



Raising Capital from the Community

Alternative Capital Development through Crowdfunding

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Acknowledgments

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Introduction

Community Capital

Today's economy brings new capital development challenges for the small businesses that drive green innovation and strengthen our neighborhoods. Obtaining traditional financing from banks has become increasingly prohibitive. Venture capital funds and angel investors seek businesses that provide fast growth and high returns. Cultivating a sustainable small business that prioritizes people and the environment generally does not lend itself to these conditions. A recent survey by the National Small Business Association (NSBA) found that nearly half of small-business respondents said they needed funds and were unable to find any willing sources, be it loans, credit cards or investors.¹ Additionally, the novelty of small green businesses makes them more risky and less appealing for traditional sources of capital. Environmentally focused entrepreneurs often have little choice but to compromise their mission or the direction of their company in an attempt to secure financing.

Small businesses owned by women and minorities frequently combat even larger obstacles to raising the funds they need. Discrimination and lack of access to funders continue to create formidable barriers. According to a study produced by the Minority Business Development Agency (MBDA), minority-owned firms are less likely to receive loans than non-minority-owned firms, especially those businesses with gross receipts of less than \$500,000.² Disparities like this reinforce the need for new financing solutions to fund small businesses that help build an inclusive green economy.

While traditional sources of capital may not be readily available for green enterprises, financing can come directly from the very communities those businesses aim to serve. Entrepreneurs striving for a “triple bottom line” made up of financial, social, and environmental returns can take advantage of new developments in crowdfunding to raise money from their communities. Crowdfunding refers to the process of raising money from a large pool of funders. It offers an alternative way to access capital by expanding the number of possible donors, lenders, and investors. Even though each individual contribution may be small, the total amount can be substantial when there are many funders. Essentially, this is the opposite of a traditional financing model where one or a few large funders supply the capital for a business. Not only does crowdfunding provide a new, accessible source of capital for businesses, but it is also a more democratic approach to growing companies. It enables average individuals to support and fund businesses that are aligned with their needs, values, and beliefs.

When community members become funders, opportunities emerge for both small businesses and underrepresented entrepreneurs. Community funders are more likely to contribute to ventures that return environmental and social benefits to their community. This allows entrepreneurs to stay focused on triple bottom line returns

1 <http://www.nsba.biz/wp-content/uploads/2012/07/Access-to-Capital-Survey.pdf>

2 <http://www.mbda.gov>

and still raise the capital they need. Crowdfunding offers the potential to fill a critical funding gap for social entrepreneurship and green business innovation. This alternative financing option encompasses direct community engagement and creates new sources of capital that can help power the growth of an inclusive green economy.

Recent Legal Changes

There is currently an important legal shift taking place that will affect crowdfunding options for small businesses. Congress has recently passed the Jumpstart Our Business Startups (JOBS)³ Act, which intends to ease federal securities regulations and allow companies to raise up to \$1 million from both accredited (wealthy) and unaccredited (not wealthy) investors.⁴ Previously, the laws were highly restrictive for small businesses wanting to raise money from the public. Making an offering to unaccredited investors could require extensive legal fees and filings to comply with state and federal securities laws. Although these changes have not yet been implemented, they aim to facilitate small businesses' ability to tap into capital development through crowdfunding.

A Resource for Entrepreneurs

Green For All has created this report to serve as a resource for entrepreneurs looking to develop capital from their communities for green innovation. It highlights four different crowdfunding platforms and emphasizes important considerations and risks associated with each. Four entrepreneurs have also shared their personal success stories of crowdfunding through the varied platforms. At the end of this report we list a number of other crowdfunding platforms and options. All the platforms share some similarities and have some unique features. Our goal is to help a diverse range of entrepreneurs evaluate which platforms are best suited for their business and financial needs. Ultimately, we hope it will assist entrepreneurs to realize their dreams of growing a business that makes their community and our country stronger and more sustainable.

