**Crowdfunding Sites**

Crowdfunding has become more and more popular in the last few years. These sites allow business owners to create a fundraising campaign online and collect donations. Dozens of crowdfunding sites exist, but we’ll highlight the most beneficial options.

**1. [Kickstarter](https://www.kickstarter.com/?ref=nav" \t "_blank)**

Kickstarter is the most popular crowdfunding site out there; since its inception in 2009, the site has raised $1.7 billion dollars, which funded 85,000 projects.

However, it’s an [all-or-nothing scenario on Kickstarter.](http://articles.bplans.com/running-a-successful-kickstarter-campaign/) In other words, you have to hit your fundraising goal to keep the money. If you fall short, your donors get their money back. Even if you do reach your goal, Kickstarter takes five percent as a fee.

**2. [Indiegogo](https://support.indiegogo.com/hc/en-us" \t "_blank)**

Another option for crowdfunding is Indiegogo. Similar to other crowdfunding sites, you create a profile, tell your story, set a fundraising goal, and ask for donations. However, Indiegogo’s fee structure is a little different—it’s not an all-or-nothing scenario. Indiegogo takes nine percent of your earnings if you don’t reach your goal, and four percent of your earnings if you do reach it. Here’s the [fee structure.](https://support.indiegogo.com/hc/en-us/articles/204456408-Fees-Pricing)

**3. Kiva ---** usedto be an international – developing country crowdfund source – expanded now.

**4. [Crowdfunder](https://www.crowdfunder.com/" \t "_blank)**

Crowdfunder is another crowdfunding option, but this site is geared more toward entrepreneurial startups. It still runs on a fundraising premise, but the site boasts a large pool of investors as its main audience. It has a history of working with businesses and has some high-dollar deals under its belt.

Its fee structure is different as well; rather than taking a percentage of your earnings, Crowdfunder charges a monthly fee of $299.

**4. [Onevest](https://onevest.com/" \t "_blank)**

Onevest takes Crowdfunder one step further. This site vets both small business owners and investors before anyone can ask for or accept money. The idea is that everyone who participates is serious; there aren’t any half-thought-out business projects or tire-kicking investors.

You create a profile page to intrigue investors, but Onevest also sends investors and owners introduction emails to open the lines of communication. Fundraising goals are typically higher than you’d find on other crowdfunding sites. You wouldn’t go to this site if you want to raise $1,000, you’d turn to this site if you’re looking to launch your company and need $10,000+.

Onevest takes a 7.5 percent cut of the funds raised. Plus, there are some high fees for the company to investigate your business. You’ll want to look into the [fees](https://onevest.com/funding/fees) before you move forward.

**Grants**

Entrepreneurs can also look into various [grants](http://articles.bplans.com/government-grants-for-small-businesses-the-fact-and-the-fiction/) to support their budding idea. Here’s a list of places to find that perfect grant for your business.

**5.**[**Business USA**](http://business.usa.gov/access-financing)

Let’s start with a website that functions like a grant search engine. On the Business USA website, you work through a series of five multiple-choice questions and the site gives you a list of possible grants at the federal and state level that apply to your business.

There are thousands of grant options out there, but most have specific purposes and qualifications. For instance, many of the federal grants listed on this site focus on minorities, disaster relief, and farming assistance. The state grants are also specific. For instance, the Delaware Brownfield Assistance Program offers funding for a small business that plans to develop environmentally distressed areas in the state.

It may take some time to find a grant that fits your business needs, but that shouldn’t discourage you from looking.

**6.**[**National Association for the Self-Employed Grants**](http://www.nase.org/become-a-member/grants-and-scholarships/BusinessDevelopmentGrants.aspx)

Since 2006 the National Association for the Self-Employed has given out $650,000 in grant money. Applicants can receive up to $4,000 and must use the money for marketing, advertising, hiring employees, or expanding facilities. You do have to be a member of the association to apply, which costs $120 a year.

**7.**[**Small Business Innovation Research Program**](https://www.sbir.gov/)

One of the more lucrative federal grant programs is the Small Business Innovation Research Program, which helps businesses with research and development projects.

The program, which is coordinated through the U.S. Small Business Administration, offers several kinds of grants: open, closed, future, and solicitation listing. You’ll want to research which option is best for your company.

Expect a lengthy qualification process and, if selected, a strict measurement plan to ensure the money is going to good use.

**See Also:**[**Small Business Grants: The Facts and the Fiction**](http://articles.bplans.com/government-grants-for-small-businesses-the-fact-and-the-fiction/)

**8.**[**Amber Grant for Women**](https://ambergrantsforwomen.com/get-an-amber-grant/)

Female business owners can take advantage of the Amber Grant. This grant was launched in 1998 by Womennet to help entrepreneurs succeed. Each month, one woman is selected for a $500 grant. At the end of the year, one of the winners is selected for a $2,000 grant.

