

A Guide to Setting Up a Giving Circle

A resource prepared by



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HISTORY & CONTEXT

Giving Circles as they currently manifest themselves are a new trend, but they are built on old traditions dating back hundreds of years to mutual aid societies and other forms of community giving. Giving Circles began springing up in the late 1990s clearly modeled on the popularity of investment and book clubs and there are an increasing number of donors at all levels who want to maximise the impact of their charitable giving by pooling their resources with other donors.

WHAT IS A GIVING CIRCLE?

The concept is as simple as it is powerful. A Giving Circle is formed when individuals come together and pool their funds, decide together where to give the money (and perhaps volunteer time or expertise) and learn together about their community and philanthropy.

Within these basic parameters, Giving Circles and shared giving take myriad forms. No Giving Circle looks or acts exactly like another. Indeed, the opportunity to shape a group to meet the particular needs of a community and the particular interests and capabilities of donors remains one of the most appealing aspects of a Giving Circle.

THE BASICS

Giving Circles, overwhelmingly, happen the same way as any other endeavour: Someone has an idea and discusses it with friends; excitement builds, and a new group or “club” is created. Giving Circles range in scale from small and informal to large and complex. Most have consistent memberships and give money annually to one or multiple causes.

Smaller Giving Circles, those with less than 25 members, are relatively informal and intimate groups that favour a flat structure in which all members share responsibility for the club’s direction, and make decisions collectively.

Larger Giving Circles think of themselves differently, preferring terms like “Fund” or “Foundation”. These groups generally have many more than 25 members and are usually too large for efficient consensus-based decision making. They usually have a more formalised structure that includes a board and multiple committees.

THE BENEFITS

For the Community

A recent study by the Forum of Regional Associations of Grant-makers in the United States found that 140 Giving Circles have generated nearly \$90 million, primarily in the last five years.

The Giving Circles surveyed support a range of causes including:

- Arts, Culture and Humanities
- Community Improvement and Capacity Building
- Education
- Environment
- Disadvantage
- Health & Nutrition
- Mental Health & Crisis Intervention
- Science and Technology
- Women and Girls
- Youth Development

In addition to the donation that they make through their club, nearly seventy five percent (75%) of Giving Circle participants make additional personal contributions to non-profit organisations.

For Donors

Donors who participate in Giving Circles value the personal benefits that the club affords to:

- Participate in a network of individuals who share like interests and values
- Understand philanthropy as a vehicle for change
- Connect with communities and causes they care about

- Engage in strategic group decision making
- Experience hands-on grant-making experience
- Enjoy social networking

Benefits for Charitable Organisations

Charitable organisations benefit when individual Donors form or join Giving Circles:

- Pooled funds invested towards a key issue can have a far greater impact than smaller, individual gifts.
- The group as a whole brings collective “know-how” to its volunteerism and philanthropic investment, (e.g. developing budgets, evaluation, providing technical support and contacts)
- New Donors are engaged for the first time in charitable giving through Giving Circles and existing Donors give more. This grows the philanthropic assets available to a community.

STEPS TO STARTING A GIVING CIRCLE

There are many ways to start a Giving Circle. The following ten (10) steps can give you a starting point and a basic roadmap.

Step One – Develop Structure

Bring your group together for a first meeting. Take time at this first meeting to discuss what a Giving Circle is. Begin the process of developing the structure. Some of the decisions that you may want to discuss at this meeting are:

- How many times will the group meet?
- Where will the group meet?
- Is there a limit on the number of members?
- How will the funding focus be determined?
- What is the size or range of the financial contribution each member will make? *Many Giving Circles choose one contribution level for everyone. Since no single vote on a potential grantee should outweigh another, many clubs find this arrangement the best. Other Giving Circles find that a tiered giving structure or anonymous giving meets their needs.*

Step Two – Establish Mission and Commitment

Once the group sets up regular meetings, it is a good idea to:

- Establish a mission
- Agree on common values and objectives
- Name your Giving Circle
- Establish an operating structure

Step Three – Decide Where to Place Your Collective Monies

At the start of each year, members should make a financial commitment to the Giving Circle (i.e. write the cheque). The Giving Circle should either appoint a member to manage the fund or select a host organisation with experience managing donor advised funds.

Benefits of working with a host organisation

- Knowledge and expertise of the philanthropy sector
- Offers credibility to a new Giving Circle
- Inspires confidence
- Provides support during the development phase

What organisations can manage donor advised funds?

- The Ireland Funds

Step Four – Establish an Issue/Focus Area

This step may take significant discussion. Encourage the group to be as specific as possible. For example, if the group is interested in issues of disadvantage – what specific issues, housing, education, development? In what geographic area will you focus?

You may also want to invite “experts” to talk to the group. Some Giving Circles assign group members to investigate particular issues. Consensus is important when a Giving Circle decides on its focus area.

Step Five – Create Smaller Work Groups

Having members of the group volunteer for particular tasks will build personal commitment. Smaller groups may task members with different tasks.

Step Six – Develop Process and Criteria for Funding

You may decide to ask for written applications from a charity or have the host organisation evaluate and recommend a number of projects to the group. Some questions to consider as you determine your funding philosophy:

- How will we make the decision be made as to who receives funding?
- Will grant applications be reviewed?
- Will there be site visits to organisations that are being considered?
- What is the reporting expectation at the end of the project period from the recipient of the funds?

