



# INTERNET FUNDRAISING

## training materials



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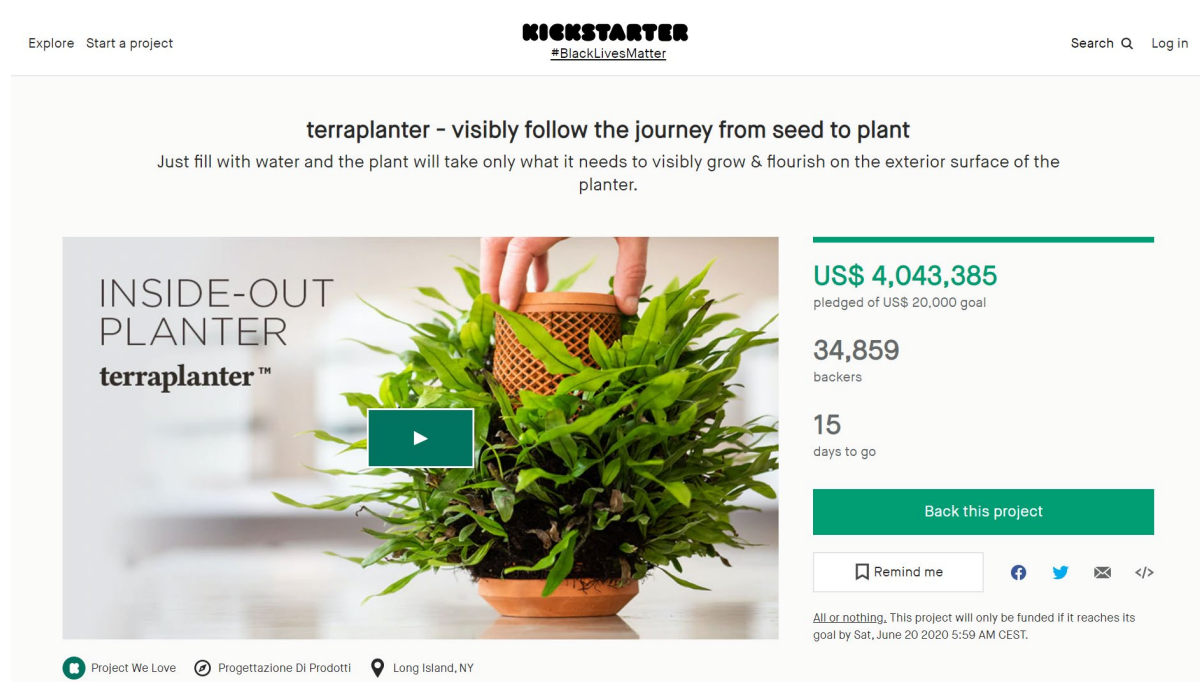
## The beginnings and development of crowdfunding

The creation and development of crowdfunding is closely related to new technologies, in particular the increase in internet accessibility and online payments.

One of the first projects financed from many small contributions was the Marillion concert tour in the 1990s.

ArtistShare, founded by Brian Camelio, is considered to be the first crowdfunding portal. It started collecting in 2001 and is still active today, although it is not very well known in the world.

Currently, there are thousands of crowdfunding websites in the world, there are several dozen of them in Poland alone. However, the undisputed king of CF portals is kickstarter.com, through which by May 2020 over \$ 5 billion has already been paid!



The screenshot shows the Kickstarter page for the 'terraplant' campaign. At the top, there are navigation links for 'Explore' and 'Start a project', the 'KICKSTARTER' logo with the hashtag '#BlackLivesMatter', and search and login options. The main heading is 'terraplant - visibly follow the journey from seed to plant', followed by a description: 'Just fill with water and the plant will take only what it needs to visibly grow & flourish on the exterior surface of the planter.' Below this is a video player showing a hand holding a terraplant. To the right of the video, the campaign statistics are displayed: 'US\$ 4,043,385 pledged of US\$ 20,000 goal', '34,859 backers', and '15 days to go'. A green 'Back this project' button is visible, along with a 'Remind me' button and social media sharing icons. At the bottom, there are tags for 'Project We Love', 'Progettazione Di Prodotti', and 'Long Island, NY'. A disclaimer at the bottom right states: 'All or nothing. This project will only be funded if it reaches its goal by Sat, June 20 2020 5:59 AM CEST.'

