

INCUBATOR CROWDFUNDING RESOURCE SHEET

CROWDFUNDING

What is crowdfunding?

Wikipedia defines "crowdfunding" as "the practice of funding a project or venture by raising monetary contributions from a large number of people, typically via the Internet." It's not hugely different from traditional fundraising, but it has taken off as people have become more used to online financial transactions, and websites have made it easier for creators to share their projects with potential donors. Donors on most crowdfunding platforms aren't buying a share of your project, like stock, they are making a donation to support your passion and idea, and be involved in your project.

Great, so I put my project on a crowdfunding site and it raises money?

We've all heard about projects catching on virally - potato salad raising tens of thousands of dollars, a band raising a million dollars - but those projects are few and far between. The "crowd" part of the word isn't really accurate - the people who are most likely to give are people you are already connected to in some way. The site may make your work accessible to the whole wide world, but that doesn't mean that strangers will pick it up. The "funding" part is also not entirely accurate. Yes, you will be asking people to fund a project, but to get that funding and keep donors involved, you're actually engaging them in your project, telling your story and building relationships.

So how do I know if a crowdfunding campaign is right for me?

Before launching a crowdfunding campaign, consider your track record and background as a fundraiser and your existing network. Have you asked people for money? Do you have a track record as a producer of successful projects? Do you already have an audience or fan base, or are you building one? Are your connections comfortable online? Answering these questions will help you understand the reach you have, and help with goal-setting, budgeting and project management.

How do I set a budget?

Having a reasonable sense of who you know and their capacity to give can help you set a budget for your campaign. With time-limited projects you want to give yourself the best chance to succeed, and if you exceed your goal, you can keep that money. Being transparent about your needs and where the money is going can help budgeting and engaging people. If you have a huge project in mind, try breaking it down into component parts, or a Phase 1 and ask for funding for that. A crowdfunding campaign is useful as a test to see if there is public support for your idea.

What are some tricks to doing this right?

Plan ahead. The experience of many crowdfunders shows that there is a spike of interest at the beginning and a spike of interest at the end of a campaign – plan to have material to release in the middle to keep interest up. Ask your donors to engage their audiences and share the campaign – and



give them compelling material to do so. If you can line up a major gift, use that as leverage either in the form of a challenge grant (like MPR does) or as a way to boost you over the finish line.

Is it really all that work to do it right?

It really is. Running a crowdfunding campaign can be like having a second full-time job on top of your regular work. You'll need to be constantly advocating; in person, in letters, online announcements, emails, chats, everything. But all this can be hugely rewarding and fulfilling as you build a network of supporters and collaborators that follow your career, and see your idea come to fruition.

GIVEMN

What are some of the crowdfunding platforms I can use?

If you are fiscally sponsored by Springboard, then you have access to GiveMN, a crowdfunding platform that supports non-profits year round. It does not do time-limited projects (although you can set a time limit for your campaign) and can be used for general donations and donor relationship management.

We generally advise against our fiscally sponsored projects using other crowdsourcing platforms. The most important reason to avoid these sites is consistency and clarity for potential donors. There's no way for contributors to receive a tax deduction for donations made through Kickstarter or IndieGoGo. We've had projects in the past be very explicit about this difference in their communication with donors, and conflicts have still arisen. Another reason is that, in almost all cases, GiveMN.org's fees are significantly lower. GiveMN is to be used for donations only, never for payment for goods or services provided by your project. This includes silent auction items.

How do I set up my fundraiser on GiveMN?

1. First, you need a GiveMN account. If you don't have one already, making one is easy. Go to: <https://givemn.org/> and click on "sign up" in the top right hand side of the page.

2. Once you're logged in, you can create your fundraising page.¹ Find the PLUS (+) sign in the top left-hand corner and select "Start a Fundraiser."

3. You'll need to set an initial fundraising goal, but you can change that at any time in the future.

4. The cause you are fundraising for is "Springboard for the Arts."

4. If at all possible, the "Fundraiser Name" field should be your main organization name. If you are an individual artist raising funds for one of several projects, please put the project name and "by _artist

¹ Our Incubator projects can use GiveMN without being a full nonprofit because, they are technically using the site as a private individual setting up a fundraiser for Springboard. It's important to keep this in mind, whenever you're navigating the site or discussing a problem with the GiveMN help desk, that you're not actually administering a nonprofit; you're fundraising for a project as an individual. We'd suggest setting up a GiveMN account using an email account that multiple people can access. That way you will still be able to access the site, even if your project director moves on.



name_ “ in the title. (Springboard sponsors some 200 projects at any given time, and this makes it much easier for us to make sure your money gets to the right place.)

5. You’re ready to flesh out all of the details. The content is completely up to you, but please add this text: “A fiscally sponsored project of Springboard for the Arts. To give to Springboard:

<https://givemn.org/organization/Springboard-For-The-Arts>”

[You mentioned fees up there, will GiveMN cost me anything?](#)

GiveMN.org charges a platform fee of 6.9%, though it offers donors the chance to cover that admin fee. Roughly 50% of donors do so, so GiveMN’s effective rate is approximately 3.5%. In addition, Springboard lowers its own admin fee from 7% to 5% on these transactions to help compensate for the added cost.

[Do I need to offer rewards on GiveMN?](#)

While rewards are a common feature of other crowdsourcing sites, they are not allowed via GiveMN. For a donation to be tax-deductible, there can’t be any goods received in exchange.

[I’ve received a donation! How do I get my money?](#)

GiveMN distributes funds twice a month, and there’s normally a short delay on the disbursement. (An example: All donations made in between 1 and 15th of January will arrive at Springboard between January 20-25.)

ADDITIONAL CROWDFUNDING READING AND RESOURCES

The Basics of Crowdfunding – Via Entrepreneur Magazine, this has some handy steps to consider, although it does have an angle for business startups.

<http://www.entrepreneur.com/article/228125>

The Failures of Crowdfunding: No, Kickstarter Cannot Support an Opera Company – Via The Atlantic, a cautionary tale of crowdfunding over-reach and limitations.

<http://www.theatlantic.com/technology/archive/2013/09/the-failures-of-crowdfunding-no-kickstarter-cannot-support-an-opera-company/280118/>

6 Tips for Creating a Successful Crowdfunding Video – Via the Fractured Atlas Blog, some good tips on how to make the most of a video for your crowdfunding campaign, and why it’s important.

<https://www.fracturedatlas.org/site/blog/2015/03/02/6-tips-for-creating-a-successful-crowdfunding-video/>

GiveMN.org – Their resources page is full of great tips:

<https://givemn.org/resources>