Investment from the Community: Direct Public Offerings and Cutting Edge Capital

A Direct Public Offering (DPO) is a way of offering investment opportunities in a business or other venture to community investors. It is similar to an Initial Public Offering (IPO), except the company sells its securities directly to the public rather than using an investment bank as an intermediary. In most cases, a DPO is also much easier and less expensive to complete. A DPO allows entrepreneurs to decide how to structure their offering and sell securities in the form of debt, stocks, revenue sharing, or other types of investment. The offering

³ <http://www.gpo.gov/fdsys/pkg/BILLS-112hr3606enr/pdf/BILLS-112hr3606enr.pdf>

⁴ The U.S. Securities and Exchange Commission defines individual accredited investors and people who have a net worth of over \$1 million dollars, excluding the value of their home. <http://www.sec.gov/answers/accred.htm>

can also be advertised openly and investments accepted from an unlimited number of both unaccredited and accredited investors. Cutting Edge Capital is a firm that offers innovative services to help entrepreneurs unlock new forms of capital from the public. They are at the vanguard of helping environmentally and socially focused businesses use DPOs to raise money.

A DPO is ideal for new and existing businesses that would like to raise at least \$250,000 and have already built a strong network of contacts and affiliations. Enterprises that have a mission that benefits the community and appeals to a wide range of people will have an advantage in attracting public investment. Additionally, if an entrepreneur has previously run a successful business and does not have any red flags in her past she will be well suited for this means of raising capital. Cutting Edge Capital also emphasizes the importance of being able to tell a compelling story about why the business matters when soliciting investors.

Although recent legal changes spurred by the JOBS Act are intended to lower barriers to raising capital from the public, these changes have not yet gone into effect. A DPO is an option that is legal now. However, it is still important to understand there are presently strict laws governing investment. The first step in approaching a DPO should be deciding what kind of investment to offer. The second step is determining what federal and state legal compliance must be completed to make the offering. Cutting Edge Capital, in partnership with its sister law firm, helps its clients execute these steps and locate the appropriate state exemptions to make an offering legally. After this has been completed, it is necessary to submit a prospectus and other documents with the relevant state regulators. The process of filing can generally take from one to six months. Once permission has been granted by the state, an entrepreneur is allowed to offer investment opportunities to the public for up to one year with subsequent annual renewals if desired. It is possible to begin offering the investment as soon as approval from the state is issued.

Risks and Considerations

Enterprises that do not have an established brand, an extensive community of supporters, and a business plan that is easily understandable to the average person may have a hard time successfully raising funds through a DPO. Businesses should develop these components prior to embarking on the process of filing for a DPO, and should have a strong team that is willing and able to promote the business to potential investors and to fund-raise on an ongoing basis. It is also essential for entrepreneurs to thoroughly assess risks for investing in their business and to create a prospectus that communicates the risks to investors in a clear and accessible way.

DPO Success Story:

People's Community Market



Enterprise

People's Community Market (PCM) is a business that encompasses an affordable grocery store with fresh foods, health services, and a community center in an underserved neighborhood.



Entrepreneur

Brahm Ahmadi, CEO/President of People's Community Market

Why use a DPO?

Brahm's team determined they needed a \$3 million budget for a 12,000 square foot store. People's Community Market attracted the attention of California Fresh Corps Funds for a \$2 million loan on the condition they raise \$1 million in equity first. The team soon discovered that mission-related investments from philanthropic foundations were generally not available and most traditional investors wanted high rates of return and substantial amounts of control. Brahm points out, "Our values were to keep the business community owned with a strong local voice. This was the opposite of what traditional investors wanted." However, People's Community Market had a pre-existing brand from their sister nonprofit organization, People's Grocery, and an extensive network of relationships in food enterprise spanning 12 years. Brahm chose a DPO because he realized PCM had a lot of social capital that could be converted into financial capital.

What was the process like?