*One of the winning Kickstarter.com fundraising actions: almost 35,000 contributions gave a result 200 times greater than expected*

In Poland, the largest amount of money transferred came from the siepomaga.pl portal at nearly 800 million zloty. The same portal wins currently in the category for “the best fundraising result in the



Polish Internet”: the collection for the purchase of equipment for hospitals carried out in spring 2020 in connection with the coronavirus epidemic raised over 28 million złoty.



**siepomaga.pl** Zbieraj na Siepomaga | English | Logowanie | Rejestracja

**Wspieramy polską służbę zdrowia w czasie walki z epidemią COVID-19**

**OGÓLNOPOLSKA ZBIÓRKA NA WALKĘ Z COVID-19**  
 WSPIERAMY POLSKĄ SŁUŻBĘ ZDROWIA

**28 952 179,40 zł**  
 WSPARŁO 490 454 OSÓB

**Wesprzyj**

Założ skarbonkę  
 Wyślij sms

Pomóż nagłośnić zbiórkę

Udostępnij Tweetnij Dodaj relację Umieść baner

204 082 udostępnień

ZBIÓRKA NA CEL  
 Doposażenie ośrodków medycznych w niezbędny sprzęt

*The collection that won the highest score in the history of Polish crowdfunding*



## Fundraising knowledge useful in crowdfunding

Crowdfunding is part of a larger science about raising money, or fundraising. It is planned, ethical and effective money collection, and professional fundraising is still a new profession in Poland, practiced by only a few hundred people.

Here are some elements of fundraising knowledge useful in running crowdfunding.

### Donor cycle

The donor cycle is a tool to organize the fundraising process, it reminds about the priority of relations over money.



Identification > Classification > Building relations > Request > Servicing

How does it work? The first stage is identification - deciding who can be our donor, with whom to start a dialogue. The second phase is classification - here we decide on the donor profile and its features that affect, e.g., the order of requests. Then it is time to build relationships - first friendship, then business. Once the relationship is established, we can proceed to the request. And



then, regardless of the response, one should thank, i.e. close the cycle. It is only thanks that opens the way to another request.

In crowdfunding, work according to this model, e.g. in a Facebook collection, will look like this:

- **Identification:** selection of profile fans and recipients of ads broadcast on Facebook as a target group,
- **Classification:** determining the order of activities: first those I met in person, as well as age groups, e.g. 18-35 years old,
- **Relationship building:** personalized contact via Messenger, phone, likes under posts, without mentioning the collection,
- **Request:** sending a personalized message with a collection link and a payment incentive,
- **Cycle closing:** showing gratitude to donors and collection promoters.

### Development model by 3 capitals

Any organization that wants to develop itself to fulfil its mission better and better must build 3 capitals: human (people, their potential and relations between them), social (image, recognition, friendships, partnerships, contacts, databases), and financial , i.e. monetary.



It is worth remembering this order, because it is rare for a person or organization that does not have a network of contacts, recognition or credibility to regularly collect large amounts of money. It may happen that on the wave of public interest in a topic (e.g. refugees, disaster, epidemic) a private person will collect millions in a short time, but such a result can usually not be achieved a second



time, even in part. Meanwhile, organizations that plan activities for years and are known in the milieu and also invest energy in relationships with donors can make crowdfunding a permanent source of income and organize successful collections regularly.

## 4 great rules of fundraising

All fundraising activities, including crowdfunding, are governed by similar principles, because their essence is relations between people and a community of values.

