

The Landscape of Cryptocurrency Donation Programs: Only 4% of Canadian Charities are Capturing This Lucrative Donor Market

By Anne Connelly, November 2019

Abstract

Cryptocurrency adoption across Canada has grown significantly, with 89% of Canadians aware of bitcoin, and 8-9% of Canadians having owned it at some point in time. Over 23% of crypto donors have the potential to make a major gift, and yet only seven charities across the 163 surveyed would be able to accept it. The charitable industry is lagging behind, however the greatest barrier for donors is outdated CRA regulations leaving crypto donors subject to capital gains taxes.

Introduction

Bitcoin made its debut in 2009, and since then, its adoption has spread across the globe. More than 400 million transactions have been made to date¹, and the volume of cryptocurrency options has grown substantially, with more than 2,900 different cryptocurrencies and crypto tokens available². In 2018, it was estimated that 5.2% of Canadians own bitcoin - over 1.9 million people³, and it is likely based on data trends that today, this number is significantly higher.

Canada has been a hotbed of innovation for blockchain technology and cryptocurrencies. The Ethereum blockchain was founded in Toronto, and Vancouver was home to the world's first bitcoin ATM. Canada was also an early pioneer in cryptocurrency donation programs. Pathways to Education opened a program in 2013 and Dignitas International launched theirs in 2014⁴. However, despite the massive growth of crypto adoption in Canada, the growth of charities accepting cryptocurrencies has not matched pace. This report determines the landscape in Canada for non-profit crypto donation programs.

¹ Bambrough, Billy. "Bitcoin Just Crossed A Huge Adoption Milestone." *Forbes*. Forbes Magazine, April 11, 2019. <https://www.forbes.com/sites/billybambrough/2019/04/10/bitcoin-just-crossed-a-huge-adoption-milestone/#5d43cob55295>.

² "List of All Cryptocurrencies." CoinLore. Accessed November 20, 2019. https://www.coinlore.com/all_coins.

³ Henry, Christopher. "2018 Bitcoin Omnibus Survey: Awareness and Usage." *2018 Bitcoin Omnibus Survey: Awareness and Usage*. Ottawa: Bank of Canada, n.d. Accessed November 20, 2019.

⁴ Interview with Jason Shim. November 19, 2019.

Methodology

There are over 85,000 registered charities in Canada⁵. In order to acquire a reasonable sample for the study, it was important to ensure the selected charities were active, had a reasonable public presence and the capacity to create a crypto donation program. As such, the selected charities were compiled using three well-known charity ranking lists: the 2019 Moneysense Charity 100⁶, the 2019 Charity Intelligence Top 100 Rated Charities⁷, and the top ten Canadian charities by revenue⁸. These three lists also ensured a selection of organizations that provided both a geographic diversity and a variety of areas of work from overseas humanitarian aid, to climate change, to local food banks. After deduplication, the total number of charities was 163. The organizations were contacted via email or online web form and follow ups for non-responders were made by phone.

Concurrently, a survey was sent out to cryptocurrency holders across Canada through pre-existing public channels including meetup groups, WhatsApp groups, posts on Facebook, and on Twitter. It contained seven questions regarding their donation habits in both Canadian dollars and with cryptocurrencies.

Results

Out of 163 charities contacted, responses were received from 115. Only seven charities from the list accept crypto donations - 4.3% of the total number of organizations. These include: Pathways to Education, Against Malaria Foundation, the BC SPCA, Boundless School, David Suzuki Foundation, Lifewater Canada, and War Child Canada.

However, 24 charities said that they were considering or interested in setting up a program or would set one up if a donor was interested in making a gift. The results are summarized in the table below.

⁵ Canada Revenue Agency. Accessed November 21, 2019.

<https://apps.cra-arc.gc.ca/ebci/hacc/srch/pub/bscSrch?q.srchNm=&q.stts=0007&p=1>.

⁶ Brownell, Claire. "Canada's Top-Rated Charities 2019: Methodology." MoneySense, November 15, 2018.

<https://www.moneysense.ca/save/financial-planning/canadas-top-rated-charities-2019-methodology/>.

⁷ Bahen, Kate. "2019 Top 100-Rated Charities." Charity Intelligence Canada. Accessed November 21, 2019.

<https://www.charityintelligence.ca/charity-profiles/2019-top-100-rated-charities>.

⁸ "Size Matters – the Biggest Non Profit Organizations in Canada." Charity Careers Canada, March 1, 2017.

<https://www.charitycareerscanada.ca/size-matters-biggest-nonprofits-canada/>.

