NARRATIVE

Part IV

The mission of Multidisciplinary Academic Grants In Cryptocurrencies (MAGIC) is focused on expanding education, scientific research, philanthropy, and community outreach in support of literacy in financial privacy as well as privacy infrastructure for the public good. It additionally encourages research and education in cryptocurrency topics.

The organization meets the IRS Charitable Purpose Guidelines of advancement of education and science, lessening the burdens of government, relief of the poor and underprivileged, lessening neighborhood tensions, eliminating prejudice and discrimination, defending human civil rights, combating community deterioration and juvenile delinquency.

THE NEED

According to various news outlets, the popularity of cryptocurrencies is ever rising as demonstrated by the $3.7 billion to $5.5 billion raised in the last two years to support the initial coin offering (ICOs) of 445 start-ups and developer consortiums (1,2). The market interest in blockchain technologies and cryptocurrencies make blockchain-related jobs the second fastest growing segment of the labor market. Techcrunch estimates that "there are now 14 job openings for every one blockchain developer" (2, line 4).

Most graduates of four- year programs, even in computer science, have not been adequately informed or educated on blockchain technology or distributed ledgers. There is a need to broaden the knowledge base of current technical workers employed as programmers, coders, and developers as they transition to using blockchain. There is also a need to provide professional development and job training to new graduates entering the job market. Although some US universities (including New York University, Duke University, Princeton University, and Stanford University) are beginning to offer comprehensive courses

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covering the fundamentals of digital payment infrastructures, most universities are behind the curve. In fact, most universities with some offerings do not offer full curricula leading to major or even minor concentrations in the field (3).

The cost of college has increased at a rate higher than inflation for the past several decades. Individuals with college degrees tend to have greater financial outcomes and contributions to society. College enrollment is correlated with lower crime rates among college students. College is disproportionally unattended by minorities, especially those in lower socioeconomic classes. Educational grants can help bridge these gaps and provide community and individual improvement.

Many cryptocurrencies, including Bitcoin and Monero, exist on public blockchains with a decentralized support, research, and development structures. They are public infrastructure that allow individuals and entities to accept funds by making wallets using free, permissionless, open-source software. They are not controlled by any specific individuals or entities. These public blockchains provide valuable, unencumbered, virtual public works in the form of payment networks. Governments have the responsibility to encourage the creation of secure digital payment networks, such as the wire transfer network. Cryptocurrencies provide similar payment services. By supporting these cryptocurrency payment networks, MAGIC and other nonprofits lessen the burdens of government.

<u>Why does it exist in the first place?</u>

Our goal is to close the loop on the capital being generated in the cryptocurrency industry and the world's education system. We aspire to send kids to college to help prepare them for jobs where digital payment privacy technologies are inevitable. We aspire to build computer labs and give infrastructure grants to underprivileged schools. We aspire to host educational events like conferences. We aspire to provide research grants to researchers studying cryptocurrency-related fields. We aspire to provide

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grants to support cryptocurrency public goods and infrastructure to lessen the burdens of government. To be precise, our mission is to support privacy infrastructure for the public good, encourage cryptocurrency and privacy research, and further literacy in financial privacy.

Existing tax-exempt programs

The Zcash Foundation (10) is the most prominent example of a cryptocurrency-focused non-profit entity. The Zcash Foundation is dedicated to advancing privacy technologies for the public good, primarily serving users of the Zcash protocol and blockchain. It is funded by allocations from the Electric Coin Company (previously the Zcash Company) "Founders Reward" (essentially a portion of new funds from from Zcash network activity) and others. At present, its primary activities are to support research grants and to support the public infrastructure that is the Zcash blockchain. Following a public vote on the direction of the Foundation (see ballot number 4, 03 July 2018), the direction of that research is committed, first and foremost, to the advancement of Zcash itself as a privacy-orientated cryptocurrency. The Zcash Foundation lists reasons for their existence and nonprofit efforts in their 1023 and related materials.

Zcon, the Zcash Foundation Conference, had its first gathering in Montreal the summer of 2018. Entrance to the conference was subject to a vetting process, was very expensive, and its focus was primarily oriented toward the Zcash community. It held another Zcon conference in 2019 and planned another in 2020, which was ultimately cancelled for public health reasons.

Distinct from Zcash, MAGIC is first and foremost technologically agnostic. While the end goal is similar — the advancement of privacy and cryptocurrency technologies for the public good — MAGIC retains an openness to all forms of cryptographic research, maintaining that the design (and attack) space is in constant evolution. MAGIC supports a number of projects and technologies across the cryptocurrency

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industry, including students, researchers, and educational materials for other decentralized public blockchains which similarly are public goods and similarly lessen the burdens of government.

Additionally, MAGIC is distinct from the Zcash Foundation in its emphasis on the existing education system and trying to foster the next generation of privacy-focused research through strategic support of young students. The Zcash Foundation has historically focused on supporting the work of pre-established researchers. MAGIC does not anticipate receiving any funding from a block reward or transaction fees but will require the active participation of a donor community in order to work toward its mission. MAGIC programming (such as conferences) aims toward greater inclusivity and access at a lower cost compared to the Zcash Foundation approach, to encourage diversity of ideas.