There are 4 proven rules in collecting money, which for fundraising are like batteries:



**Creativity:** makes donors like the campaigns, become popular, and arouses enthusiasm.

**Strong relationships:** mainly due to the time devoted to donors, guided by their needs and opinions.

**Spirit of service:** is a focus on the results that the collected money will bring to the beneficiaries for whom we collect it, and not to ourselves. The organization slides into the background, those we serve count.

**Transparency:** means transparency in managing money, spending it fairly and publishing financial statements without requests.

## Fundraising ethics



Fundraising is a profession that requires people performing it to maintain ethical standards. The first code of ethics was developed in the USA in 1964.

On 16.10.2006, representatives of 24 countries, including Poland, adopted the declaration on international ethical standards of fundraising.

### **What does the International Declaration of Ethical Principles in Fundraising say?**

The fundraiser's remuneration cannot be calculated as a percentage of the funds raised.

### **How do you maintain honesty and transparency in fundraising?**

- The Fundraiser should be a volunteer or receive remuneration in advance.
- Avoid commissions calculated as a percentage of the amount collected.
- Money received from the donor must be spent according to his will.
- Detailed and transparent income and expense reports should be prepared and published.
- Control the amount of administrative costs and disclose them upon request.

## **CROWDFUNDING CAMPAIGN**

Each crowdfunding campaign is different, but there are several effective ways and techniques that almost always work and allow to raise the money you need faster. Here are the tips inspired by the guidebook published by the zrzutka.pl portal.

### **Photo and film**

Grab the attention! Try not to use photos available on the internet, especially for charity collections, but also those from other categories. Try to take them yourself. Such a photo will definitely attract more attention. Maybe you have friends who will be happy to help you in taking photographs?

Remember to add a photo that fits well with the dimensions of the field. Share the screenshot, check if it displays well. Avoid adding vertical photos, definitely avoid rotated ones. You do not want someone to break neck, right?

A movie can work even better than a photo if it is shot with an idea in mind. You do not need professional equipment, just a smartphone with a good camera. If you're making a movie, try not to





make it too long, just a minute, two minutes at a time. The shorter the movie, the more viewers will watch it in its entirety.

If you say something in the movie, record with a microphone from the headphones, because it is important that the sound is clear and without background noise. Lighting is also important; natural light is best, but if you need to record indoors, stand close to a window or other light source.

If you care about professional quality, there are a lot of YouTube guides on filming, it's worth watching them. It is not worth exaggerating the requirements, however, because honesty and natural approach are also important. Enter "fast tractor" in YouTube, and you will immediately understand what simplicity of communication is. And see how many people have already viewed this video.

## How to give a fundraising action a good name

When setting up your own collection, you probably wonder what title to give it. Here are some tips that will probably attract some attention to your collection, especially when shared.

The name must encourage. First of all, you need to know exactly what you want to raise funds for. The title: "For treatment and rehabilitation" will clearly show the purpose of the collection, but it will not be encouraging. The collection must invite to make a visit already at this stage. For charity collections, state the person for whom the funds are being collected and his illness. In the case of collections for projects or needs, the title should address the reader directly.

Remember to move away from clichéd and boring solutions. Try to come up with something that catches attention, maybe something humorous?

The title should be short and concise. Remember that this is an online collection, which involves sharing. The title of the collection must be short so that the viewer, e.g. a social networking site, can read it during fast scrolling down. It may help stop at it or move the page back and support your collection.

So, what should the title be? Let's check some of the most popular collection titles and try to come up with something better:

"For treatment and rehabilitation": does this title encourage you to click? "Help chase cancer away!" sounds much better! In addition, the reader has the impression that this message is addressed to him.

"For dreams": well, everyone has dreams. But some are so interesting that others will gladly support them. Tell the recipient what yours are related to. Try to choose words that rhyme or have a smile on your face, such as "Kick a buck for a new motorboat!". Is it better?



“For renovation”: try to describe it in a little more detail, create your unique title. There are many collections for renovation, and a large part has the same name. Don't let it die in the thicket of others. “New kitchen for shared breakfasts” sounds a bit better!

## Description of the collection

Description is a key element of the collection. It is worth spending more time on it, because properly prepared text can affect the shares.