It’s a simple application process. You just have to answer a few short-answer questions through an online form and pay a $7 application fee.

**Peer-to-Peer Lending**

It’s not always easy to [explain your business concept to a banker,](http://articles.bplans.com/how-to-secure-a-business-loan-tips-from-a-banking-executive/) but explaining it to your peers is a whole different concept. A lot of startups chose to borrow money from their peers, but rather than asking your college buddy to cough up a few grand, try these websites instead.

**9.**[**Prosper**](https://www.prosper.com/)

Prosper is a well-known peer-to-peer lending site. It has the name recognition in the field, with $3 billion given out in loans.

With this resource, you’re give an interest rate based on an evaluation. You create a loan listing so investors can see what you’re all about and what you need the money for. Once an investor commits to funding your loan, you’ll get the cash and set up a payment plan. [Rates](https://www.prosper.com/loans/rates-and-fees/) start around seven percent, but can go as high as 35 percent.

**10. [LendingClub](https://www.lendingclub.com/business/?utm_source=LC&utm_medium=link&utm_campaign=pl_top_nav&u=1" \t "_blank)**

If you’ve been in business for a few years, but need some additional capital, check out LendingClub. With LendingClub, loans are financed through investors. You need two years of business history, at least $75,000 in annual sales, and have a good personal credit score. There’s a five-year cap to pay back your loan, and as with any loan, you’ll face [interest rates and additional fees.](https://www.lendingclub.com/business/?utm_source=LC&utm_medium=link&utm_campaign=pl_top_nav&u=1)

**11.**[**Funding Circle**](https://www.fundingcircle.com/us/)

Funding Circle connects your small business with investors. Loans range from $25,000 to $500,000; you’ll speak with a loan manager who will walk you through the process, and you could get funding within two weeks.

Interest rates vary from six to 20 percent, depending on how quickly you pay back the loan. Plus, there are origination fees and late fees if you miss a payment. Check out the [rates and fees](https://www.fundingcircle.com/us/rates_and_fees) before you apply.

**Loans**

If you’re looking for an alternative way to [secure a loan,](http://articles.bplans.com/how-to-get-a-small-business-loan/) check out these online options.

**12. [Kabbage](https://www.kabbage.com/" \t "_blank)**

In need of some quick cash? Kabbage can help. This online site can offer you a line of credit ranging from $2,000-100,000. Unlike traditional banks, Kabbage evaluates things like your eBay account and [QuickBooks](http://quickbooks.intuit.com/online/compare/?cid=OEM_CRE_057) records, rather than your credit score. There are some unique [fees](https://www.kabbage.com/how-it-works/) that Kabbage employs, so you’ll want to do your homework before applying.

**13. [SnapCap](http://snapcap.com/" \t "_blank)**

SnapCap allows small business owners to borrow money for general purposes, which allows for a lot of flexibility. From expansion plans to equipment needs, SnapCap can help you finance it. You’ll need at least $1,000 in the bank, at least one year in business, and you must have $100,000 in annual sales to prequalify. Unlike a bank, the approval process can happen within 24 hours. As always, check out the interest rates and fees.

**14. [FundBox](https://fundbox.com/" \t "_blank)**

If your startup is in a cash crunch, you could qualify for a short-term loan from FundBox. You create an account and enter your outstanding invoices, and FundBox will give you the money for your outstanding invoices, so you don’t have to wait for clients to pay. Here’s the [fee structure.](https://fundbox.com/pricing)

[BlueVine](https://www.bluevine.com/) is another site that does the same thing, with slightly different fees**.**

**Angel investors and venture capitalists**

Finding an [angel investor](http://articles.bplans.com/30-questions-angel-investors-will-ask-you/) or a venture capital group to support your business idea isn’t easy. To help startups find people looking to invest, use these two websites to make connections.

**15. [AngelList](https://angel.co/companies/trending" \t "_blank)**

Startups create a profile on AngelList and administrators pair your startup with like-minded investors and make an introduction via email.

Your profile is similar to a social page. There’s an activity feed and you can interact with others on the site. It’s important to keep an updated profile on the page so investors always have the best information available as they browse the site.

AngelList is a little more complicated than a social media site or a crowdfunding profile. Forbes has an [article](http://www.forbes.com/sites/women2/2013/09/17/how-to-navigate-angellist-like-a-pro/) on how to navigate the site and get results.

**16.**[**Gust**](https://gust.com/)

Similar to AngelList, Gust connects startups with investors. The platform allows for owners and investors to get to know each other and discuss funding, and all conversations and possible deals are tracked through the platform.

