

# Stanford University



## Crowdfunding for Stanford Research

Crowdfunding is the practice of funding a project by soliciting relatively small donations of money from a large number of people, typically via the Internet. There are numerous crowdfunding services on the market, with varying terms and conditions.

At this time, Stanford does not provide support for crowdfunding. Faculty interested in raising research funds from individuals are encouraged to use the following link to point donors to Stanford's online giving website, where donors can record in the "special instructions/other designations" field that they would like to designate their gift to a specific faculty member's research or project:

<http://giving.stanford.edu/goto/writeingift>

### Points to consider if you are thinking of using a crowdfunding service or platform:

- **Successful crowdfunding usually requires significant effort:** Posting your research project on a crowdfunding platform and doing donor outreach and communication through social networks takes time and effort and many projects receive only minimal support.
- **Use of the Stanford name:** Stanford's name may only be used to raise money that will be deposited into an established university gift fund. Faculty may not sign a contract on behalf of Stanford University or give permission to third parties to use the Stanford name.
- **Solicitation of support:** You may only use your personal contacts and social networks to solicit support. University email distribution lists should not be used to solicit gifts through crowdfunding.
- **Your donors' experience:**
  - Donors will receive a receipt for their support from the crowdfunding service, not from Stanford. Stanford will send the donor an acknowledgement of the amount Stanford has received, which will be the amount the donor gave to the service less any fees and service charges. Stanford's acknowledgement is not a tax receipt.
  - Tax deductibility of crowdfunded support varies from service to service.

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- Crowdfunding services collect data about the donors who support your research and will frequently sell that data or solicit your donors for other causes or projects.

**Should you choose to work with a crowdfunding service to support your research, here are steps to take:**

1. **Identify or establish a Stanford gift fund:** Before launching a crowdfunding effort, work with your department/school finance office to identify or establish a gift fund into which any money raised through crowdfunding may be deposited.
2. **Choose a crowdfunding service/platform:**
  - Terms and conditions vary from service to service, so it is wise to read the Terms of Service and FAQs carefully.
  - Crowdfunding services may be nonprofit or for-profit. You can usually determine what type of service the platform provides by reviewing the “About,” “FAQ,” and “Terms of Service” sections of the website.
    - Nonprofit crowdfunding services
      - Most charge service fees.
      - Dollars raised via nonprofit services are subject to the university’s infrastructure charges (currently 8%) when expended.
      - Dollars raised will be considered a gift from the donor to the nonprofit service (not to Stanford) and will likely be disbursed as a gift to Stanford from the nonprofit.
    - For-profit crowdfunding services
      - Most charge service fees.
      - Dollars raised via for-profit services are subject to the university’s infrastructure charges (currently 8%) when expended and may be subject to the full indirect cost charge (currently 60.5%) depending on the requirements of the for-profit service or the donors.
      - Dollars raised via for-profit services may either be disbursed directly to Stanford or to you, depending on the service. If you receive the funds directly, they may be considered personal income, so you as an individual may be taxed. You may wish to consult your tax advisor.

- Using a for-profit service may add a level of complexity regarding tax deductibility, processing, and fees.
3. **Alert Stanford Development Services** that you are launching a crowdfunding effort, which crowdfunding service you will be using, and into which Stanford gift fund any money raised should be deposited. Please email [development-services@lists.stanford.edu](mailto:development-services@lists.stanford.edu).
  4. **Confirm that the service will provide the donors' names and contact information to Stanford** along with the money, so that the university can record the donors' support. *Stanford will not accept money raised through crowdfunding services without knowing the identities of the donors associated with the support.*
  5. **Direct the service to send any money raised to Development Services**, P.O. Box 20466, Stanford, CA 94305-0466. If the money is disbursed to you, you will want to redirect it to Stanford via Development Services.

**Questions?** Please contact Felicity Meu in Stanford's Office of Development at [felicitymeu@stanford.edu](mailto:felicitymeu@stanford.edu) or 650.724.5446.