

## WHAT IS A GIVING CIRCLE?

A Giving Circle is, in general terms, a group of donors who place their charitable dollars into a pooled fund, and decide as a group which charities to support. Giving Circle donors often commit to participation for several years at an established dollar level, and the funds are typically donated to nonprofits chosen by the entire group.

Giving Circles vary in structure, size and charitable focus. Some Giving Circles are very informal, nothing more than a group of friends with a bank account who meet in each others' homes to discuss and decide on where their funds will go. Other Giving Circles have hundreds of members and governing boards, and may use a community foundation to manage the financial aspects of their giving. All Giving Circles offer members a chance to learn more about giving and community issues.

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

As members contribute, the Giving Circle needs to decide where to store the money until it is ready to make grants. For smaller circles, there may not be a need to select a host. Circle members may simply write a cheque to the selected organisation. However, in the US most Giving Circles look for a financial host, such as a community or public foundation who can hold the circle's money. Hosts can often provide tax benefits to donors. Circles also have low or no administration costs. Either alternative can work in Australia.

Giving Circles support many different issues and organisations. These issues vary slightly from that of foundations. The most popular topics that Giving Circles fund are youth development, women and girls, human services and mental health/crisis intervention. Foundation priorities are human services, arts and culture, education, health and public affairs.

### **The Value of Giving Circles**

Giving Circles are a form of shared giving and social investment networking. This represents a growing trend in philanthropy as community organisations established by individuals are seeking to have greater involvement in their giving. Also, there are broader issues and trends in philanthropy as a whole that are making "Giving Circles" as a mode for individual giving more attractive and fulfilling.

Currently, there are an estimated 800 Giving Circles throughout USA. About 160 of these have raised \$88 million since their inception (most since the year 2000) and granted almost \$65 million to fund community needs. Giving Circles are often female (in members) but are increasingly co-ed or all male (47%), and comprised of all formality levels and sizes, from a hand full of neighbors hosting "parties with a purpose" to some as large as 400 members.

## **Ten Basic Steps to Starting a Giving Circle**

1. Set structure and process
2. Establish mission & commitment
3. Decide where to place pooled funds
4. Establish specific focus areas
5. Create small work groups
6. Develop process & criteria for funding
7. Define groups engagement with grant recipient
8. Review potential recipients
9. Make grant awards
10. Evaluate the Giving Circle

### **1. Set Structure and Process**

Take time at this first meeting to discuss what a Giving Circle is. Begin the process of setting the structure and process. Decide how often you will meet; where to hold meetings; whether to limit membership; what time commitment everyone is comfortable with; and how to determine the groups focus.

### **2. Establish Mission & Commitment**

Groups work collaboratively to decide on the common goals and objectives of the group. Discuss and agree a broad mission. This may involve naming your group and setting up an operating structure. Then agree on the size or range of the financial contribution each member will make.

### **3. Decide Where to Place Pooled Funds**

There are options for where your circle members' money can sit. For example, you could simply open a joint bank account in the name of the circle. Alternatively, if the total of funds is large, consider establishing a foundation, like a Private Ancillary Fund.

### **4. Establish Specific Focus Areas**

This step requires significant discussion between the group members as the group identifies specific areas and issues of focus. If you know what the circle's broad mission is, invite experts to help the group through this process. Consensus is important.

### **5. Create Small Work Groups**

Having members of the group volunteer for particular tasks will build personal commitment. Small groups can also take on research on specific projects.

### **6. Develop Process and Criteria for Funding**

This process allows the group to develop a thorough understanding of the recipient organisation based on information provided and gathered. You may decide on written applications. Decide how often you will receive applications, are they by 'invitation only', decide how soon can you advise applicants of a decision.

It is important at this stage to establish final evaluation criteria. What are the questions you need to ask the applicant to make a grant decision? Remember that the charity is likely to be short of time and resources, so be sure to not make their work too arduous. Experts in grant funding can be helpful here.

## **7. Define Groups Engagement with Grant Recipient**

Be clear within the circle about members expectations to be involved with the grant recipient. Beyond financial support, group members can support grant recipients in numerous valuable ways.

## **8. Review Potential Recipients**

The review of potential recipients can be a difficult process. Consider using decision making tools, such as consensus models. If your specific focus areas have been well defined, this can be used to compare the outcome of applications against your circles goals. Some larger circles may rely on voting systems, but no decision making process should be over complicated. In addition, conducting site visits with potential grantees can be helpful in the grant making process.

## **9. Make Grant Awards**

When the group has agreed on a recipient, alert the organisation and let them know they can expect a cheque. It is good practice to let organisations who are not receiving funds from your circle know of your decision too.

## **10. 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. Candid feedback from the organisations you have funded will be an important ingredient of this process.

*Artsupport Australia is an arm of the Australia Council for the Arts, set up to grow cultural philanthropy. James Boyd, WA Manager of Artsupport Australia has been fundraising in the arts for over fifteen years. As part of his role with the Australia Council, James is promoting the use of giving circles, particularly in a community context. He is mentoring the development of a number of giving circles in Western Australia and is available to be a mentor to new giving circles in development. Ideally these giving circles will be sympathetic to the arts & cultural sector.*

**James Boyd**

**WA Manager, Artsupport Australia**

**Level 5, 109 St Georges Tce, Perth WA 6000**

**PO Z5281, Perth WA 6831**

**T: (08) 9238 9582 F: (08) 9486 1711 M: 0417 977 022**

**E: [j.boyd@australiacouncil.gov.au](mailto:j.boyd@australiacouncil.gov.au)**

**[www.australiacouncil.gov.au/philanthropy](http://www.australiacouncil.gov.au/philanthropy)**