



CHOOSING A CROWDFUNDING PLATFORM

Crowdfunding is a method of raising capital through the collective effort of friends, family, potential customers, and individual investors. This approach taps into the efforts of a large pool of individuals—primarily online via social media and through crowdfunding.

There are many platforms to choose from, but before you start comparing them, it helps to understand some of the lingo.

Crowdfunding Models:

- **All-or-nothing** – You will not receive any funds and your supporters will not be charged if you do not reach your goal. This can be a good choice for projects that require set funding to enter production.
- **Keep-what-you-raise** – This model is better for projects that have no minimum amount needed to get started. A good example for this type of funding is raising money for philanthropy.

Type of Incentive:

- **Rewards-based** – In this type, investors give you money in exchange for some “reward.” This reward can be anything from a mention in their newsletter to the product you are producing to special VIP privileges (grand opening parties, etc.).
- **Equity** – When an investor gives you money, you give them a piece of the company in exchange. This is only available to accredited investors, and is typically used in larger campaigns.
- **Debt** – This type of funding is similar to getting a traditional bank loan, but usually has lower interest rates and more flexibility.

There are dozens of crowdfunding platforms, but MACED reviewed five because they all let you raise amounts under \$10,000 and are not industry specific. You may find other platforms that meet your needs, so use this guide as a starting point and don't feel limited to these five!

Platform	Description	Model	Fees
	Indiegogo is one of the largest and most popular platforms. They accept all projects without review. For non-profits or social enterprises, platform fees are waived.	<ul style="list-style-type: none"> • All-or-nothing or Keep-what-you-raise • Reward and Equity Crowdfunding 	<ul style="list-style-type: none"> • 5% of funds raised • 3% + \$.30 processing fees • PayPal fees 3-5% (from PayPal)
	Kickstarter is the world's largest funding platform specifically for creative projects. A home for Art, Comics, Crafts, Dance, Design, Fashion, Film & Video, Food, Games, Journalism, Music, Photography, Publishing, Technology, and Theater projects, here artists are connected with resources to make their project come to life.	<ul style="list-style-type: none"> • All-or-nothing • Reward Crowdfunding 	<ul style="list-style-type: none"> • 5% of funds raised • 3-5% processing fees • No fees if goal not met
	GoFundMe is best known for personal or charitable causes, but businesses have used it successfully as well. Most campaigns are relatively small amounts, under \$10,000.	<ul style="list-style-type: none"> • Keep-what-you-raise • Donation and Reward Crowdfunding 	<ul style="list-style-type: none"> • 5% from funds raised • 2.9% + \$.30 processing fees
	Kiva is a lending platform that connects online lenders to entrepreneurs for 0% interest loans between \$25-10,000. Rather than assessing your credit history and financial statements, Kiva uses your character and trust network as a measure of creditworthiness by requiring that you make a small loan through Kiva and by showing that your friends and family will support you.	<ul style="list-style-type: none"> • All-or-nothing • Debt Crowdfunding 	<ul style="list-style-type: none"> • No Fees
	Fundable works with 23,000+ investors and funding sources to help you identify the right funding for your business, whether reward or equity. They work exclusively with businesses, so your campaign will not be mixed in with charitable causes.	<ul style="list-style-type: none"> • All-or-nothing • Reward and Equity Crowdfunding 	<ul style="list-style-type: none"> • \$179/month • 3.5% + \$.30 processing fees

**Fees are correct as of March 2017 and are subject to change.*

What if I need more capital than what I can raise through crowdfunding?

At MACED, we see the value in crowdfunding, and are offering a unique loan product to entrepreneurs who run a successful campaign. We will match dollar-for-dollar the amount you raise through crowdfunding, up to \$10,000. Eligible enterprises do not need a credit check.

Learn more at loans.maced.org or contact: loans@maced.org | 859-986-2373

