

WealthWorks Crowdfunding Action Learning Program

Key Findings and Takeaways

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THE WEALTHWORKS INITIATIVE

This initiative (formerly Wealth Creation in Rural Communities), funded by the Ford Foundation, is a seven-year multi-stakeholder initiative to articulate and test a new systems approach to rural development. WealthWorks is an approach that brings together and connects a community's assets to meet market demand in ways that build livelihoods that last. The initiative has produced various other reports, which can be found at

<http://www.yellowwood.org/wealthcreation.aspx>

Also see www.WealthWorks.org.

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Introduction

Crowdfunding is a powerful financing tool for rural value chains with a variety of stakeholders. It is ideal for enterprises that are in the early- and seed-stages of investment readiness, and who are trying to raise small to medium amounts of money. However, developing and launching a crowdfunding campaign takes time, commitment, energy and resources, a strong supporting network, marketing and technological knowledge, and much more. Many nonprofits and business owners are in need of this useful form of capital to support new projects that will add value to their communities, but lack the necessary experience and expertise to actually develop a campaign.

This paper summarizes Croatan Institute's pilot crowdfunding action learning program; highlights key successes, challenges, and lessons learned; and provides recommendations for future work. We hope that this document can provide useful insights and resources for nonprofits, social enterprises, and other start-ups seeking to learn more about this form of friendly finance.

Background of Project

The idea for this action learning program was developed following several day-long workshops that were part of the WealthWorks Accelerating Impact initiative. After exploring the range of financing options available, fundraising for donations in the form of online crowdfunding emerged as a unique and underutilized tool that would allow early-stage ventures to gain the funds they needed. Crowdfunding was targeted because it is especially appropriate for filling small gaps in value chains that are not necessarily discrete businesses that could be eligible for traditional financing. However, many of the WealthWorks participants felt ill-equipped to launch this type of campaign without further training and support.

To fill this knowledge gap, Croatan Institute proposed a twelve-week online action learning program to teach participants how to run a crowdfunding campaign, from the development stage to the launch. The program was designed to develop the knowledge and experience necessary to gain grassroots support from the many stakeholders interested in seeing the success of a particular value chain—a network of people, businesses, and organizations meeting a specific market demand while also building local wealth.¹

¹ WealthWorks, "Module 3: Construct a WealthWorks Value Chain," from *WealthWorks For Your Region: An Introduction*, The Aspen Institute: Washington, DC, 2014.

As an “action learning program,” the classes were designed to lead participants through the development of an actual crowdfunding campaign. Weekly classes were a mix of lecture and active participation, in which participants provided updates and brought questions and issues to the trainers and class as they arose. The course was designed to be conducted virtually, through an interactive webinar platform, in order to accommodate the various locations of the participants and Croatan trainers. Additionally, the trainers assigned homework assignments each week, which were designed to ensure each campaign was progressing.

Summary of the Course

There were a total of six groups that signed up for the program, joining in remotely from Alabama, California, Mississippi, New Mexico, and West Virginia. The bulk of the course took place from April through June, with a check-in class in August and a 360 degree review in October.

The curriculum was finalized as follows:

- Week 1: Overview of Crowdfunding and Training Program
- Week 2: Defining the Campaign
- Week 3: Pre-Launch Preparation
- Week 4: Reviewing Your Progress
- Week 5: Crafting Your Story and Video
- Week 6: Campaign Strategy and Preparation
- Week 7: Campaign Updates
- Week 8: Delivering on Campaign Promises
- Week 9: Final Tips Before Launch
- Week 10: Loan and Equity Crowdfunding
- Week 11: Campaign Updates
- Week 12: Reflecting on Lessons Learned

The homework assignments were as follows (listed by the week due):

- Week 1: Read [*Guide to Crowdfunding for WealthWorks Value Chains*](#).
- Week 2: Research and review relevant 3-5 case studies from online crowdfunding platforms.
- Week 3: Brainstorm and submit a project title, description, and image ideas for your campaign. Define five possible reward levels.
- Week 4: Document all the social media sites you and your broader team have access to. Research further budget and rewards.
- Week 5: Social outreach planning.
- Week 6: Develop your video idea and a script.
- Week 7: Work on your launch strategy.

