**Crowdfunding Guidelines**

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The purpose of this document is to explain how to use crowdfunding for research conducted at Washington State University. Basically, we have created an open source model for crowdfunding; one can choose which crowdfunding platform they desire to partner with for their project (i.e. MicroRyza, Kickstarter, RocketHub, etc.) as long as institutional research or project protocols are followed.

# What is crowdfunding?

Crowdfunding is an informal term referring to a type of microfunding that is done via web-based, for-profit companies such as Kickstarter.com. Crowdfunding can be an effective way to raise modest sums of money in a relatively short period of time. Most crowdfunding companies are focused primarily on creative projects or business/product start-up efforts; though some like MicroRyza.com, RocketHub.com, and Petridish.org tend to have a science focus.

The mechanics and requirements vary from service to service, but in most cases a project owner identifies a highly marketable project that has a clear outcome, well-defined fundraising goal, and distinct timeline, and then lists the project online alongside other, similar projects via the crowdfunding service. Contributors pledge funds, and typically (though not always) their credit cards are not charged unless the minimum fundraising goal is met. Many services require status updates about the project be provided to contributors.

Successful crowdfunding requires the strategic use of social media and communication, so a significant investment of time and energy to a communication plan is essential for success. Many crowdfunded projects are not successfully funded, which often hinges on whether the project owner was able to approach a large group of potential contributors via their own personal, professional, and social networks. In this way crowdfunding operates more like a bake sale than a reliable funding source, unless one’s project has the good fortune to “go viral.” A project owner’s savvy and sophistication with social media can be an essential part of the success of a crowdfunding effort.

# Crowdfunding companies are for-profit…why is this important?

The company charges a fee for services, typically between 5-10% of the total raised, plus credit card fees. This can decrease the total funds available for your project. For example, if the project owner seeks to raise $5,000, and succeeds in doing so, he or she will receive a net amount ranging from $4,500 to $4,750 depending upon the crowdfunding service used.

# I want to raise money and then put the funds into a WSU account. How do I do this?

The simple answer is that the crowdfunding company typically subtracts their fee from the total raised and then issues a check to the WSU Foundation to be placed in a designated account. However, there are important considerations (also outlined in the attached flowchart) to keep in mind. It is critical that the following be considered *before* launching a crowdfunding appeal, especially if the project manager is a student:

* The project owner should be a WSU faculty/staff member, or directly supervised by WSU faculty/staff member (i.e., a student doing work in a lab under faculty supervision). A departmental budget will need to be identified or created that can accept the funds. The College Associate Dean of Research (or designee) and department administrator should be notified when the crowdfunding effort is launched.
* Like all gifts, funds raised via crowdfunding and put into WSU accounts are subject to WSU spending policies. For example, large equipment purchases are subject to WSU purchasing policies, data sharing might have intellectual property implications, and departmental budgets usually have restrictions on use. It is the responsibility of the project owner, and their faculty/staff supervisor, to comply with all applicable policies, regulations, and laws in the execution of the project. Furthermore, certain projects may require specific institutional approval from oversight committees such as the Institutional Review Board (IRB), the Institutional Biosafety Committee (IBC), the Institutional Animal Care and Use Committee (IACUC), or the Radiation Safety Committee (RSC). Project owners with any questions or concerns related to compliance should contact the Office of Research Assurances (ORA) before beginning the project work.

* WSU currently cannot accept funds from services like PayPal or Amazon Payments, but can accept checks and wire transfers.

* If the funds are put into a WSU account, they become the property of WSU. If the student or faculty/staff member leaves WSU, the unspent funds remain at WSU to be used for the designated purpose. For this reason, it is also important to have a plan for the use of unspent funds.

# Do contributions to a crowdfunding project constitute charitable gifts?

Typically, no. Individual contributions to a crowdfunded project are almost always made via a for-profit company and are not considered deductible charitable gifts for the contributor under IRS rules. If the crowdfunding company sends the funds directly to WSU, then the crowdfunding company is the donor of record (the donor of record receives the charitable gift credit).

It’s also important to keep in mind that individual crowdfunding contributors are essentially anonymous. This means WSU will not be able to thank or follow up with these contributors. All acknowledgment and stewardship of these contributors is the responsibility of the project owner, whether the funds raised end up in a WSU account or not.