Brahm worked with Cutting Edge Capital in order to find an applicable exemption and begin his

application with the State of California. The process involved drafting a prospectus that would serve as the sole source of information for the investor and designing the scope of terms for the offering. It took several months to determine the financials and eventually they decided on a 3% annual interest rate with a seven-year buy back from investors at a preset price. Once the application was approved, they were issued a securities permit for one year that allowed both unaccredited and accredited investors from the State of California to invest. Brahm's team then began raising money from the public through their networks.

How much money did the effort raise? How long did it take?

They have raised \$860,000 toward their goal of \$1 million in one year. They have applied for and received an extension of an additional year to continue offering investment opportunities to the public. However, Brahm emphasizes they have targeted the end of 2013 to meet their goal of \$1 million.

What were the biggest advantages of using a DPO?

Being able to publicly market the offering was a definite benefit for Brahm. In a traditional investment scenario, it is not permitted to publicly solicit and advertise investments. Another key advantage was being able to raise investments from unaccredited investors. Brahm states, "This unleashes access to the vast majority of investable capital in the U.S. because 93% of the U.S. population is unaccredited."

Presently, 80% of PCM's shareholders are unaccredited investors. Having unaccredited investors who are motivated by PCM's mission and proposed social impacts also allowed him to set very favorable terms for the DPO. It allowed him to retain control of his company and mission, support participatory solutions to local problems, and achieve greater financial sustainability as a business. Additionally, Brahm sees using a DPO as being a valuable phase within the larger spectrum of fundraising. He shares, "Once you have successfully completed a DPO, your business becomes validated and it opens the door to financing from foundations and other forms of lending."

What were the biggest challenges of using a DPO?

"While many people express interest, the biggest challenge is to close on investors," Brahm says. PCM offers informational sessions every week to build trust and help people with the paperwork. Having matching campaigns with a large investor or group

of investors and setting up deadlines have also been instrumental in creating sufficient momentum.

Other Advice/Recommendations

Brahm advises, "Having a clear campaign strategy and acting quickly is key. The longer it takes to meet your goal, the more money you will spend in the process and confidence wanes." The more established your business, the process will be easier and require less time. A DPO is a good fit for businesses that are mission driven with a strong financial and management team. Brahm reiterates, "You should honestly assess if you have a large enough network of people that will buy into your business. If you have a new business that most people don't know, first use social marketing and cultivate an active network. It is only realistic to proceed to a DPO when you are at the right stage in the development of your business."

For more information on how to raise money through a DPO, please see the resources section.

Loans from the Community:

Kiva Zip

Kiva Zip is an online platform where businesses can raise capital from the community by taking out 0% interest loans. It is a pilot program launched by Kiva, which has been a pioneer in international microlending. This platform makes it possible for community lenders to send funds directly to the entrepreneurs they support through Kiva Zip's website. Additionally, Kiva Zip creates a supportive environment for small businesses by enabling personal connections and communication between entrepreneurs and their lenders. It also strengthens local small business communities by providing an opportunity for entrepreneurs that have successfully repaid their loans to recommend other entrepreneurs for loans with Kiva Zip.

Microfinance has provided access to capital for numerous entrepreneurs around the world that previously had no way to raise funds. However, people with poor or no credit in the U.S. have not been able to access capital through microlending in the same way. Kiva Zip was created to fill that void by reaching entrepreneurs in the U.S. that demonstrate genuine social and economic need. Kiva Zip is well suited to entrepreneurs who have a solid business plan that embodies the start small and grow slowly mentality. Ideal businesses for this platform are seeking a limited amount of capital to get started or to fulfill a need for the improved functioning of their business. More specifically, small businesses such as mom-and-pop shops or entrepreneurs starting a business from home are a favorable fit. Initial loans are capped at \$5,000. When the first loan is paid back, the available loan amount increases incrementally. After repaying the initial \$5,000, it is possible to apply for a loan for up to \$10,000, then up to \$20,000, and finally up to \$50,000.