- Week 8: Campaign assessment.
- Week 9: Work on your crowdfunding platform site.
- Week 10-12: Continue your campaign work.

The curriculum, presentations, and weekly homework were posted and made available online to course participants both during and after the program. Several handouts were developed throughout the course—a check-list for both before and during a crowdfunding campaign, and a list of social media tips. These can be found in the Appendix.

By the end of the course, two of the participating teams launched and completed their crowdfunding campaigns: **Rural Community Assistance Corporation** and **Black Belt Treasures Cultural Arts Center**.

Rural Community Assistance Corporation's (RCAC) campaign goal was to raise \$10,500 to install two water bottle filling stations at the Pueblo Unido Community Development Corporation in California, as well as provide a water education program and extra water bottles for the community. Water in the region is unsafe to drink due to arsenic and other contaminants, so RCAC partnered with The California Endowment on the Agua4All year-long pilot program to increase access to clean drinking water in the Coachella Valley. RCAC's campaign ultimately raised \$5,607, or 53% of its goal. While they were disappointed that they did not meet their full goal, the money raised was enough to cover the needed infrastructure costs. The additional water education program and extra water bottles will not be funded from the campaign. However, they felt that the campaign was a success for many reasons—they learned quite a bit from running a campaign from start to finish, something that was a strategic goal of their organization prior to the announcement of our action learning program. Some reflections from the participants:

- They were able to significantly build up their network through social media, and even had several prominent organizations and individuals—including Michelle Obama's Drink Up campaign—notice their project. The campaign was also mentioned in several newsletters and websites of other organizations.
- This was the first time RCAC had ever pursued individual donors as an organization, since they do not really have a donor base or a culture of giving among their followers. However, most of the donations made to the campaign came through RCAC's own network, and not their local partner, who did not have the capacity or time to be directly involved in promoting the campaign as planned. Additionally, the Eastern Coachella region community is not very well connected online, with about 70% of the population low-income and Spanish speaking.
- The RCAC staff needed to put in a lot of time to complete the course and prepare their campaign, so they felt that crowdfunding was an expensive way to raise money.
- They planned to rely on certain partners to share their campaign, including the California Endowment (a project partner with over 20,000 social network followers);

but when it came time to launch, these partners did not support RCAC's campaign for various reasons (bureaucracy, not having a culture of fundraising for others, other concurrent fundraising going on, etc.). Organizations that were currently asking their networks for donations were hesitant to promote this crowdfunding campaign for fear of losing out on their own donation dollars.

- RCAC faced unexpected charges raising money through their organization, due to their large size. This was not accounted for when designing the campaign, so they had to create a complicated work-around in order not to lose a large percentage of the funds raised.
- For any future campaigns, RCAC participants said they would consider building their own donation campaign on their website to avoid the ~10% fee they were charged by the crowdfunding platform. They also would focus on developing more on-the-ground supporters for their organization.

Black Belt Treasures Cultural Arts Center's (BBTCAC) campaign goal was to raise \$10,000 to establish a Pottery Station in the Black Belt Art House, a project focused on refurbishing a 6,500 square foot warehouse which is currently used as storage space. BBTCAC is planning to use the funding raised for four Brent wheels, clay, and glazes. Artists will be able to work in the space, improving their craft, networking with other artists and community members, and creating opportunities for art enthusiasts to meet the artists and participate in future pottery classes. This activity will stimulate the arts economy in the region, and support the traditional arts.

BBTCAC met their goal through a combination of online and in-store donations, as well as through the innovative "Change Challenge," which included a competition between local schools to bring in the most pocket change to donate for the pottery station. Additionally, they found a wealth of new volunteers ready to help with the new pottery station, as well as some valuable in-kind donations of drying racks and a manual pottery wheel. Some highlights and challenges with the crowdfunding experience:

- They found the overall experience very useful, as the program and campaign provided a great opportunity for outreach. The action-learning program kept them accountable and they do not think they would have done the campaign without it.
- While BBTCAC met their funding goal, getting online funders was more challenging in their community. They found that many people did not feel comfortable donating online, but once they began to take in-store donations, people were more receptive to donating in person. Their "Change Challenge" was very successful, resulting in over \$900 donated (approximately \$700 of this change was collected through a local private school's classroom efforts).
- Unexpected challenges included needing more time than expected to run the campaign. At one point the team was traveling and was unable to promote the campaign, and they saw a significant lull in their donations during this time.

