

An Introduction to Giving Circles

*Vehicles for Building Collaboration,
Community, and Impact*

The inclusive and democratic process of a *giving circle*—a highly participative form of collaborative philanthropy in which individual donors pool their money and other resources, and decide together how and where to give them away—and the increased impact of pooled charitable dollars appeal greatly to many donors. Giving circles generally include social, educational, and engagement components that connect donors to their communities while increasing their understanding of philanthropy and community issues.

In the first of a 2-part series on giving circles, we introduce the benefits and typical structures of these powerful giving vehicles. Be sure to read the companion "Creating and Running a Giving Circle," available at www.exponentphilanthropy.org.

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Giving Circles: DIY Philanthropy

Giving circles have often been called “do it yourself” (DIY) philanthropy because of their flexible and customizable structures. They are part of a long tradition of collective giving, which, over time, has included mutual aid societies in many immigrant communities and voluntary groups, such as fraternities and sororities, the Rotary Club, and the Lions Club. Giving circles also have roots in social and learning groups, including sewing circles, book clubs, and investment groups, in which people get together to learn and have fun.

GIVING CIRCLES DEMOCRATIZE GIVING AND BUILD COMMUNITY

Although giving circles can take many forms and have different focus areas, they share several key elements:

- **Members donate.** Although many variations exist, most giving circles require an annual financial commitment ranging from \$50 or less per year to \$100,000 or more per year.
- **Members decide.** Giving circles are distinct from donors’ circles at nonprofits in that participants as a group determine where to grant the money. Some circles make decisions by consensus; others vote to determine what to fund. Donors can design their own giving circles to address the issues they care about most and target other types of donors.
- **Circles demystify philanthropy.** Giving circles are a democratic form of philanthropy because they engage generous people across a wide spectrum of wealth. They provide a way for donors to leverage their donations and have a greater impact in a welcoming, learning environment. Many giving circles target donors from communities not traditionally part of mainstream philanthropy.
- **Circles build community.** Giving circles connect individuals to each other around a common mission and/or target specific identity groups. Many early circles were women-focused groups comprising women and targeting funding toward women’s and girls’ issues. Because many giving circles focus on a place—city, county, or region—they often also connect donors meaningfully to the issues and resources present in their own communities.

GIVING CIRCLES' IMPACT

Giving circles have a measurable impact on their participants' giving and community involvement. Donors in giving circles give more, give more strategically, and are more engaged in their communities, according to a 2009 study by Dr. Angela Eikenberry and colleagues. In particular, they found that giving circle donors gave more than comparable unaffiliated donors, were more likely to give to advance a vision for change, and were more likely to conduct research before giving.

ORGANIZATIONAL STRUCTURE OF GIVING CIRCLES

Giving circles come in many forms, with new models popping up all the time. Legally, circles can exist without a host; can be hosted by an organization providing fiscal sponsorship, nonprofit status, and support; or can have their own 501(c)(3) nonprofit status. Despite many creative variations, three basic structures remain the most common:

- **Small circles**—Small giving circles can range from tiny “kitchen table” groups comprising as few as five people to groups of up to 25 individuals. They are characterized by consensus-style decision making and a loose and informal structure. Often, all members are highly engaged in the group’s work. Although a community foundation or other organization may host small circles, these types of giving circles generally do not have their own staff.

One small circle, the Cherry Blossom Giving Circle in Washington, DC, engages Asian-American professionals to fund organizations serving the Asian-American community. Its approximately 20 voting members contribute at least \$250 annually, and other members donate at lower amounts or participate in learning activities.

- **Formal organization-type giving circles**—These formal giving circles often look more like traditional membership organizations. They may have their own nonprofit status and paid staff, or a community foundation or other organization may serve as host and provide staffing. Because these circles are large, they rely on a more formal structure, including boards or steering committees, grants and education committees, and voting to determine grantees. Formal organization-type giving circles tend to have regular educational events and offer formal opportunities to volunteer for partner organizations.

Social Venture Partners (SVP), which has chapters across the United States and abroad, is an example of a formal organization-type giving circle. SVP members contribute around \$5,000 annually and provide volunteer consulting and capacity building to nonprofit agencies they fund. SVP emphasizes long-term relationships with funding recipients and tracks their progress and effectiveness.

- **Loose networks**—Loose networks, or event-based giving circles, typically consist of a core group of people who do the ongoing organizing, planning, and grant decision making for the group, as well as individuals who participate intermittently. Although small and formal giving circles generally require an annual or multiyear donation, loose networks engage donors and collect donations through events, and may or may not consider event participants to be members.

Events hosted by loose networks tend to be regular yet informal, such as the monthly potluck dinners held by the international network of “Dining for Women” or the cocktail parties hosted by the Los Angeles Microphilanthropy League. Others might be fancier affairs that benefit a single organization selected each year by members, such as the charity events of the Spinsters of San Francisco.

THE HOST ORGANIZATION’S ROLE

Many circles are created and managed by passionate donors, who then may find a host organization to provide nonprofit status and/or support. The host—a public or community foundation—supports the giving circle, often as a donor advised fund, and provides a range of services. The host may simply provide nonprofit status, hold donations, and distribute grant checks on behalf of the giving circle. A host may do much more, including providing staffing, facilitation, grants due diligence, and/or education.

Resources

Creating and Running a Giving Circle: Key Decisions and Considerations A companion tear sheet from Exponent Philanthropy. www.exponentphilanthropy.org

Giving Circle Knowledge Center From the Forum of Regional Associations of Grantmakers. www.givingforum.org

Giving Circles Network Website offering stories, news, and tools related to giving circles. www.givingcircles.org

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