Kiva Zip uses trustees as a way to evaluate eligibility for loans based on individuals' characters as opposed to solely their credit scores. A trustee can be either an organization or an individual that supports the business and will vouch for the borrower's trustworthiness. The first step is to speak with a representative from Kiva Zip about how to find a trustee. After the borrower receives endorsement from a trustee, the next step is to fill out a loan application. Once the loan is approved by Kiva Zip, the entrepreneur will need to create an enticing profile and to crowdfund the loan through reaching out to friends, family, and people from the community. Maintaining regular communication with trustees and lenders throughout the entire process is also an essential component. When a loan is fully funded, Kiva Zip immediately sends the loan amount to the borrower and it is then her responsibility to pay back the lenders in regular installments over the course of the loan term. A borrower who has successfully repaid a loan may then act as trustee for another entrepreneur.

Risks and Considerations

Businesses looking to raise a large amount of funds in a short timeframe are not recommended to rely on Kiva Zip as their primary source of capital. It is also important to understand that there is no guarantee that a loan will be fully funded. If a loan is not funded in entirety within 90 days, the funds will be returned to the lenders and the borrower will not receive any of the loan amount. In the case that the borrower is unable to repay the loan successfully, the defaulted loan may be recorded on an individual's credit score and that individual will be prevented from getting a Kiva Zip loan in the future.

Kiva Zip Success Story:

Triple Green Custom Print Developers



Enterprise

Triple Green Custom Print Developers is a family owned and operated custom screen printing and embroidery shop that uses eco-friendly, non-toxic water based inks.



Entrepreneur

Joanna De Leon
Owner of Triple Green Custom Print Developers

Why use Kiva Zip?

Triple Green Custom Print Developers has been in business for three years. Joanna was working with Rising Tide Capital for assistance in business development and they recommended taking out a loan through Kiva Zip. Rising Tide Capital already had an existing trustee relationship with Kiva Zip and acted as her trustee. Joanna points out, "I didn't want to go to a bank for a loan because I would probably get rejected. And if I didn't, I knew the loan would come with a high interest rate."

What was the process like?

Getting started required filling out an application including information about her company, her financial information, and how she would be using the money if she received a loan. Joanna then set up a profile on Kiva Zip's website and her account started funding. Initially, she waited and most of the lenders came from Kiva Zip's community of users. A foundation called the Knight Foundation of Detroit got involved right away and matched all the loans she was

receiving from other lenders. She later reached out to her personal networks but funding her loan did not require an extensive social marketing effort.

How much money did the effort raise? How long did it take?

Joanna sought the maximum amount available for her first loan with Kiva Zip. It was exactly the amount she needed to purchase a commercial dryer. She raised \$5,000 to fully fund her loan in two months from 32 lenders. Her repayment plan is split evenly over a 12-month term. Once she repays the loan in full, Joanna anticipates taking out a loan for \$10,000 to provide a cash flow cushion during slow months.

What were the biggest advantages of using Kiva Zip?

"Kiva Zip is specifically geared toward helping people start or build their businesses," Joanna emphasizes. She found that using a crowdfunding platform focused on the small business community and having a trustee to help her through the process were big



advantages. These factors gave her confidence that she would be able to successfully raise the money she needed. Joanna is also applying to become a trustee so she can help other local entrepreneurs use Kiva Zip to take out loans. She acknowledges that the ability for a successful borrower to then become a trustee and support other business owners is a unique benefit of Kiva Zip. In this sense, it is more than a crowd-funding loan platform and also an empowering tool for business development at the local level.

What were the biggest challenges of using Kiva Zip?

After an initial influx of lenders, her loan hit a plateau and Joanna was concerned that her loan might not attract any more lenders. At this point Joanna more actively reached out to personal networks of friends and family to make sure her loan was funded. She

advises that entrepreneurs reach out to their networks early on and not to wait until they are in trouble. She warns, “You have to remember your loan will expire, and if its not fully funded, you get nothing.”

Other Advice/Recommendations

Joanna encourages entrepreneurs to interact with their lenders and take advantage of building relationships with them. She also cautions that entrepreneurs take the time beforehand to evaluate if the loan repayment will be feasible. Joanna states, “I would recommend not taking out more than you really need unless you have it built into your cash flow projection. Even though there is no interest, you still have to start making payments every month right away.”