Table 1: Charity Survey

Currently accept several tokens	1	0.6%
Currently accept bitcoin only	6	3.7%
Do not accept crypto, but will open a program for a donation	24	14.7%
Do not accept crypto	84	51.5%
Did not respond	48	29.4%
TOTAL	163	99.9%

There were 48 respondents to the survey sent out across the Canadian cryptocurrency community. 90% had previously donated to a Canadian charity in CAD, however, only 29% had done so with cryptocurrency. Overall, 71% of donors from the community said they were possibly or definitely more likely to donate to a charity that had a crypto donation program and 44% said they would possibly or definitely make a larger gift if a charity they had previously donated to adopted a program. While only 19% would be capable to make a gift of \$5,000 or more in CAD, 23% would be able to in crypto. However 47% would wait to do so until the CRA changed their regulations around capital gains tax.

Table 2: Cryptocurrency Community Survey

Question 1	Yes	No	Maybe
I have previously donated to a Canadian charity using fiat currency	90%	10%	0%
Question 2	Yes	No	Don't remem.
I have previously donated to a Canadian charity using cryptocurrency (any token)	29%	65%	6%
Question 3	Yes	No	Maybe
If a charity accepted crypto donations, I would be more likely to make a donation to their programs vs. a similar charity that did not accept crypto donations	44%	29%	27%
Question 4	Yes	No	Maybe
If a charity I previously donated fiat currency to began to accept cryptocurrency, I would make a larger donation than I did last time	21%	56%	23%
Question 5	Yes	No	Maybe
Assuming a good programmatic fit, I would be capable and willing to make a gift of \$5,000 or more to a charity in fiat currency	19%	54%	27%
Question 6	Yes	No	Maybe
Assuming a good programmatic fit, I would be capable and willing to make a gift of \$5,000 or more to a charity if they accepted the donation in crypto	23%	52%	25%

Question 7	Wait to donate	Donate crypto	Donate fiat	Not donate
Currently, regulations do not allow an exemption on capital gains taxes for crypto donations the way they do for securities.	47%	23%	26%	4%

Discussion

There's no doubt that Canadians are philanthropic. The latest statistics show that 84% of Canadians aged 15+ (~23.8 million Canadians) donate to charitable and nonprofit organizations⁹. However, there has been a decline in charitable giving in the past ten years that is leaving organizations competing for valuable donor dollars¹⁰. With this in mind, charities should be actively exploring all options when it comes to acquiring new donors and new donation streams. Cryptocurrency donations are one such opportunity.

Since Bitcoin launched in 2009, the adoption of cryptocurrencies has grown exponentially - mirroring the early adoption curves of the internet¹¹. Over 89% of Canadians are aware of bitcoin¹², and while it is fundamentally impossible to know how many Canadians own crypto, how much they own, or of which type of token due to the private nature of the technology, estimations are available. Two notable industry surveys, one done by the Ontario Securities Commission, and the other by the Bank of Canada, provide similar results and show that 8-9% of Canadians own crypto or have at some point in time^{13 14}. The number of Canadians who currently own bitcoin was at 5.2% in 2018 (and is likely higher today), however, when considering people with incomes over \$70,000, that number jumps to 7%¹⁵. Comparatively, 44% of Canadians own securities, which are a mainstay in most professional fundraising offices¹⁶.

Given that the median amount of bitcoin holdings in 2018 was \$600, rough and conservative calculations would estimate the amount of bitcoin in the Canadian market (owned by Canadians 18+¹⁷) at over \$950 million¹⁸. This figure is likely underestimated due to exclusion of alternative tokens like ether, litecoin, and stellar - more than half of all bitcoin owners own at least one altcoin¹⁹. The figure is also underestimated given the disproportionate and

⁹ "Research About Giving in Canada." Sector Source. Imagine Canada. Accessed November 21, 2019. <http://sectorsource.ca/research-and-impact/giving-research>.

¹⁰ Fuss, Jake, and Milagros Palacios. "Charitable Donations in Canada Continue to Decline." Fraser Institute, December 22, 2018. <https://www.fraserinstitute.org/article/charitable-donations-in-canada-continue-to-decline>.

¹¹ McCann, Chris. "12 Graphs That Show Just How Early The Cryptocurrency Market Is." Medium, May 7, 2018.

<https://medium.com/@mccannatron/12-graphs-that-show-just-how-early-the-cryptocurrency-market-is-653a4b8b2720>.

¹² Henry, Christopher. "2018 Bitcoin Omnibus Survey: Awareness and Usage." *2018 Bitcoin Omnibus Survey: Awareness and Usage*. Ottawa: Bank of Canada, n.d. Accessed November 20, 2019.

¹³ "Taking Caution: Financial Consumers and the Cryptoasset Sector." *Taking Caution: Financial Consumers and the Cryptoasset Sector*. Ontario Securities Commission, June 28, 2018.