- The local community learned more about what BBTCAC is doing through their campaign and video, which helped them understand the link between the Art Center's work and economic development in the region. This resulted in donations, new volunteers for the center, and in-kind donations. They also received donations from individuals across the country and region, many of whom they did not know. These donations likely generated from a WealthWorks email newsletter spotlight, which was sent out at the start of the campaign, as well as outreach on the part of WealthWork affiliates and Croatan Institute.
- BBTCAC found that personal stories and videos were the most powerful in attracting donations. Along with adding a personal touch, the individuals highlighted were able to share the stories with their own social networks, which consequently increased the reach of the campaign overall.
- They would crowdfund again, but would develop the personal stories ahead of time, and would use some of the time-saving technology to prepare social media messaging in advance.

Although they continued to participate in the course, **Collaborative Visions** decided to postpone the development and launch of their campaign, due to a combination of political and personal reasons. However, they are continuing outreach to local organizations in order to increase their supporters when they do decide to start. Their campaign was originally formed around the sustainable meat and produce production, and the local agricultural cooperative, which has more demand than it can fill in the neighboring communities. Collaborative Visions believes that by supporting lasting livelihoods off the land, which is mostly still owned by the people of Mora, New Mexico, they can prevent people from wanting to sell their land use rights to the natural gas hydraulic fracturing (fracking) industry. Mora is the first county to ban petroleum and gas extraction, as highlighted in this recent [YES! Magazine article](#) (September 2014), which also mentions the work Collaborative Visions has done in this area.

Emerging Changemakers Network (ECN) began to use the lessons from the program to train local farmers in how to launch a crowdfunding campaign to build hoop houses. Their value chain currently lacks 1) the energy and resources necessary to build hoop houses—which would extend the growing period for farmers, and 2) the upfront capital to purchase the materials and labor, which could later be reimbursed through a USDA grant. Their intended campaign would provide seed money for a revolving building loan that could be housed at ECN, as well as training for a team of local workers who could construct the physical buildings. ECN tried to connect with and train the farmers on the crowdfunding project; however, the timing of the spring program conflicted with the beginning of the planting season. Better timing would be between December and early March when farmers are not busy with the hectic planting, growing, and harvesting periods. Because ECN hoped to have this fundraiser be “owned” by the farmers themselves, they were concerned that

they do not have the right kinds of online social networks to effectively run such a campaign. They will continue to revisit this with the farmers to see whether crowdfunding can be a useful tool for this particular project or another future ECN project.

Although **West Virginia Food and Farm Coalition** had several ideas for crowdfunding campaigns, their initial planned project received alternate funding before our class started. They began to develop a second campaign to create a West Virginia cookbook, highlighting the food producers around the state and the unique recipes of the area. However, midway through our program, the staff member behind this new project left the organization and they had insufficient staff capacity to develop and launch a second campaign. They also felt that the amount of work needed to develop a top-notch cookbook, with art-quality photography and design, would be beyond their capacity.

Finally, there was a series of technical difficulties, inclement weather, and time constraints which prevented **Mississippi Delta Southern Rural Black Women in Agriculture** from participating in the course. The proposed project was to run a campaign to raise money for the transportation of farm workers to and from the nearby town and farms in order to increase productivity and harvest. This gap in their value chain—of connecting the farm workers with agricultural work—could be filled by a van to transport workers. The increased labor would allow the farmers to plant and harvest unused areas of their land. Because this team was only made up of one volunteer, who was in charge of many other projects and was also a farmer herself, the lack of capacity and poor timing is to blame for this project not moving forward. However, we hope that they will access the materials and potentially use the learnings from the course in the future.