For more information on how to raise money through Kiva Zip, please see the resources section.

Contributions from the Community: Indiegogo

Indiegogo is an international online platform that allows entrepreneurs to solicit contributions or donations to their businesses in return for gifts or other non-equity benefits known as perks. Varied gifts and benefits can be scaled with different amounts of money donated. Seeking contributions makes it possible to crowdfund capital in a way that does not require loan repayment or financial returns to be allocated to investors. In addition, social media plays a substantial role in raising money through Indiegogo. Using Indiegogo’s social media tools such as sharing, tweeting, and encouraging people to “like” a campaign increases publicity.

Enterprises with a highly innovative cause that people would be willing to support without receiving any financial benefit or returns are best suited to use Indiegogo. This platform offers opportunities for businesses of any size looking to raise seed or growth capital of any amount. It is entirely up to the entrepreneur to choose

an attainable fundraising goal for an Indiegogo campaign. As a general rule, it is advisable to be able to raise roughly the first 30% of the final goal from friends and family in order to jumpstart a fundraising campaign.

While there is no application process with Indiegogo, it is necessary to have a valid bank account or an active PayPal account to launch a campaign. Entrepreneurs first need to create a page that describes their business, establish a fundraising goal and deadline, and determine whether to structure their campaign as fixed⁵ or flexible funding.⁶ It is also recommended to include visual images, a video, and a detailed budget outlining how the money will be utilized. The next step is to make a list of perks for different levels of donation and finally to launch a social media publicity effort to fund the campaign.

Risks and Considerations

Having a strong team to publicize the campaign and choosing an appropriate funding goal and deadline are fundamental components of raising capital through this platform. Indiegogo provides online resources and tips but no one is personally involved in evaluating or managing the campaigns. It is critical that entrepreneurs are able to solicit contributions and run a publicity campaign independently. Also, it is important to note that most contributions are not tax-deductible.⁷

5 If a campaign is set up as Fixed Funding, all contributions will be returned to the funders if the campaign does not meet its goal.

6 If a campaign is set up as Flexible Funding, the user will be able to keep the funds raised, even if the goal isn't met. There is a fee on any money that is raised, which is 4% of the money raised if the campaign meets its goal or 9% if it does not meet its goal.

7 <http://support.indiegogo.com/entries/20517411-How-to-Check-if-Your-Contribution-is-Tax-Deductible>

Indiegogo Success Story:

Kuli Kuli

Enterprise

Kuli Kuli is a food company that sells nutritious snacks made from a sustainably harvested plant

called moringa, which is purchased at fair wages from West African women's cooperatives.



Entrepreneur

Lisa Curtis
CEO/Founder of Kuli Kuli

Why use Indiegogo?

After spending time as a Peace Corps volunteer in Niger, Lisa developed the concept behind Kuli Kuli. Lisa then started spending her Saturdays making moringa snack bars and selling them in farmers' markets on Sundays. As her bars became more popular, she realized she needed the capacity and funds to manufacture her product on a larger scale. Lisa had familiarity with social media and turned to crowdfunding to raise capital. After researching different platforms, she decided Indiegogo to be a good fit for her new cause-driven small business.

What was the process like?

The first steps involved two months of research as to how to create a successful campaign through Indiegogo. Her four-person team was aided by a couple of volunteers and a volunteer business development coach. Lisa knew that in order to take advantage of Indiegogo's social media publicity, she needed to raise 25% of her goal on the first day. Everyone on her team reached out to their friends and families

and asked them in turn to reach out to all of their friends

and families prior to the campaign launch. On the morning of her launch, she downloaded every single contact she had and asked 2,000 people to support her campaign. Lisa also contacted several different reporters and an Indiegogo campaign specialist to increase her campaign publicity. Overall, she found that the majority of funders came from someone who had received an email in her extended community.



How much money did the effort raise? How long did it take?

