Crowdfunding: Manna from Heaven, Or Disaster in the Making?

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What is Crowdfunding?

- Practice of soliciting financial contributions online to fund a project, business idea or cause; began with:
 - Equity crowdfunding
 - Subsequent: donations

Image: http://canleafmart.net/

Platforms for Personal Causes

- FundAnything.com
- Indiegogo.com
- Crowdrise.com
- FundRazr.com
- GoFundMe.com
- YouCaring.com
- GiveForward.com



Image: http://www.michigancreative.com/blog/crowdfunding--campaign-videos/

Definitions for our Purposes

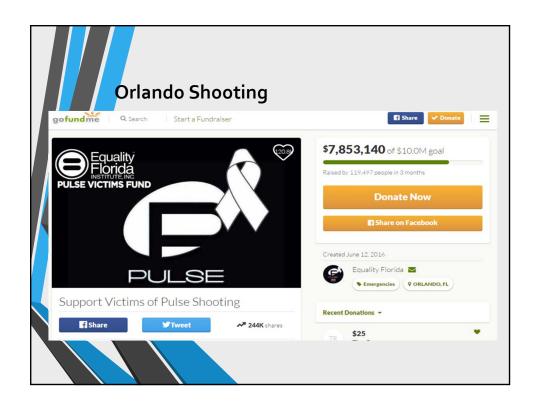
- Campaign <u>creator</u>: person (or organization) who creates crowdfunding campaign (creates account on website, writes story, shares campaign on social media)
- Recipient person who can withdraw/receive funds paid into the account; the recipient is designated by the creator; can be the beneficiary
- Beneficiary the person for whom the money is raised

*Terms vary by website

Who's the Beneficiary?

- Jane, <u>creator</u>, establishes campaign for nephew, Joel, age 2, who needs heart surgery. Jane names her brother, Jack, as the <u>recipient</u>. Jack uses funds to repay himself for unmet medical expenses, home health care, bills, etc. Who's the <u>beneficiary</u>?
- Joel is now 28. His girlfriend loaned money to pay for all costs of last surgery. New campaign begins to repay loan. Who's the <u>beneficiary</u>?

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