Additional Activities by Croatan Institute

In addition to the creation of the materials and presentations for this course, Croatan Institute team members found several ways to support the Crowdfunding Program:

- Several participating teams had legal questions—around nonprofit donation limits and tax deductions, as well as whether crowdfunding could be used to raise grant money—which Croatan Institute was unable to answer. As a result, we consulted with the law firm Cutting Edge Capital, and were able to provide guidance during a subsequent class. This guidance is summarized in Appendix 3.
- We held a call with the Aspen Community Strategies Group and Black Belt Treasures in order to strategize ways to promote the campaigns through the WealthWorks network.
- Croatan Institute staff shared the launched campaigns through both the Institute's and their personal social media outlets.
- Croatan Institute created a “What is Crowdfunding?” Prezi presentation, which can be viewed here: <http://prezi.com/crgwul0rzpcs/crowdfunding>.

- As part of New Economy Week, Christi Electris wrote a [blog post](#) highlighting the role of crowdfunding and the WealthWorks value chains in creating a new economy.
- Croatan Institute will hold a webinar, entitled “Crowdfunding to Support the New Economy—A WealthWorks Perspective” on Nov. 20th. It will give an overview of the Wealthworks approach to local and regional economic development, and will introduce how online crowdfunding can fill funding gaps in early-stage ventures.

Alterations to the Course and Lessons Learned

As this was a pilot program, we were flexible and adapted the course as needed. Six weeks into the course, we administered a survey to gauge participants' progress. Based on the results, we determined that the **original timeline was too ambitious for most groups**, partly because the course was run under the assumption that the campaign projects were already decided, when in reality many participants changed their projects during the course. As a result, we held several one-on-one check-in calls with teams in an attempt to keep them on schedule.

We also learned from participant feedback that the **early homework assignments at the beginning of the course were too overwhelming**. We were not clear that many assignments were drafts to be revised over several weeks; instead, some groups tried to do everything at once, while others did not complete the homework at all. Despite this, the groups who did complete the homework felt that it was beneficial, as it kept them on track during the course. As a result, we tried to reduce the amount of homework expected from week to week, while still continuing to use it as a way to help prepare for the actual launches.

Survey respondents also underscored that **viewing examples of actual campaigns and the Croatan PowerPoint presentations were most useful** while working on their campaigns. Additionally, because all of the participants were at various points in their campaigns, some found the in-class group presentations and feedback to be less useful. Throughout the course, we tried to bring in various examples of campaigns, both successful and unsuccessful, which we could discuss in class. Some participants sent in campaigns that they found as well. We also made all of the presentations, recordings, and homework available on a password-protected webpage, so that participants could easily access all of the materials.

Another challenge was getting all of the teams to participate in the calls on a weekly basis; while the two campaigns that launched participated nearly every week, the others were more sporadic. The **active teams also tended to have more participants**, which may have increased their capacity for both calling in and getting the work done.

The biggest lesson that we learned was that **groups did not seem to fully grasp the amount of work that a crowdfunding campaign takes**, both in its set-up as well as

throughout the actual launch. In the future, it would be useful to suggest a minimum team size, as well as provide an idea of how many hours per week a campaign takes.

During the final 360 degree review, we heard that taking **the action learning program course kept teams on track** by giving concrete deadlines for finishing particular aspects of the preparation. It also was particularly **useful to have someone to turn to for advice and questions**. **The tools Croatan offered were also useful**, particularly a spreadsheet that provided a quick way to determine the pricing of their rewards based on estimated outreach. The steps we laid out on how to do a crowdfunding campaign were helpful and will make it easier to teach others in their organization. Areas for improvement included making groups choose a platform for crowdfunding earlier on, so that they can implement their “homework” in a live campaign space, thus saving the time of transferring it and dealing with any platform quirks later on. Additionally, everyone agreed on the need for improving the technology used for the calls, which was challenging at times.