Lisa set a fundraising goal of \$50,000 and exceeded that goal by raising a total of \$53,000 in one month. Kuli Kuli received contributions from 806 funders and the campaign raised \$21,000 in the first day, which got Kuli Kuli featured on Indiegogo's homepage.

What were the biggest advantages of using Indiegogo?

"Crowdfunding on Indiegogo isn't just about raising money, you are also raising friends and supporters for your company," Lisa says. She adds that a couple of supporters from her Indiegogo campaign have also expressed interest in investing in her company in the future. Another advantage is that her campaign page and video have become a talking point and marketing aid for Kuli Kuli.

What were the biggest challenges of using Indiegogo?

Lisa explains that the middle to the end of the campaign was really challenging, especially getting the last \$5,000 to meet her goal. Her campaign generated a lot of enthusiasm and got the most attention when it first launched. She points out that, “People tend to get really excited about something but then they can lose interest quickly. Definitely don’t do it for more than a month.”

Other Advice/Recommendations

Doing your homework beforehand, reaching out to local groups, and making sure you have prepped all your contacts are Lisa’s main recommendations for a successful Indiegogo campaign. “The day you launch

should be a huge deal. Everyone you know should know,” states Lisa. She also advocates putting a lot of time into making a strong video. Kuli Kuli’s video was very personal and Lisa feels this made a big impact on funders. To this day, she meets people who remember her from seeing the video. Lisa believes Indiegogo is most useful to raise seed money for small businesses with a social mission or non-profits that are just launching. She proposes, “People feel their money is getting something off the ground that wouldn’t have been able to otherwise. It’s such a good way to get a lot of people involved and excited about what you are doing.”

For more information on how to raise money through Indiegogo, please see the resources section.

Donations from the Community:

ioby

ioby stands for “in our backyards” and is based on the belief that environmental knowledge and stewardship begin and develop at the local level. It is a crowd-resourcing platform that provides support for initiatives that make neighborhoods more sustainable. This platform allows entrepreneurs to crowdfund donations that are tax deductible and raise additional funds through matching campaigns. ioby also offers a range of other services including webinars, training sessions, one-on-one assistance for fundraising campaigns, introductions to local decision makers, and an online tool for recruiting volunteers.

Anyone in the U.S. is eligible to use ioby and the criteria for qualifying projects is simply that they must be good for both the environment and the community. ioby currently focuses primarily on community projects but also on businesses that are leading projects that provide a public benefit. However, ioby is considering accepting projects for businesses that are entirely for private benefit in the future.⁸ While the amount of funds

⁸ Updates on changes to this policy can be found at <http://ioby.org/curious-for-profit>

that you can raise through ioby is unlimited, most campaigns look to raise funds to support their work in the range of \$10,000 or less. Enterprises that are best suited to ioby have strong ties to their local neighborhoods and notable dedication to sustainable change in their community. ioby is ideal for social ventures looking for start-up capital and for funding pilots or demonstration projects.

The first step in raising money through ioby is to submit a project idea on their website. If the project is accepted, a representative from ioby will then work with the entrepreneur to assist in structuring an individualized fundraising campaign that is suited to the project's specific needs. On average ioby project leaders know 60-80% of people donating to their projects and the other 20-40% comes from the larger ioby community. ioby has a personalized Flexible Finish policy that allows for budget revision and changes throughout the course of the fundraising campaign.

Risks and Considerations

It is important to understand that ioby will work best for entrepreneurs who combine public interest projects with a sustainable business. For example, if an entrepreneur would like to start a community garden to green their neighborhood and open a small market to sell the produce it yields. Additionally, ioby campaigns that have been least successful tend to have one project leader. Having a strong team is highly recommended. Another essential consideration is that fiscal sponsorship⁹ is required to conduct a crowdfunding campaign through this platform. ioby may act as the fiscal sponsor for projects only in the Miami and New York metro areas. ioby staff will assist entrepreneurs in other areas to identify and approach suitable sponsors for their project prior to disbursement.

