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ENTERPRISE **0454/12**

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INSERT **1 hour 30 minutes**

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INSTRUCTIONS

- This insert contains the case study.
- You may annotate this insert and use the blank spaces for planning. **Do not write your answers** on the insert.

This document has **4** pages. Any blank pages are indicated.

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Children's Club Charity fundraising campaign

The background

Taine, Lucia and Rita are volunteers at the Children's Club Charity. This charity provides free sports activities for the local community. The charity depends on fundraising. However, there is uncertainty over future funding. This could have an effect on any business plan they produce if its aim is to record a surplus.

The closure of a large local factory means that over one hundred employees will lose their jobs. The charity is concerned that this will result in fewer donations. The Children's Club Charity may therefore find it difficult to provide its activities in the future.

The problem

The Children's Club Charity has a choice to make. If it cannot raise enough funds through donations, it must ask parents to pay for each activity or reduce the variety of sports activities offered. Taine knows that many families in the area would not be able to pay for the activities.

Taine, Lucia and Rita know that if children cannot use the Children's Club Charity, many will have no access to sports activities. Sports activities may be considered as a want. However, Taine knows the positive effect that sport has on children in the local area. The friends decided to help the Children's Club Charity to raise the funds it needs to keep operating. They decided that they would aim to raise US$3000.

The idea

Taine, Lucia and Rita discussed ways to raise funds. Taine suggested that they could organise a cake sale. Lucia, however, thought that a car washing service could be a better idea. Rita said that they would be unlikely to raise large amounts of funds with these suggestions. To achieve their fundraising target of US$3000, they needed a creative solution.

The friends decided to use the internet to identify some possible fundraising ideas. Rita discovered some crowdfunding websites. Enterprises that needed to raise funds posted details of their projects on the websites. Some of the websites were for enterprises trying to raise start-up funding. One particular website, however, contained only crowdfunding requests from charities. Rita showed this website to Taine and Lucia.

Lucia was impressed. She suggested they set up a crowdfunding campaign web page straight away. Taine was more cautious. His mother was a lawyer so he wanted to ask her for advice on the potential risks of using crowdfunding. Taine thought that they should complete some further research. The friends decided that Lucia and Rita would complete further research into the charity crowdfunding website.

The research

Rita discovered that, in return for fees, the charity crowdfunding website would help them to organise their fundraising. The friends would need to:

- decide the amount of funds they wanted to raise
- explain what the funds raised would be used for
- provide some images
- create a campaign video.

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The crowdfunding website would create a web page using this information. It would include a link to allow people to easily donate funds. The web page could be shared with people they knew, through email. The web page would also appear on social media websites where more people could see it. After 120 days the web page would close.

Lucia discovered that the crowdfunding website set a minimum amount of funds that needed to be raised. If the target of US$3000 was not achieved within 120 days, the funds donated would be kept by the crowdfunding website. The charity would receive nothing.

The crowdfunding website also charged fees for its services. Two separate fees would be charged. Fig. 1 shows these fees.

Fees	Cost
Web page set-up	US$30
Administration	5% of funds donated

Fig. 1

The next step

The friends decided to show their research to the Children's Club Charity. Taine arranged a meeting with the charity. Lucia and Rita decided that, since the information was quite complicated, they would prepare a presentation. This presentation would explain all of the research and the risks and benefits of using a crowdfunding website to raise funds.

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