When asked about what kind of commitment was truly needed for participating in the program and launching a campaign, the groups replied that they believed **a team of three to four individuals with different skill sets would be ideal, and would help to spread the work out for a successful campaign**. There should perhaps be one to two people who can dedicate several hours a week to the campaign, plus a couple of volunteers to help with social media, sharing and promoting, and simply keeping up with the figures of the campaign. They also agreed that while they appreciated that the course was free, **a course that was paid for would make people more committed and accountable**. They believe others would pay for this sort of course.

Recommendations for Future Work

The completion of this pilot course has given Croatan Institute the opportunity to test and improve our curriculum. We would therefore welcome the opportunity to re-use and build upon the material, either in another online course or through a future workshop. Given the participation rate of this program, we suggest that it might help to require some type of participant contribution in order to get “buy-in” and a stronger commitment upfront. Commitment could also be increased by offering preliminary classes on how to choose a campaign, or how to build social networks. Participants could participate in these, for free or at a low cost, before committing to the full crowdfunding action learning program.

The process of designing a crowdfunding campaign encouraged participants to examine their outreach tools on social media, but also through email and in person. Further work on developing communications to better connect to the value chain participants and stakeholders would be a useful direction for many, particularly rural communities. Social media as part of the WealthWorks strategy in general is also an area for further exploration.

Training on “more traditional” fundraising strategies, such as donor cultivation and major donor strategies, has been previously raised by WealthWorks participants as an area of need. Our experience through this course has emphasized the need for these development skills, in conjunction with public relations outreach and the new forms of social media communications.

Beyond the course itself, as we were conducting research and fielding questions from our participants, we found that there is a lack of legal resources for crowdfunding, particularly for nonprofits, which led us to consult directly with a lawyer well versed in crowdfunding. The law and tax implications around crowdfunding are somewhat vague, and perhaps this is why no one wants to formally describe the requirements of crowdfunding campaign owners and donors. We are including a write-up of our conversation as an Appendix here, but this is certainly an area for further research and work.

Finally, there seem to be potential areas for collaboration and communication between the WealthWorks community and the New Economy Coalition. Holding a webinar on crowdfunding which links the two and is spotlighted by both groups is a start (to be held November 20th), and there are likely other areas which could be addressed going forward. The WealthWorks community may also find that there are a variety of other high priority networks and communities worth connecting to, both in order to serve on-the-ground value chains, and to increase the awareness and consumption of WealthWorks tools and techniques. Croatan Institute would be interested in helping to make those connections going forward.

Appendix 1: Crowdfunding Checklists

CROWDFUNDING CAMPAIGN PRE-LAUNCH CHECKLIST

Please check which steps you have taken to build your campaign so far:

- Chosen your campaign project.**
- Written project description for campaign webpage.**
- Chosen crowdfunding platform.**
- Researched budget and chosen project fundraising goal.**
- Defined reward levels.**
- Compiled list of social media, email, and physical contacts.**
- Started creating profile within crowdfunding platform.**
- Chosen pictures and images for crowdfunding page.**
- Brainstormed and defined video idea and script.**
- Completed video production and editing.**
- Reviewed materials for clarity and consistency.**
- Developed launch strategy for email and social media communications.**
- Received feedback on campaign from stakeholders.**
- Determined launch date and campaign duration.**
- Determined method for collecting funds from platform.**
- Started alerting fans about upcoming campaign.**
- Started alerting media about upcoming campaign.**

If you have completed all of these steps, then congratulations:

You're ready to launch!

CROWDFUNDING CAMPAIGN POST-LAUNCH CHECKLIST

Now that you've launched, don't forget to complete these additional steps for a successful campaign!

- Capture contact information for supporters (name, email, mailing address) as well as amount contributed in a database.**
- Provide frequent updates to supporters on campaign progress.**
- Collect and process funds from crowdfunding platform.**
- Send electronic thank you to all supporters.**
- Order or prepare your rewards.**
- Let supporters know when to expect rewards.**
- Deliver your rewards!**

Appendix 2: Social Media Tips

This compilation of social media tips provides a quick guide to get started on social media, select platforms to communicate on, create content, and prepare your crowdfunding launch.