⁹ <http://ioby.org/fiscal-sponsorship>

ioby Success Story:

Recycle-A-Bicycle & Biking Public Project



Enterprises

Recycle-A Bicycle is a community based refurbished bike shop and a non-profit organization that facilitates job training and environmental education. The Biking Public Project seeks to bring underrepresented cyclists into the biking advocacy community.



Entrepreneur

Helen Ho
Development Director
of Recycle-A-Bicycle
(former) Co-Founder of
Biking Public Project

Why use ioby?

Originally, Helen found out about ioby through word of mouth and an email from the Queens Coalition for Parks and Green Spaces in NYC. ioby seemed like a great fit for her because of their focus on social entrepreneurship projects with direct environmental impacts. Her first ioby project allowed her to take credit card donations at a backyard fundraiser for the Astoria Park Alliance. She has since gone on to use fundraising through ioby for various campaigns to build Recycle-a-Bicycle and Biking Public Project.

What was the process like?

Her process with ioby began by submitting an idea that she felt passionate about for consideration. A representative from ioby then contacted Helen and worked with her personally to develop and execute her campaigns. "They have a really sympathetic human approach and understand that everyone

is juggling a lot of things," Helen emphasizes. She also found that ioby was there for support every step of the way while she was launching a campaign. She adds, "Since ioby screens projects individually and chooses those that they feel have the most merit, they are genuinely invested in the success of their projects." Helen's process also encompassed attending workshops and trainings that ioby provided to learn more about crowdfunding and grassroots fundraising.

How much money did the effort raise? How long did it take?

Helen has used ioby for a number of campaigns, the most notable being a campaign for the Biking Public Project. This campaign took advantage of an ioby match and raised their entire \$6,575 in less than 12 hours.

What were the biggest advantages of using ioby?

"ioby creates an opportunity to join a community of socially and environmentally minded people as well as provides a mechanism to raise funds," Helen says. She found this to be an invaluable benefit of using ioby. "You become part of a network of support that continues long after your campaign is finished." Helen also emphasizes ioby's Flexible Finish policy is a significant advantage as it allows users to keep all the money they have raised even if they don't reach their funding goal.

What were the biggest challenges of using ioby?

Helen indicates that restructuring her budget throughout the course of her campaigns was sometimes a challenge. People donated items and their time as volunteers and this would often affect her final budget. She explains, “When you meet your funding goal, your needs might have changed from when you created your original budget. Working with these changes is definitely something to anticipate.”

Other Advice/Recommendations

“The internet doesn’t replace human interaction, it is there to supplement human interaction,” Helen states.

She recommends that entrepreneurs go out and talk to people in their communities about what they are doing and why others should support their campaign with ioby. She has hosted fundraising parties, neighborhood potlucks, and public events in addition to utilizing social media to crowdfund her campaigns. She also encourages taking advantage of the many unique resources that ioby offers beyond their platform to raise capital.

For more information on how to raise money through ioby, please see the resources section.

Conclusion

Funding an inclusive green economy

Traditional sources of capital are not supplying adequate funding to support the growth of innovative enterprises that address the environmental and social needs of our society. In addition to not providing sufficient capital, much of traditional financing has proved to be heavily focused on short-term profits. It is not scaled or structured to serve the needs of varied individual communities, larger environmental concerns, or enduring economic sustainability. In a climate where alternative financing models are critical, crowdfunding provides a viable new way to access capital. However, crowdfunding is currently most useful as a means to get enterprises off the ground or to supplement their funds. It does not generally act as a replacement for all traditional funding in the long-term. At the same time, the benefits of crowdfunding go deeper than merely tapping into a new source of capital. They allow individuals to directly support the type of businesses that give back to their local communities and to bring about the changes they want to see on a global scale. By building a network of supporters, green entrepreneurs have more likelihood to succeed, understand the needs of their communities, and create sustainable solutions to meet those needs.