In the short description, write a few words about what the collection is for. Do not elaborate, two, maximum three sentences are enough. If you want, you can skip this part.

What about the main description? Place more photos and less text. First of all, you must remember that the greater majority of the population are visual-oriented people. Colour photos attract more attention than a splash of text. Make sure that the text briefly and clearly describes the purpose and (depending on the type of collection) your situation. Don't go into the details. Maybe it's important for you to write everything that you have in mind, but take our word for it - recipients don't like long texts.

Grammatical and spelling correctness is important. Take care of spelling and punctuation. It is much easier to read text that has commas and periods in the right places. Spelling mistakes can be very eye-catching and make reading difficult. Check several times to see if any have crept into your description. And remember to use paragraphs. Longer fragments can be interlaced with photos.

Be honest! Tell directly what you need and what is your story. Explain exactly what the collected money will be spent on. Do not forget that lie has short legs, so do not give false stories. Contributors will appreciate honesty. If you decide to lie and someone detects it, you can be sure that the collection will no longer have the same chance of success. In addition, the scam may be reported to law enforcement and you will be liable for everything. Worth it? Certainly not.

## Promotion

Proper promotion of the collection is another important element of the whole puzzle. Your collection - even with the best description and beautiful photos - will not be successful unless no one knows about it.

Activate contacts. First payments are of key importance. Ask your family, friends or colleagues for help. Check that you want them to deposit money instead of transferring it directly to you. The chance that a stranger will deposit your funds for a new collection with no money in is slim. People



are more likely to get involved in actions that have already been supported by others. First of all, they feel safer - “after all, others have also paid!” Secondly - they know that their money will not be wasted - “so many people have already contributed, less and less is needed, so I will help!” Believe us - even a few percent of the goal will radically change the reception of your collection.

Use social networking sites. Of course, promotions must also be addressed to bystanders. You must share it. Do not do it only in your Facebook profile - the reach will not be large. Ask your friends to share the collection as well. Try to look for support in various forums, preferably if they are somehow related to your collection. If you are collecting for a new fishing rod, try on fishing forums.

Remember not to be intrusive. Nobody likes it and you probably wouldn't like it either. Don't force people to share or make a deposit if they don't want to. This can negatively affect your collection.

No internet - no problem! You can also address the collection to those who do not have access to the internet. How? All you have to do is give them the special collection account number. Each collection has its own bank account, so if someone makes a payment by, for example, postal order, the funds will go to your collection. Use it by hanging posters in the workplace, handing out leaflets. Ask the owners of nearby cafes, pubs and other places if they would like to post information about your collection at their places.

Karma is coming back! Always be nice to people visiting your collection. You may face criticism several times. Take it calmly, think about whether you can do something to avoid similar comments in the future.

You can delete comments from the collection, but try not to do it too often, even if the feedback is not positive. However, if the criticism is vulgar and even turns into aggression, report it to the portal administrators.

Thank the contributors. After all, nothing will work without them! Try to answer comments and questions frequently. It is possible that this person will share the collection with your friends, and you will get more shares and deposits.

## **Taxation of donations in crowdfunding**

People receiving money as part of online collections for donations from strangers must remember that they do not have to pay tax only if no donor (unrelated to the recipient) has paid more than 4,902 zł. It is worth remembering that the sum of donations received from the same donor in the period of 5 years preceding the year in which the last donation from this person took place is accumulated.



Beneficiaries of online collections (regardless of whether they collect for themselves or for someone) do not have to pay income tax (PIT) on these donations.

On the other hand, in some cases, inheritance and gift tax obligation may arise, on the terms set out in the act of 28 July 1983 on inheritance and gift tax.

This tax applies to natural persons who have, in particular, received donations of money, property or property rights.

In accordance with Article 888 § 1 of the Civil Code, by donation agreement, the donor undertakes to provide a free benefit to the recipient at the expense of his property.

So it is about such benefits, in exchange for which the donor does not demand or expect anything, either at the time of the donation or in the future.