This process can be simply selecting a recipient organisation based on information you gather or the process can be more involved. Some clubs review written applications, visit the organisations and ask for a presentation on the work the organisation does.

It is also important at this stage to establish final evaluation criteria. How will you measure your Giving Circle's impact? How will the organisation/s that receives the funding measure the impact of this funding?

Step Seven – Define Partnership with Recipient of Grant Award

Do members of your Giving Circle want to volunteer for an organisation you have funded? Your Giving Circle should define in what ways they could offer assistance: Web development, finances, programme planning, legal work, and mentoring are some examples of how your members might get involved. Ensure clarity of expectation of all involved in this new partnership and be aware that not all charitable organisations can accommodate volunteers.

Step Eight – Review Potential Recipients

Conducting site visits with potential grantees can be helpful in the grant-making process. This is the time to ask questions, get clarification, and see the organisation in action. Again, be conscious of the fact that hosting lengthy site visits can disrupt the organisation's usual activities so make any arrangements well in advance and stick to agreed times and numbers of guests.

The group should set aside plenty of time to discuss the potential grantees. Members may feel strongly about funding different organisations. There needs to be time to go through this process to reach agreement.

Smaller Giving Circles often use a consensus model for decision-making. Larger clubs tend to rely on committees and voting systems.

Be willing to take a risk by funding a start-up non-profit organisation or by funding a non-profit organisation that may seem unconventional to traditional funders. Remember you are the "Board of Directors" and can set your own guidelines.

Step Nine – Make Grant Awards

Immediately following the group's decision, alert the recipient and let them know when they can expect the funds. It is good practice to let organisations who are not receiving funds from your Giving Circle know of your decision, too.

Step Ten – Evaluate Your Giving Circle

On a regular basis, examine the short term and long term goals of the Giving Circle. This will help develop a sense of satisfaction with the work you are doing and show how your contributions have made a difference. Try to determine what impact the group has had. Candid feedback from the organisations you have funded and partnered with will be an important ingredient of this process.

Remember that most organisations report to numerous funders so feel free to ask them to share annual or quarterly reports with your members. Accessing these

materials will give you a greater understanding of the impact of your donations without putting a strain on the organisations you fund by imposing the burden of additional reporting formats.

FREQUENTLY ASKED QUESTIONS

What is a Giving Circle?

A Giving Circle is a group of people who combine their money and decide where to donate it. Giving Circles vary in size and structure. All Giving Circles offer members a chance to learn more about giving and community issues.

Is a Giving Circle right for you?

Being a part of a Giving Circle is an active, team approach to philanthropy. Before joining a Giving Circle you should consider how much time you have to give time and the stage of a Giving Circle. Being a part of the start-up process will require more time from members.

How many Giving Circles are there?

There are hundreds of Giving Circles in the United States. In research conducted in 2007, over 400 clubs were identified; however, it is estimated that there are four or five times more Giving Circles currently operating. The concept is relatively undeveloped in Ireland but there are a few examples (see case study at the end of the document).

Where can I get advice on setting up a Giving Circle?

If you wish to establish a Giving Circle contact

The Ireland Funds at (01) 662 7878 or

Where do Giving Circles keep their money?

As members contribute, the Giving Circle needs to decide where to store the money until it is ready to make grants. Host organisations can manage the funds in a tax efficient manner until the Giving Circle is ready to award money to organisations.

What kinds of organisations do Giving Circles support?

Giving Circles support many different issues and organisations. These vary depending on participants areas of interest.

How much money does each Donor contribute?

Each Giving Circle can choose a financial level that is right for its members. Some Giving Circles set a lower giving level (€120-1,000 per year). Other Giving Circles choose to set a higher giving level (€5,000-20,000 per year). Many Giving Circles ask that each member give the same amount. Some Giving Circles set tiered levels of giving or have a “*give what you can*” philosophy.

Do Giving Circles encourage their members to volunteer?

Studies have shown that Giving Circle members often give extra support to non-profit organisations:

- Members of sixty five percent (65%) of clubs volunteer
- Members of forty three percent (43%) of clubs join boards of grantee organisations

Can Giving Circle members make donations outside of the club?

Yes they can, thirty five percent (35%) of Giving Circles report that their members give additional money to non-profits that they learn about through the club. Also, forty percent (40%) of Giving Circles report their members give additional in-kind support directly to the organisations that the club decides to fund.

What does it take to start a Giving Circle?

You don't need much to start a Giving Circle. It helps to start with a little motivation, commitment, and an interest in philanthropy.

Giving Circle Profile

The Core Group

Dublin



Founded in 2004, the Core Giving Circle is made up of twenty friends, family and business associates aged between twenty-five and forty-five years. Initially established as a response to an African drought, the group realised that there were numerous causes which could benefit through focusing awareness on their issues and raising much needed funds to pilot innovative programmes.

An “event-based” Giving Circle, the charity of choice changes each year. In January the group identifies key areas of interest and The Ireland Funds (*the host organisation*) researches and presents multiple projects that meet the established criteria. Members review project information, four are then short-listed and invited to make a presentation to the Giving Circle. A single project is selected through a one-member/one-vote system. To date €150,000 has been distributed in grants.

Monthly evening meetings are held at The Ireland Funds offices, excluding the summer period. Giving Circle members can do a little or a lot. While some attend every meeting, others simply support the fundraiser itself, a fun cocktail party held on the third Thursday of November.