Four Crowdfunding Platforms at a Glance

DIRECT PUBLIC OFFERINGS (Investment)

- Suited to raise larger sums, at least \$250,000
- Ideal for entrepreneurs with preexisting strong active networks
- Good for more experienced entrepreneurs and established brands
- Involves process where legal assistance and strong financial planning is recommended
- Need to provide investors with financial returns

KIVA ZIP (Loans)

- Initial amount is a max of \$5,000, with larger amounts available after repayment
- Geared specifically toward building the small business community
- Can be used to fill a specific need for an existing business or as seed money for a very small business
- Has its own community of lenders that will help in funding loans
- Need to start repaying money right away

INDIEGOGO (Contributions)

- Any sum potentially available
- Best suited for seed money for a completely new idea or business launching
- Good for brand new entrepreneurs with a lot of motivation
- Generally requires big social media campaign to promote business concept at the same time as raising money
- No financial returns or repayment needed
- Provide returns for contributions in the form of perks

IOBY (Donations)

- Can be used for large sums but most campaigns target less than \$10,000
- Projects must benefit the environment and community
- Utilizes social media and grassroots fundraising
- Personalized support for entrepreneurs to develop campaign, strategy, and budget
- Offers range of other services such webinars, training sessions, introductions to local decision makers, and help recruiting volunteers
- No financial returns or repayment needed
- Donations are tax-deductible

Resources

National Small Business Association. *Small Business Access to Capital Survey.*
<http://www.nsba.biz/wp-content/uploads/2012/07/Access-to-Capital-Survey.pdf>

Minority Business Development Agency, U.S. Department of Commerce
Farlie, R. and Robb, A. *Disparities in Capital Access between Minority and Non-Minority-Owned Businesses: The Troubling Reality of Capital Limitations Faced by MBEs.*
www.mbda.gov/sites/default/files/DisparitiesinCapitalAccessReport.pdf

Entrepreneur Access to Capital Act (H.R.2930)
<http://thomas.loc.gov/cgi-bin/bdquery/z?d112:H.R.2930:@@L>
<http://mchenry.house.gov/crowdfunding/>

Jumpstart Our Business Startups (JOBS) Act
www.gpo.gov/fdsys/pkg/BILLS-112hr3606enr/pdf/BILLS-112hr3606enr.pdf

Crowdfunding
www.shareable.net/blog/crowdfunding-and-the-law
www.slideshare.net/jkassan/crowdfunding-history2
www.cuttingedgecapital.com/wp-content/uploads/Crowdfunding-Comparison-Chart.pdf

DPOs
www.cuttingedgecapital.com/wp-content/uploads/Top-ten-reasons-to-do-a-DPO2.pdf
www.cuttingedgecapital.com/how-to-raise-capital-perpetually-with-a-direct-public-offering
www.cuttingedgex.com (DPO listing page)
www.entrepreneur.com/article/52818

Accredited and Unaccredited Investors
www.sec.gov/answers/accred.htm
www.mainstayfinancial.com/investor-resources/accredited-vs-non-accredited-investors

Cutting Edge Capital
www.cuttingedgecapital.com
info@cuttingedgecapital.com

People's Community Market
www.peoplescommunitymarket.com

Kiva Zip
<https://zip.kiva.org>
contactzip@kiva.org



Triple Green Custom Print Developers
www.triplegreencpd.com

Indiegogo
www.indiegogo.com
www.indiegogo.com/contact/questions

Kuli Kuli
www.kulikulibar.com

ioby
<http://ioby.org/>
<http://ioby.org/curious-for-profit>
info@ioby.org

Recycle-a-Bicycle
<http://www.recycleabicycle.org>

Biking Public Project
<http://bikingpublicproject.tumblr.com>

Other Crowdfunding Platforms

Kickstarter
www.kickstarter.com

Fundable
www.fundable.com

RocketHub
www.rockethub.com

Circle Up
<https://circleup.com>

Crowdfunder
www.crowdfunder.com

RockThePost
<https://rockthepost.com>

GoFundMe
<http://crowdfunding.com>

Prosper
www.prosper.com

Lending Club
www.lendingclub.com