

Crowdfunding and taxes: What you should know



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Discussing structural issues in advance will not only help with tax issues, but also lead to better strategies for fundraising and long-term mission.

Bottom line: If you are interested in crowdfunding either as a campaigner, a beneficiary or a backer, research a potential project thoroughly and consider getting individualized tax, financial or legal advice before you proceed.

Beneficiaries should also consider any potential tax issues they could face as recipients of money from a crowdfunding campaign. Depending on individual circumstances, crowdfunding a person's unpaid medical bills may have significantly different tax ramifications than crowdfunding one's independent film project. It is not enough to consider the tax issues for the campaign and campaigners. Beneficiaries require their own due diligence to make sure crowdfunding provides the most efficient solution for their needs.

Finally, backers should consider whether they have any tax questions about their support. To date, most crowdfunding supporters give such small amounts tax issues don't really surface. That may change in the future as crowdfunding moves into the commercial arena. No matter what the circumstance, any potential crowdfunding backer who works with a qualified tax, financial or legal professional should consider asking if there are more efficient ways to offer support.

Bottom line: If you are interested in crowdfunding either as a campaigner, a beneficiary or a backer, research a potential project thoroughly and consider getting individualized tax, financial or legal advice before you proceed.

— Jason Alderman directs Visa's financial education programs. To Follow Jason Alderman on Twitter: www.twitter.com/PracticalMoney

Crowdfunding — the online method of raising money from people around the world — is less than a decade old, allowing artists, activists and a growing number of entrepreneurs to connect with financial support far outside the conventional lending system.

Here's how crowdfunding works. Through sites like Kickstarter, Indiegogo or RocketHub, campaigners seeking funding create a pitch that educates potential funders — or "backers," as they're often called — on their project. Campaigns share their funding goal and the various rewards backers will receive for taking part; backers respond with pledges made via credit card. If the campaign meets its goal and deadline, the crowdfunding site activates all the card-based pledges and the campaign is funded.

While estimates vary widely, research organization Massolution (<http://www.crowdsourcing.org/editorial/2013cf-the-crowdfunding-industry-report/25107>) put 2013 crowdfunding revenue at \$5.1 billion globally. Many crowdfunding efforts today are artistic or cause-based, but that is expected to change in the near future.

Implementing the crowdfunding provisions of the 2012's Jumpstart Our Business Startups Act (<https://www.sec.gov/spotlight/jobs-act.shtml>), the U.S. Securities and Exchange Commission is putting final touches on regulations allowing ordinary investors to participate in equity crowdfunding for the first time. This would mean that business owners could raise money via the web in exchange for a piece of ownership in their company.

Because the process of crowdfunding is relatively easy compared to other means of obtaining capital, some might neglect to research potentially unfavorable tax, financial or legal implications from their campaign. Potential crowdfunding campaigners might want to make a preliminary call to a qualified tax adviser, financial planner or an attorney before launching any online fundraising effort. Individuals, companies and nonprofits have different tax issues and financial precedents that could blunt the effectiveness of any fundraising campaign.

Depending on the fundraising goal and how that money will be handled in the aftermath of the campaign, experts say some situations may call for a particular legal entity to be formed in advance. If appropriate, participants could seek guidance to form an actual business (<https://www.sba.gov/writing-business-plan>) or nonprofit (<https://www.councilofnonprofits.org/tools-resources/business-planning-nonprofits>) entity.



SEAN HART PHOTO

Harley Swain Subaru General Manager Mike Boedigheimer shows the plans for an expansion of the service and sales departments, which he hopes will begin this year at the dealership. The long-time Hermiston family-owned business is donating \$7,890 to the Hermiston Senior Center at 11 a.m. Saturday.

SHARING THE LOVE

Harley Swain Subaru donating more than \$7,500 to senior center

BY SEAN HART
HERMISTON HERALD

Harley Swain Subaru is sharing the love with a large donation to the Hermiston Senior Center.

At 11 a.m. Saturday, the family-owned Hermiston auto dealership will present \$5,390 raised from Subaru's Share the Love event and an additional \$2,500 from the business to the senior center, which will use the funds for furniture and other needed supplies.

Harley Swain Subaru General Manager Mike Boedigheimer said he was pleased with the amount of money raised during the event and that the business will give it to such a deserving local cause.