Getting Started

Preparing your platforms on social media:

- Begin by conducting a “listening audit” on social media. Where are conversations that are interesting or similar to your organization and message taking place? This will not only help you determine what platforms will best suit your needs, but will also help you figure out which people and organizations are worth following and engaging with.
- Figure out what kinds of conversations are taking place, the frequency with which they are happening, and what the “meat” of the conversations are. Pay attention to language—how do others in your field describe their work?
- Before you adopt a social media channel, become a participant in the conversation. This will help you gain an understanding of who is there and how to tailor your message to develop a better following.

Tips for getting engaged:

- Look for groups within the space that are similar to your organization and participate in them.
- Follow people who frequently post articles or messages of interest; if someone follows you, make sure to follow them back.
- Using social sharing buttons on your website is useful. However, make sure all that content is “snackable” (more on this below). Give followers a reason to and make it easy for them to share your content. You can also pre-populate content into your social sharing buttons as a way to remind readers to share your content.
- As you're participating in conversations, ensure that you are always linking back to content on your site. Have that redirection and reinforcement of that content.

Platforms: Which Ones Should I Use?

As with any type of communication, when deciding what forms of social media to use, it is important to think about the pros and cons of each, as well as what you hope to get out of your messaging. For example, Twitter and LinkedIn can get away with “organic content development,” or the ability to reach a number of unique people through unpaid distribution. On the other hand, Facebook is saturated with content and uses its own algorithm for highlighting content, so your message may get lost in the noise without some supplemental advertising dollars. The following highlights a few tips by platform, including

a quick overview of a tool which helps you to manage most social media accounts from one place, HootSuite.

Twitter

- Posting on Twitter is very one-off; it is useful for quick content distribution, but messages have a very short shelf life.
- Posting on Twitter has to be continuous, ideally 3-5 messages each day. People tend to be more forgiving if you over-tweet, as opposed to other social media platforms.
- Work to develop your own organic conversations, but also participate in existing ones.
- Keep the 8:2 ratio in mind: For every 8 mentions that you participate in, with @replies or retweeting, you should push out 2 of your own original posts.
- It is not recommended that you pay for Twitter. You can get away with organic content.

Facebook

- Given its ubiquity, having a Facebook page is quickly becoming essential for branding and nonprofits alike.
- With the amount of content posted on Facebook each day, the platform is developing a pay-to-play atmosphere. Typical users see only 18-30% of the mentions of the people they follow. This is partly due to the sheer amount of content posted online, and partly due to the rise of paid advertising. Organizations that want to become part of their fans' newsfeeds pay for promoted posts, and other advertising, so their content is at the same level as someone's friend. If you want to become visible, you may have to advertise.
- If you do not want to have to pay for advertising, the best approach to showing up in your followers' newsfeeds is to be an active user, with visuals and engaging content. This can mean aiming for 5-10 posts per week.
- If you do have an advertising budget, you can have great results with \$20 or spending up to \$2,000/mo. When working on the content for your advertisement, it's important that you consider the audience you are trying to reach with it.

LinkedIn

- LinkedIn tends to be used primarily for professional content; this means it is important to use the proper tone and voice in your posts, unlike the more casual Facebook or Twitter.
- Also unlike Facebook, it still has a strong "organic reach." However, given its professional tone, it depends on the content you choose to distribute.
- Frequency of posting on LinkedIn is lower than other platforms, generally around once a day.
- From a response perspective, you have more breathing room than some of the other platforms, whose content changes more rapidly.

YouTube

- Like LinkedIn, YouTube is one of the fastest growing platforms, so if you're trying to extend your visual content, this is a good place to be.

Pinterest

- If your content is visual, for example with art or photography content, this is a good place to be engaged.

Google+

- This platform has more of a hit or miss environment. There are some very active communities on Google+, so it is important to do your research to understand if this is a valuable place for your organization to be.
- Because it is a Google-used driver, this platform does increase your search engine optimization, or SEO.
- Although it does not have widespread distribution, and therefore should not be your only social media platform, Google+ can still help amplify your organization or campaign.