Pursuant to Articles 5 and 6 of the act on inheritance and gift tax, the tax obligation is on the purchaser of items and property rights. And this obligation arises:

- upon the donor's declaration in the form of a notarial deed,
- upon fulfilment of the promised benefit (if no notarial deed has previously been concluded).

Therefore, with monetary donations, as a rule, the tax obligation arises when the money is transferred (given, transferred) to the recipient.

However, not every donation immediately creates a tax obligation. The inheritance and gift tax act provides for 3 free amounts depending on the tax group of the recipient of the donation.

In accordance with Article 9 item 1 of the above act, the purchaser's acquisition of one person's ownership, property and property rights of a pure value exceeding the following is taxable:

- PLN 9,637 - if the purchaser is a person classified to the I tax group;
- PLN 7,276 - if the purchaser is a person classified to the II tax group;
- PLN 4,902 - if the purchaser is a person classified to the III tax group.

According to Article 14 paragraph 3 of the above acts, individual tax groups in the inheritance and gift tax include:

Group I: spouse, descendants (children, grandchildren, great-grandchildren, etc.), ascendants (parents, grandparents, great-grandparents, etc.), stepson, son-in-law, daughter-in-law, siblings, stepfather, stepmother and in-laws;



Group II: descendants siblings, siblings of parents, descendants and spouses of stepchildren, spouses, siblings and siblings of spouses, spouses, siblings of spouses, spouses of other descendants;

Group III: other buyers.

An important rule must be applied to these free amounts. If the same donor has given the same person many times, then by counting the free amount the recipient is obliged to add the value of all donations from the same donor, which he received in the period of 5 years preceding the year in which the last donation took place.

Persons accepting donations from strangers (tax group III) during online collections will not have to pay tax on these donations if none of the donors has paid (once or multiple times in the 5 years preceding the last donation) more than PLN 4,902.

If this limit is exceeded, you will have to pay tax pursuant to Article 15 paragraph 1 of the above inheritance and gift tax act. This tax is calculated on the surplus over the tax base (here: the value of the donation) over the tax-free amount. The tax is calculated depending on the value of the donation received, according to the table specified in this provision.

For buyers from the tax group III, the tax rate is:

- 12% for donations up to 10,278 zł,
- 1,233.40 zł and 16% on the surplus over 10,278 zł for donations in the range from 10,278 zł to 20,556 zł,
- 2,877.90 and 20% on the surplus over 20,556 zł for donations exceeding 20,556 zł.

Source: <https://ksiegowosc.infor.pl/>

### **When are we entitled to deduct paid donations?**

In accordance with Article 26 paragraph 1 point 9 of the personal income tax act, it is possible to deduct from the income in a tax year the value of donations transferred up to a maximum of 6% of the income.

For which entities is the donation deductible?



In accordance with Article 26 section 1 point 9 of the personal income tax act and pursuant to Article 3 paragraphs 2 and 3 of the act on public benefit and volunteer work, donations made to non-governmental organizations are deducted from income in an amount not exceeding 6% of its amount, including:

- that are not units of the public finance sector, research institutes, banks and commercial law companies that are state or local legal persons,
- not operating for profit,
- legal persons or organizational units without legal personality status whom a separate law confers legal capacity, including foundations and associations,
- legal persons and organizational units operating on the basis of provisions on the State's relations with the Catholic Church in the Republic of Poland, about the State's relations with other churches and religious associations, and about guarantees of freedom of conscience and religion, if their statutory objectives include conducting public benefit activities,
- associations of local government units,
- social cooperatives,
- joint-stock companies and limited liability companies as well as sports clubs that do not operate to make a profit and allocate all income to achieve statutory objectives and do not allocate profit for distribution to their shareholders, shareholders and employees.

Donations given only for certain purposes allow the taxpayer to deduct them from income.