"Subaru, for the past five or six years, has had the Share the Love program, where people would come in and purchase cars, and they could make a donation of \$250 to several different charities," he said. "This year,



SEAN HART PHOTO

During the Subaru Share the Love event, Harley Swain Subaru raised more than \$5,000 for the Hermiston Senior Center and chose to donate an additional \$2,500 to the center.

they decided to have the stores pick something in their community and give it to."

He said Perry Hawkins, who has been helping the senior center with the new facility being planned, had approached him about donating to the center, and when local causes could be added to the list of national charities for the Share the Love event, Boedigheimer said it was a perfect fit. Each person who purchased a new Subaru selected how the \$250 donation would be divided between about six different choices, he said, and about 95 percent of the people chose the senior center.

Boedigheimer said Harley Swain Subaru chose to add its own funds to the money raised because the senior center is important to the community.

"The seniors are a big part of our community," he said. "The community is what makes our living, obviously the customers, and we just wanted to give back. We figured that was a good place."

Boedigheimer said his mother, Eva Swain, and her late husband, Harley, started the business in 1976 in the same location, 1915 N. First St., Hermiston.

Eva Swain said donating to the senior cen-

ter has been her favorite Share the Love donation.

"We do have lots of seniors in the area, and maybe they don't get enough," she said. "Maybe people don't think about helping them out as much as other charities. We're glad to do it. The community has been really good to us, so we want to give back to them because they've given to us. We're very grateful to the community."

Boedigheimer said Harley Swain Subaru is one of the longest family-owned dealerships in the area, with repeat customers who have been coming to the business for many years. He said the business sells new Subarus and a variety of makes and models of used vehicles and will soon be expanding with bigger service and sales departments.

"Business has been really good," he said. "Subaru, obviously, they've been growing for the last three or four years. They are not making the cars fast enough. It's been really good."

Harley Swain Subaru is open from 8 a.m. to 6 p.m. Mondays through Fridays, from 9 a.m. to 6 p.m. Saturdays and from 11 a.m. to 4 p.m. Sundays.

BUSINESS BITES

Chambers hosting China tour presentation

People interested in visiting the Great Wall of China, touring the Bund in Shanghai or taking a boat ride on the West Lake are invited to join the Hermiston and Umatilla chambers of commerce at 4:30 p.m. Tuesday at the Hermiston Conference Center boardroom, 415 S. Highway 395, for an orientation meeting about an all-inclusive, 10-day trip to China for \$2,399 per person.

The price includes round-trip airfare from Seattle, accommodations in four- and five-star hotels, three meals a day, all in-country transportation, gratuities, taxes, fees, deluxe bus tours and professional English speaking tour guides. The trip will tour seven of China's 10 wonders of the world.

Tour dates are Oct. 19-28, 2015. Hermiston chamber Executive Director Debbie Pedro will share a Power Point presentation of the trip she took

in October 2014 and answer any questions.

For more information, contact 541-567-6151, debbie@hermistonchamber.com or visit www.hermistonchamber.com.

School district hosting educator job fair

The Hermiston School District is hosting the 2015 Northeast Oregon Educator Job Fair from 10 a.m. to 2 p.m. April 11 at Hermiston High School, 600 S. First St., Hermiston. All prospective teacher candidates are encouraged to attend and meet one-on-one with building principals and hiring officials from northeastern Oregon school districts and education service districts. Registration is available online at <https://hermiston.tedk12.com/hire/ViewJob.aspx?JobID=226>. Registration ensures that regional administrators are ready to meet with teacher candidates and dis-

cuss teaching interests. Additionally, teacher contact information will be provided to hiring officials through the 2015-16 hiring season. For more information, contact the Hermiston School District Human Resources Department at hr@hermiston.k12.or.us or by calling (541) 667-6031.

Administrative professional's day set for April 28

The Hermiston Chamber of Commerce will host an administrative professional day luncheon beginning at 11:45 a.m. April 28 at the Hermiston Conference Center, 415 S. Highway 395.

During the event, guests will enjoy a catered lunch and entertainment by Sharon Lacey, a motivational humorist. Tickets cost \$18 and can be purchased at the chamber office.

For more information, call the chamber at 541-567-6151.