Hootsuite

- Hootsuite is a social media dashboard, which allows you to both manage all of your platforms in one place, and also to aggregate content from other users.
- Although you can use Hootsuite to send the same message via all of your platforms, think strategically about auto-population. While this can save time, remember that different platforms are often used in different ways. What is effective for Twitter may not for Facebook.

Creating content

Make sure your content is snackable:

Use the following rules of thumb, depending on what platform you are using:

- Twitter: Although the max is 180 characters, keep your content to 120 characters to allow retweets and include links.
- LinkedIn: Keep to 3-5 targeted sentences with redirect or thought starter questions.
- Facebook: Write 2-3 sentences max. Make your posts very visual, using graphics or charts to redirect to your content. Another approach is to have a call to action, or a thought starter - a provoking question that will start or encourage engagement to encourage that thread.

Different considerations for distributing content:

- Take time to plan out your “content calendar.” 3/4 of your content should be well-planned. The final 1/4 should be more responsive—include thoughtful conversations with others in the space that you could take and retweet, question, or expand upon.
- Consider what time of day you are posting. You want to be most active when your audience is online.
- Try posing different questions or “thought starters.” This provides a way for followers to more actively engage with your content.
- In every post, make sure there is a call to action. Examples of this include asking followers to click a link you want them read or asking them to comment on something you wrote.
- Always include a “digital breadcrumb,” such as a tiny url, which will lead the reader back to your site.
- As you mature, build out key performance indicators of how social media content will be an integrated in your communications.

Preparing to Launch

As you prepare for your crowdfunding campaign launch:

- Start building your list of fans. Who do you think will be interested in your campaign? Who will pass it along to others in their networks?
- Try to break up the conversations and peers of influence, topics, priorities, and mix.
- Watch out for “prime opportunities” - interactions where you’re not only following them, but also participating in the conversation and understanding their cadence. If you are participating, you can work out the kinks of responding on behalf of an organization.

Appendix 3: Summary of Legal Questions

We had two main legal questions that arose in our work with the campaigns. The information we gained from consulting lawyers at Cutting Edge Capital, a law firm specializing in alternative capital raising strategies, was shared with participants program, as summarized.

Disclaimer: This section is provided for information purposes; it does not constitute legal advice. Because each campaign and situation is different, you should consult a lawyer if you have legal questions.

- 1) One question raised during our course was about giving gifts in exchange for donations, and **how to explain the tax implications for this to the donor.**

According to the lawyer we consulted, when someone makes a donation to a nonprofit, you only have an obligation to provide them a receipt if they donate more than \$250 technically, but you can certainly make a plan to provide receipts to all donors. You should state in that letter what they received in exchange for their donation, and include your good-faith estimate of the value of the item, though it does not have to be precise. This is what the donor uses to estimate their tax-deductibility.

If you are giving something to the donor in exchange for the donation - FirstGiving (who will also send a donation receipt) does not have any way of tracking what it is or reporting what it is. It still falls to you as the recipient of the donation to send an acknowledgement letter. For example, "Thank you for gift of [x] dollars - you have received [such and such] as a gift. We estimate that the value of that is [y] dollars."

There is not, however, any requirement that you say upfront on your Indiegogo page what the dollar value of the reward value is, though you could choose to do so if you wanted to. You also do not need to explain what amount is technically deductible for each donation, as it is up to the taxpayer to determine this for themselves.

- 2) We were able to consult with a lawyer about how ECN could use their crowdfunding proceeds. The question that came up was **whether a nonprofit can raise money to loan out to others**, with the expectation of it being repaid to the nonprofit: this would be the case for ECN providing upfront capital for building the hoop houses, which would then make participating farmers eligible for USDA grants. However, it seems the issue that was raising red flags for us had more to do with Kickstarter's specific rules, rather than crowdfunding in general.

The lawyer said there is no reason why a nonprofit could not raise money within ECN using the crowdfunding proceeds (or a portion of them) to provide a grant (or preferably a short-term loan, perhaps as part of a fund) to the farm to build the hoop house, to be refunded to ECN upon the USDA grant coming through. ECN could then potentially use this as a rotating fund to help provide the initial capital for additional hoop houses. Feel free to contact Croatan Institute with further questions or requests for clarification on this point.