¹⁴ Henry, Christopher. "2018 Bitcoin Omnibus Survey: Awareness and Usage." *2018 Bitcoin Omnibus Survey: Awareness and Usage*. Ottawa: Bank of Canada, n.d. Accessed November 20, 2019.

¹⁵ Henry, Christopher. "2018 Bitcoin Omnibus Survey: Awareness and Usage." *2018 Bitcoin Omnibus Survey: Awareness and Usage*. Ottawa: Bank of Canada, n.d. Accessed November 20, 2019.

¹⁶ "2017 CSA Investor Index." *2017 CSA Investor Index*. Innovative Research Group, November 23, 2017.

https://www.securities-administrators.ca/uploadedFiles/Investor_Tools/CSA07_Investor_Index_Deck_-_Full_Report_-_20171128.pdf.

¹⁷ Statistics Canada, July 1, 2019. <https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=1710000501>.

¹⁸ Henry, Christopher. "2018 Bitcoin Omnibus Survey: Awareness and Usage." *2018 Bitcoin Omnibus Survey: Awareness and Usage*. Ottawa: Bank of Canada, n.d. Accessed November 20, 2019.

¹⁹ Henry, Christopher. "2018 Bitcoin Omnibus Survey: Awareness and Usage." *2018 Bitcoin Omnibus Survey: Awareness and Usage*. Ottawa: Bank of Canada, n.d. Accessed November 20, 2019.

extraordinary wealth accumulated by a number of the industry's early adopters²⁰. In fact, five Canadians are on Forbes' Top 15 Richest People in Crypto list²¹, with net worths ranging from \$300 million to \$1.5 billion *each*. This list does not include those who are more private with the volume of their assets. As such, it is safe to conservatively say the holdings in Canada are over \$5 billion.

The community is also philanthropic, with 90% having given previously to a Canadian charity in CAD, and 23% of them able to make a donation of \$5000+ if alignment with the charity's mission is present. The average Canadian donates 0.53% of their income each year²². Assuming these statistics would similarly apply to the crypto community, there would be over \$26.5 million dollars available for donation. Despite this, only seven of the 163 charities surveyed in Canada accept crypto donations - roughly 4%.

The data articulates the gap between the volume of Canadian crypto holders who are able and willing to donate cryptocurrencies and the number of registered Canadian charities who have recognized this new financial offering and are equipped to benefit from it. Respondents to the crypto community survey also noted that they feel that if a charity is forward thinking enough to accept cryptocurrency donation, that they are likely equally forward thinking in the way they operate, thus influencing the likelihood of making a donation to charity that is crypto-friendly.

One promising figure from the results showed that 14.7% of charities surveyed don't currently have a program, but are interested in adopting one, particularly if a donor is interested in making a gift. However, the greatest barrier for crypto donors lies not only with the lack of places to make a donation, but also with outdated CRA guidelines. Unlike donations of securities, donations of cryptocurrency are subject to capital gains taxes, meaning that crypto donors will likely donate significantly less, or not at all. The survey indicates that 47% of potential crypto donors would sooner wait for changes to the tax laws in order to make a donation - a clear sign that the CRA needs to modernize alongside its charity partners.

Conclusion

The adoption of cryptocurrencies across Canada has grown significantly in the past decade, however, charities and charity regulators have failed to adapt, leaving millions of potential donations on the table. In order to attract what will be the fastest growing major donor

²⁰ Sharma, Rakesh. "Cryptocurrency Billionaire Rankings: The Richest People In Crypto." Investopedia, November 18, 2019. <https://www.investopedia.com/news/forbes-releases-first-ever-cryptocurrency-billionaire-rankings/>.

²¹ Ambler, Pamela. "The Richest People In Cryptocurrency." Forbes, February 6, 2018. <https://www.forbes.com/richest-in-cryptocurrency/#42208a911d49>.

²² Fuss, Jake, and Milagros Palacios. "Charitable Donations in Canada Continue to Decline." Fraser Institute, December 22, 2018. <https://www.fraserinstitute.org/article/charitable-donations-in-canada-continue-to-decline>.

segment, organizations need to stay innovative and accept cryptocurrencies to stay relevant in a changing fundraising landscape.

About the Author

Anne Connelly is passionate about harnessing blockchain and cryptocurrencies to transform the lives of people in developing countries. Anne has been an active part of the global blockchain community since 2012, and established one of Canada's first bitcoin donation programs as Director of Fundraising at Dignitas International. She previously worked with Doctors Without Borders as a field worker in Central Africa, and a fundraiser in Toronto and Dublin. She currently serves on their board of directors. Anne teaches with Singularity University, and has been honoured with the AFP New Fundraising Professional Award, named one of CBC's 12 Young Leaders Changing Canada, and one of the Fifty Most Inspirational Women in Technology in Canada. She can be reached at www.anneconnelly.ca