uimpany.vc.