

# The Money Matrix Checklist

Ed Rossman's upcoming book will contain a money matrix, where you can describe revenue types, or methods, according to various characteristics. As you brainstorm various revenue types, this checklist can guide the discussion and ensure that you cover all appropriate areas.

- a. **Source:** Where does the revenue come from: the public, a business, or a foundation?
- b. **Revenue Amount:** Whether revenue is "high" or "low" will vary depending on your library's budget. For descriptive purposes, you can use:
  - *Low:* less than \$1,000
  - *Moderate:* \$1,000–\$10,000
  - *High:* \$10,000–\$25,000
  - *Significant:* greater than \$25,000.
- c. **High Start-Up Costs:** Do you have to pay a large sum to launch a revenue source? This amount could include costs for design and construction, as well as initial operation costs, such as extra personnel or training.
- d. **Public Relations Effort:** Will your promotions be general, designed for anyone in the community, or targeted toward specific business that might be interested in advertising?
- e. **Board Involvement:** Will the board will be generally involved, approving of policies that affect everyone, or specifically involved, approving of something with an individual or significant impact on the library, such as naming rights?
- f. **Policy Requirements:** Could this revenue stream fall under a general library policy, or will you need a specific caveat for this opportunity? For instance, under a broad umbrella of policy about providing services to patrons, one section might specifically address vending machines.
- g. **Government Involvement:** Will this opportunity generate Unrelated Business Income Tax (UBIT)?
- h. **Renewability Contracts:** Is this a one-time revenue opportunity? Or is it continuing, seasonal or legacy?

## *Revenue Type Checklist*

**Revenue Type:** \_\_\_\_\_

<b>Source:</b>	Public	Business	Foundation	
<b>Amount:</b>	Low	Moderate	High	Significant
<b>High Start-Up Costs:</b>	Yes	No		
<b>Public Relations Effort:</b>	General	Targeted		
<b>Board Involvement:</b>	General	Specific		
<b>Policy Requirements:</b>	General	Specific		
<b>Government Involvement:</b>	Taxes	None		
<b>Renewability Contracts:</b>	One-Time	Continuing	Seasonal	Legacy

# Revenue Type Checklist: Example 1

Revenue Type: Crowdfunding Revenue

**Source:** *Public* Business Foundation

Public. I have not seen a statistic on average contributions, but most platforms handle the traditional internet payment options, credit cards, Paypal, etc. Truly a grassroots method of raising funds.

**Amount:** Low *Moderate* *High* *Significant*

Moderate to significant. Because of their targeted nature, most campaigns I've seen raise from \$1,000 to \$10,000. Also keep in mind that less than half of all crowdfunding campaigns reach their goals, but I think that accomplishment rate may be higher for libraries due to the more personal relationships libraries have with their communities and the immediate payback in seeing what their money will provide.

**High Start-Up Costs:** Yes *No*

No. Most platforms do charge a percentage of funds raised, but the initial dollar expense would be for promotional material.

**Public Relations Effort:** General *Targeted*

Targeted. This is not the same as targeting potential sponsors, but an announcement to the community to participate to help fund a reading program, buy a new bookmobile, etc.

**Board Involvement:** General *Specific*

Specific. Because you're cooperating with an outside fund-raiser, the board would probably need to approve this effort. They may be behind it all the way, or they may seek funding from other methods. You'll have to make a sales case for them, utilizing the features-advantages-benefits formula, as well as doing the same for your public pitch.

**Policy Requirements:** General *Specific*

Specific. If there are no current guidelines to follow for using the internet as a fundraising tool, there are probably some for fundraising in general. Scan these with your contractual responsibilities from the platform you want to use before committing to anything!

**Government Involvement:** Taxes *None*

No. This revenue would be directly related to library operations, so you should have no concerns for the UBIT. You should check with your platform about a list of donors and contributions in case you're required to report donations over a certain size.

**Renewability Contracts:** *One-Time* *Continuing* Seasonal Legacy

One-time or continuing. Generally these campaigns are for very specific goals, as with the Hudson Library's campaign to build a reading space for early literacy efforts. However, I have seen examples where the platform keeps the campaign going even after it reaches its goal. As this technology becomes more popular, some libraries might have a webpage for their campaigns, where people can contribute to ongoing programs like summer reading or technology "petting zoos."

## Revenue Type Checklist: Example 2

**Revenue Type:** Third-party revenue (selling books, coffee services, etc.)

**Source:** *Public* *Business* Foundation

Public and businesses. Obviously, direct over-the-counter sales will be from the public. Sales of books, physically or through eMedia, would be through publishers or other businesses.

**Amount:** *Low* Moderate High Significant

Low. Most agreements I've seen have a low return to the library. The argument has been in accepting this is that the 3<sup>rd</sup> party provides a service to the patron the library could not, at least without losing money.

**High Start-Up Costs:** Yes *No*

No. Outside of promotional material, all other costs are usually on the third party.

**Public Relations Effort:** *General* Targeted

General announcements through normal promotional and publicity channels.

**Board Involvement:** General *Specific*

Specific. Approval of contracts with the specific third parties would be required.

**Policy Requirements:** *General* *Specific*

Specific. Note that general guidelines on library rights and partner responsibilities would also be required.

**Government Involvement:** Taxes *None*

No. Patron use would probably help you be excluded from this. It's good to double-check, though!

**Renewability Contracts:** One-Time *Continuing* Seasonal Legacy

Continuing. Most contracts should be set up for at least a year, if not longer—especially if the partner is investing in the construction of a special area, like a coffee or smoothie bar.