This site also functions like a social network, where you can interact with investors and build relationships through a secure channel.

All of the startups and investors are vetted, so it’s a serious choice for startups looking to court financial backers.

**See Also:**[**11 Angel Investor Blogs You Should Be Reading**](http://articles.bplans.com/11-angel-investor-blogs-you-should-be-reading/)

**Sweepstakes**

Looking for a fun way to get your hands on some business capital? Enter a contest. There are several contests that happen throughout the year. If you miss the deadline this year, bookmark the site for a shot next year.

**17.**[**Love Our Local Business**](https://sblb.intuit.com/)

If your business is in need of some marketing help, you can check out the Love Our Local Business Sweepstakes sponsored by Intuit. The sweepstakes gives 15 businesses a $5,000 marketing package. You have to write about your business and get people to vote for your business through social channels, but the application process is fairly simple. Check out the [guidelines](https://sblb.intuit.com/rules/us.php) to learn how to apply.

**18.**[**Mission Main Street Contest**](https://www.missionmainstreetgrants.com/)

Chase hosts a contest each year that gives entrepreneurs a chance to win grants, and twenty business owners will take home $100,000. In addition to an application, there’s a social media component to the application process.

**19.**[**Hatch Pitch**](http://www.hatchpitch.com/about)

If you’re creating a product or service based on innovative technology, you can pitch your idea during Hatch Pitch, an event that takes place each year at the South by Southwest (SXSW) event. You have four minutes to pitch your startup to judges. Learn more about how it works on the [Hatch Pitch site.](http://www.hatchpitch.com/faqs)

**Equity crowdfunding vs. donation crowdfunding**

**( saved in Bus Resources - articles.bplans.com)**

Equity crowdfunding differs from donation crowdfunding in two major ways. Unlike donation crowdfunding, which allows merely nominal consideration in exchange for donations, equity crowdfunding entails the offer and sale of debt or equity securities in exchange for financial support.

Additionally, a fundraising business offering and selling securities must comply with the regulations of the SEC, the federal government’s securities watchdog. The SEC’s proposed equity crowdfunding rules regulate, in part:

1. Your business (the securities issuer)
2. The intermediary facilitating your business’ securities offering (the broker-dealer or funding portal)
3. The investors

The SEC expects to finalize its equity crowdfunding rules by the end of 2014. This article discusses the six action items that you can do now (plus one item you don’t want to do) to optimize your readiness for equity crowdfunding when these rules become effective.

1. [**Set a Fundraising Goal**](http://articles.bplans.com/ready-start-fundraising/)
2. [**Develop a Business Plan**](http://articles.bplans.com/a-simple-step-by-step-guide-for-business-planning/)
3. **Grow Your Network**
4. **Perform Background Checks**
5. [**Hire Attorneys and Accountants**](http://articles.bplans.com/how-to-pick-the-right-attorney-for-your-startup/)
6. **Cover Upfront Costs**

Your compliance obligations will surge once your business starts the process of offering securities to potential investors—so start early.

**1. Set a Fundraising Goal**

The proposed equity crowdfunding rules allow your business to fundraise up to $1 million per 12 month period in its aggregate equity crowdfunding campaigns.

Given this limitation, your business’s securities offering may not supply all of the funding your business needs; so, you should look at equity crowdfunding as only one of many tools in your business’s funding arsenal.

Furthermore, before you rush to fundraise any amount for your business, you must answer two questions pivotal for crowdfunding success:

1. Is this a strategic amount for my business to fundraise?
2. Does my business have the necessary resources to conduct this equity crowdfunding campaign?

**SELECT A STRATEGIC TARGET AMOUNT:**

Let’s suppose you own a [craft brewery](http://articles.bplans.com/start-a-bar-or-nightclub/) that needs financing to brew a new line of specialty beers, and your brewery has the requisite funds to participate successfully in equity crowdfunding.

First, you must set a minimum amount to fundraise and the deadline date to fundraise this amount. This minimum amount your business aims to fundraise is the target amount. If your brewery fails to fundraise its target amount by the deadline date, it collects nothing.

You determine that your brewery needs $250,000 to get its beers in various markets and you set a fundraising deadline to ensure your brewery’s first special project will be bottled and shipped by the start of the season. The three scenarios below illustrate the results of different tactics to fundraise $250,000.

**Scenario 1:** Your business sets a deadline date of 4/30/16 to fundraise its target amount of $250,000. As of 2/25/16, your business has fundraised $250,000. Your business collects $250,000. Congratulations!  
**Scenario 2:** Your business sets a deadline date of 4/30/16 to fundraise its target amount of $250,000. As of the deadline date, your business has only fundraised $225,000. Unfortunately, because your business failed to fundraise the entire target amount by the deadline date, it cannot collect anything and all committed funds will be returned to investors. Accordingly, you are forced to postpone your brewery’s new product line.