<u>Other existing outreach programs</u>

Washington State University has recently started a cryptocurrency scholarship program (11), and a variety of such scholarship and grant programs are available through other, non-exempt, entities. PETS, Privacy Enhancing Technologies Symposium, has been running yearly since 2000, and fosters a space for the development of privacy-enhancing tooling. It also produces an academic journal alongside the event. Financial privacy is low on the agenda, with participants mostly oriented toward the struggle of networked privacy more broadly. However, some years recently featured a blockchain panel.

Stanford University also has an annual academic blockchain conference. Its topics include privacy, security, efficiency, and other blockchain-based topics for a variety of applications. Zero-Knowledge Conference, an initiative by the Zero-Knowledge Podcast, brings together research into zero-knowledge and privacy within Ethereum, an open source, public, blockchain based distributed computing platform and operating system featuring smart contract functionality, more broadly, into a periodic conference, as well as a podcast, that has a far broader technological scope (beyond privacy).

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The Monero community hosted the Monero Konferenco (meaning "conference" in Esperanto) in 2019. It was an academic conference mostly focused on the Monero public blockchain and privacy initiatives. This conference included an intercontinental panel with Zcon1 in Croatia featuring the nonprofit cryptocurrency advocacy group Coin Center, the Zcash Foundation, the Monero Research Lab, and the Electric Coin Company. MAGIC was given a table to collaborate with the Monero community, students, and researchers. The expected 2020 Konferenco was cancelled for public health reasons.

We anticipate that more such conferences and programs will become available as time goes on. MAGIC aims to run or support a technology-agnostic conference supporting privacy education, research, and infrastructure.

<u>Non-profits currently accepting cryptocurrencies</u>

Although cryptocurrencies have made a huge philanthropic splash (4), non-profits are typically very hesitant to interact with cryptocurrencies. Here are a few of these crypto stories for the nonprofit world:

- "Pineapple", an anonymous crypto donor, gave over $55 million worth of Bitcoin grants in 2018 to 60 charities including the ACLU, The Water Project, Charity: Water, and Pencils of Promise (6); and
- the Wikimedia Foundation has been accepting cryptocurrency donations since July 2014 (5); and
- the tech company Ripple donated over $29 million in their cryptocurrency in 2018 to DonorsChoose.org, fulfilling their entire queue of over 35,000 U.S. public school classroom project requests (7); and
- Unicef Australia set up a website that allows a user to donate the proceeds from mining Monero at thehopepage.org (8); and
- the nation's largest donor-advised fund, Fidelity Charitable, received $69 million in cryptocurrency donations in 2017 from 169 donors (9).

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It is clear that merely providing a route to making charitable donations with cryptocurrencies is a valuable contribution to the tax-exempt ecology in the United States.

MAGIC fulfills the needs of the community we serve through our mission by offering project-agnostic scholarships with an emphasis on underprivileged students. MAGIC funds our programs with donations from a thriving community of donors to whom we are held accountable, not from mandatory service fees.

OPERATIONS

The organization has a Board of Directors who provide governance and oversight of the organization. MAGIC has a volunteer Executive Director. The organization utilizes Independent Contractors for some roles. MAGIC has a website, including the identity portal for donors, scholarship and grant application portal and cryptocurrency wallet management setup in 2018. The operations of the organization are conducted year-round from mostly remote locations. These operations activities further the exempt purpose of the organization by providing staff and volunteers to conduct the day to day work of the organization and support the programs and funding of the organization. This activity is funded by donations. Operations activity constituted one hundred percent (100%) of the organization time in 2018, ninety-five percent (95%) in 2019, and twenty percent (20%) in2020 and 2021.

PROGRAMS

Scholarships to High School and College Graduate Students

NOTE: Please refer to Schedule H (1) and Tabs 6, 30, 31 and 32 for additional details and forms of the program.

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MAGIC provides scholarships for undergraduate students seeking a four (4) year degree and graduate students seeking advanced Master and Doctorate degrees. Studies must be related to cryptocurrency and privacy in areas of science, math, business, law, and political science/policy. MAGIC provides the application on their website and markets the scholarships to high schools and colleges throughout the country. The Scholarship Selection Committee will manage the aspects of the program including policy and procedures development, review of applications and evaluation of the program. The first round of scholarship awards was provided in the Fall Semester of 2019. This activity is conducted from Colorado and throughout the United States. This meets the primary exempt purpose of the organization by providing scholarships for further education of the cryptocurrency market in a variety of educational disciplines. This activity is funded by donations. Program activity constituted zero percent (0%) of the organization time in 2018 and 2019 and will constitute seventy five percent (75%) in 2020 and 2021.

FUNDRAISERS

The primary funding of the organization will be from individual donations made online. The organization will make requests through in person, email, and phone calls. The organization will have a website and accept donations through the website. This activity is funded by donations. Fundraising activity constituted zero percent (0%) of the organization time in 2018, five percent (5%) in 2019 and will constitute five percent (5%) in 2020 and 2021.

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