The deduction from income in an amount not exceeding 6% of its amount are donations made:

- for religious purposes,
- blood donation carried out by honorary blood donors under the act on public blood service, in the amount of the product of the amount of compensation set out in the provisions issued under Article 11 paragraph 2 of this act and litres of donated blood or equivalent amount of its components calculated in accordance with Article 8 of this act,
- for public benefit purposes including:
- social assistance, family support and foster care system,
- providing free legal assistance,



- activities for the integration and reintegration of people at risk of social exclusion,
- charity activities,
- maintaining and disseminating the national tradition,
- activities for national and ethnic minorities and the regional language,
- activities for the integration of foreigners,
- health protection and promotion, including health care activities,
- activities for the benefit of the disabled,
- employment promotion and professional activation of the unemployed and those at risk of dismissal,
- activities for equal rights between men and women,
- activities for people in retirement age,
- activities supporting economic development, including entrepreneurship development,
- activities supporting the development of technology, inventiveness and innovation,
- activities supporting the development of local communities and communities,
- science, higher education, education, and upbringing,
- activities for children and youth, including leisure for children and youth,
- culture, art, protection of cultural assets and national heritage,
- supporting and popularising physical culture,
- ecology and animal protection, as well as the protection of the natural heritage,
- tourism and sightseeing,
- public order and security,
- state defence and the activities of the Armed Forces of the Republic of Poland,
- dissemination and protection of human freedoms and rights as well as civil liberties, as well as activities supporting the development of democracy,
- providing free civic counselling,
- rescue and civil protection,



- help for victims of disasters, natural disasters, armed conflicts and wars in the country and abroad,
- dissemination and protection of consumer rights,
- activities for European integration and developing contacts and cooperation between societies,
- promotion and organization of volunteering,
- helping Poles abroad,
- activities for veterans and repressed people,
- activities for veterans and injured veterans,
- promotion of the Republic of Poland abroad,
- activities for the family, motherhood, parenthood, promotion and protection of children's rights,
- preventing addictions and social pathologies,
- revitalization.

**Donations for church charity and care activities are deducted in 100% from income.**

**The taxpayer can deduct from the income donations made to church charity and care activities, which can be deducted in full, up to 100% of the achieved income.**

### **Documentation necessary to confirm the donation**

The following is the necessary documentation that allows the deduction of a donation jest:

- having a proof of payment to the beneficiary's payment account in the event of a transfer of funds,
- having a receipt of donation issued by the recipient,
- having a proof of expenditure incurred for the purchase of the subject of donation
- in the case of blood donors, having a certificate of an organizational unit performing tasks in the field of blood donation





- receiving a report on the donation intended for church charity and care, which the recipient must give to the donor within two years of receiving the donation.

## Deduction of donations in the annual tax return

Deductions of donations made should be made in the PIT-37 and PIT-36 statements by adding the PIT-O attachment to include all deductions and tax credits. On the other hand, taxpayers benefiting from taxation of their income with a flat tax can only deduct 100% donations from income that are made for charity and care purposes.

Source: <https://poradnikprzedsiębiorcy.pl>

## Lecturer



**Robert Kawalko** – a graduate of the Jagiellonian University and scholarship holder of the Fribourg University in Switzerland. He managed marketing departments in two IT companies, and from 2001 he was a fundraiser in non-governmental organizations. He also runs a consulting company specializing in PR, fundraising, training and advising organizations. He initiated the creation of the Polish Fundraising Association, of which he was the president of the board in 2006–2012, and then vice president. In the years 2007–2013 he was the vice president of the European Fundraising Association, where he was responsible for the development of new fundraiser organizations in Europe. He co-created many charity campaigns and advised on their implementation. He lectured at conferences, including in Czechia, Slovakia, Ukraine, the Netherlands, Japan, Georgia and Hungary. Since 2011, he has been a lecturer of the Pontifical University of John Paul II in Kraków. He advises the FR departments in several non-governmental organizations. He is the author of numerous publications on fundraising and organization management. Since August 2015, he has managed the Foundation of the Polish Institute of Philanthropy, which he founded, which conducts nationwide philanthropic campaigns of “Kilometres of Good” and “Good Testament”.