A failed campaign results in an unrecoverable loss of time, money, and opportunity. To lessen the chances of failure, you should tactically lower your brewery’s optimal target amount and simultaneously declare a maximum offering amount. The maximum offering amount equals the target amount plus any additional amount your business seeks to fundraise after meeting its target amount.

Now let’s see what happens when your brewery employs the maximum offering amount tactic to fundraise $250,000.

**Scenario 3:** Your business sets a deadline date of 4/30/16 to fundraise its lowered target amount of $150,000. As of 2/25/16, your business has fundraised $150,000 (which it will collect). Your business then aims to fundraise an additional $100,000. The target amount plus the additional $100,000 equals the maximum offering amount. As of the deadline date, your business has only fundraised $75,000 of the additional requested $100,000. Even though your business failed to fundraise its entire maximum offering amount, it still collects an impressive $225,000. Success! Plus, most (if not all) of your brewery’s plans will be funded.

One rule dominates the equity crowdfunding realm—**your business must fundraise its target amount at minimum to collect any funds.** But as the scenario above shows, your business can collect funds even if it fails to fundraise its maximum offering amount.

Using the cautious maximum offering amount approach will generally reap the most long-term success, because the target amount could be reached at a lower dollar amount.

**EVALUATE YOUR BUSINESS:**

As demonstrated above, your business’s success in collecting equity crowdfunding proceeds determines the worthiness of its campaign—and this occurs, in part, by setting an appropriate target amount.

Simply aiming to collect *any* proceeds typifies a deficient equity crowdfunding effort. **A successful campaign collects enough proceeds both to justify your business costs and satisfy your key business needs.** When setting an appropriate target amount, use the following checklist as an aid:

* Develop an [internal spending plan](http://articles.bplans.com/whats-your-budget/) for your prospective equity crowdfunding proceeds
* Itemize and prioritize needs within your internal spending plan to select a worthwhile minimum target amount (and maximum offering amount)
* Assess your business’s finances, administrative capabilities, compliance capabilities, regulatory obligations, and other business obligations
* Evaluate the amount your business can reasonably collect
* Evaluate the administrative and financial costs of running the campaign

To reiterate, costs can comprise a significant part of your business’s equity crowdfunding proceeds and their consideration drives any determination of an appropriate fundraising amount.

For example, the intermediary fee—one of the heftier mandatory business costs—may devour 15% of the securities offering, by the SEC’s estimate. Accordingly, intermediary costs for your brewery’s $250,000 securities offering may total $37,500. Other costs, including legal, promoter, and accounting costs, can also comprise a considerable amount of your crowdfunding budget.

**UNDERSTAND YOUR BUSINESS’S VALUE:**

Additionally, you must set your business’s strategic funding goals in conjunction with your business’s valuation and share price.

[**What is your business worth?**](http://articles.bplans.com/bizequity-whats-your-business-worth/) That is the essential question. At minimum, examine your business’s value from an analysis of its financial documents and the viewpoint of the likely investor. Your business’s intrinsic value or potential investors’ perception of your business’s value matters, too—what share value or share price prompts them to buy?

Additionally, you must consider what you are selling to investors, is it a portion of your business or a portion of your business’s specific assets? Also important, select your business’s methodology for pricing shares and consider the ideal number of investors for your business to manage.

Your notion of this value is intertwined in your business’s securities offering statement, which describes to potential investors the terms of their crowdfunding securities. Accordingly, material terms of your business’s securities offering statement will include the following:

* Securities type
* Cancellation and reconfirmation rights
* Share class
* Securities resales
* Purchase price
* Voting rights

**FINALIZE THE EQUITY CROWDFUNDING SPENDING PLAN:**

Equity crowdfunding campaigns trigger disclosure obligations linked to your business’s maximum fundraising goals. Concurrent with declaring a target amount (and maximum offering amount, if applicable), the proposed rules require your business to arm potential investors with a full understanding of any potential equity crowdfunding proceeds.

This will be your business’s final equity crowdfunding spending plan. Setting an indiscriminate target amount situates your business’s campaign poorly if the spending explanation falters under scrutiny from potential investors (or the intermediary).

**Accordingly, be prepared to defend any funding request outlined in your business’s spending plan.** For example, will the public rally around an emerging craft brewery striving to mass produce four slightly distinct squash flavored beers—pumpkin, acorn, butternut, and winter medley—to be shipped everywhere from Anchorage to Accra?