GCFA Recommendations for Crowdfunding

The following provision was passed at General Conference 2016 that tasks GCFA to provide guidance on crowd funding websites and initiatives:

> "To provide guidance and consultation to churches, conferences and other United Methodist organizations on fundraising campaigns conducted via the Internet and social media where capital can be solicited from a large pool of potential donors, also known as crowd funding. The GCFA shall prepare a list of approved crowd funding websites. The consultation shall be limited to churches and conferences residing in the United States."

Crowd funding is most commonly defined as the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet. Many burgeoning business owners and entrepreneurs utilize social media websites and social media to attract investors in their business ventures.

Additionally, individuals can also utilize social media and crowd funding websites to attract potential small donors to charitable ventures, such as schools, churches, and hospitals. Most crowd funding websites do not have an approved list of charitable projects, and they generally do not supply guarantees that the charitable project is going to a recognized 501(c)(3) organization.

Unfortunately, the openness and lack of accountability of many charitable requests through crowd funding websites and social media campaigns provide an open market for those who wish to deceive and misrepresent their intentions.

Registered charitable organizations protect donors through audited financial statements, and voluntary standards. At this point, the Better Business Bureau has stated that the level of accountability needs to grow to improve donor confidence and trust in crowd funding sites and recommends giving through registered 501(c)(3) organizations.

Recommendations:

GCFA makes the following recommendations:

1. Asking for donations on crowd funding websites requires a sense of caution, as most crowd funding websites solicit funding for a wide variety of areas. United Methodist ministries should only solicit donations for charitable causes, without a promise of rewards such as tote bags, t-shirts, etc.
2. The Better Business Bureau warns that crowd funding sites have not evolved to the point of inspiring public confidence and they recommend caution. There is usually no clear indication on how funds from these websites will be accounted for, utilized, or what will happen with any excess funds.
3. When United Methodist ministries consider soliciting for charitable causes on crowd funding websites, it is the recommendation of GCFA that such solicitations clearly state that the funds are being given to an organization within The United Methodist Church connection that is a 501(c)(3) organization. This provides basic assurance that the funds will be utilized for the purpose stated. Local churches, conferences, and their affiliated ministries should clearly indicate their name on the website post, and assure donors that they will be provided with a letter for tax deduction purposes, when appropriate.
4. Crowd funding solicitations supporting specific individuals are especially susceptible to abuse, so appeals on crowd funding sites should be limited to currently accepted giving options such as age-specific programs, programs with specific initiatives, and ministries that generally benefit groups of individuals. Should a church organization solicit crowd funding support for specific individuals, it should be sure such solicitation does not violate applicable tax law.
5. The Advance, through the General Board of Higher Education and Ministry, is an established and recommended safe and secure means of asking for crowd funding funds for ministry within The United Methodist Church.
6. It is recommended that funds collected by a local church or conference through crowd funding on behalf of ministries in the Central Conferences are sent through an established arm of the United Methodist Church (such as the Advance) or other registered not-for-profit here in the United States.

The following is a list of the most popular crowdfunding websites with minimal complaints and fee structure for each:

Name	Address	Description	Reviews	Fee Structure
GoFundMe	www.GoFundMe.com	GoFundMe is a fundraising platform that allows users to source funds for personal or professional projects. The site takes five percent of each donation, but is free to the user and easily syncs with social media.	GoFundMe reviews	5% GoFundMe Fee and 2.9% + $0.30 processing fee per transaction
Indiegogo	www.indiegogo.com	Indiegogo is a fundraising platform used by artists, musicians, entrepreneurs and humanitarians to finance projects. It has flexible billing options, integrated data and marketing tools available for its users.	Indiegogo reviews	5% Indiegogo Fee and 3% + $0.30 processing fee per transaction.
Kickstarter	www.kickstarter.com	Kickstarter is a fundraising platform for creative projects. It is famous for its "all or nothing" policy of funding, wherein users are not charged for their pledges until the fundraiser reaches the pre-set goal for the project.	Kickstarter reviews	If fully funded, 5% of total funds raised and payment processing fee of 3%+ $0.20 per pledge.
CrowdRise	www.crowdrise.com	CrowdRise calls itself "the world's largest community for raising money for great causes." It emphasizes global citizenship and the influence social media has, and it requires no campaign deadlines or minimum goals.	CrowdRise reviews	Free Plan: 6.8% per transaction and credit card processing fee of 2.9% + $0.30.