

Ten Basic Steps to Starting a Giving Circle

Step One – Set Goals and 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 setting goals and **structure** now. Some of the decisions that you may want to discuss at this meeting are:

- How many times will the group meet?
- How will we determine our funding focus?
- Where do we hold meetings?
- Is there a limit on **number of participants**?
- What is the size or range of the financial contribution each member will make?
- What is the time commitment?

Remember: giving circles go beyond individual “pet” charities to pool your resources for a common goal with greater impact. Members will contribute time as well as dollars in the process.

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 goals and objectives
- Name your group
- Set up an **operating structure**

Remember: The contribution amount can vary. Circles requirements vary – starting at \$10 and going up to \$25,000 or more. The group decides what is reasonable for their circle. It is important for the group to agree on the final amount.

Many circles choose one contribution level for everyone. Since no single vote on a potential grantee should outweigh another, many circles find this arrangement the best. Other circles find that a tiered giving structure or anonymous giving meets their needs.

Step Three – Decide Where to Place Your Collective Dollars

At the start of each year, members should make a financial commitment to the giving circle (i.e., write the check). There are options for where your circle members’ money can sit. There are benefits to all the **options**, depending on the circle’s needs, experience, and structure. Giving circles generally have no administrative “overhead.” Volunteers administer the circle and all dollars go to the designated nonprofit/s. However, some circles have found it useful to pay for administrative costs. They then receive a level of service that they cannot provide for themselves. You can:

- Open a joint bank account. (Check with a professional advisor on the tax implications)
- Partner with an organization that can act as a financial administrator of the funds.
- Establish a Donor Advised Fund at a Community or Public Foundation.
- Create a public foundation.
- Write individual checks to the chosen nonprofit/s.
- Explore other creative options that interest the group.

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 health issues for women – what specific health issues, age range or demographic? In what geographic area will you focus?

You may also want to invite “experts” to talk to the group. Some 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 make 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, you may evaluate a group in another way. Some questions to consider as you determine your **funding philosophy**:

- How will we decide who receives funding?
- Will we review grant applications?
- Will we visit specific organizations that could “qualify”?
- What kind of a report will we want at the end of the project period from the recipient of these funds?

This **process** can be simply choosing a recipient organization based on information you gather. Or the process can be more involved. Some circles **review written applications**, visit the organizations and ask for a presentation on the work the organization does.

If your group is unsure of how to assess an organization, you may want to consider asking someone with a background in grant making or nonprofit administration to give the group assistance.

It is also important at this stage to establish **final evaluation criteria**. How will you measure your giving circle’s impact? How will the organization/s that receive funding measure the impact of this funding?

Note: Many circles try to match the **level of effort** they require from the grantee to the amount of money that they have to give. Nonprofits are often understaffed and short on time. It can be a burden for them to create lengthy proposals and reports for relatively small amounts of money.

Step Seven – Define Partnership with Recipient of Grant Award

Do members of your circle want to volunteer for an organization you have funded? Your circle should define in what ways they could offer assistance. Web development, finances, program planning, legal work, and mentoring are some examples of how your members might get involved. Be sure to be clear with the expectations of all involved in this new partnership.

Step Eight – Review Potential Recipients

Conducting site visits with potential grantees can be helpful in the grantmaking process. This is the time to ask questions, get clarification, and see the organization in action.

The group should set aside plenty of time to discuss the potential grantees. Members may feel strongly about funding different organizations. 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 circles tend to rely on committees and voting systems.

Be willing to take a risk by funding a start-up nonprofit, or by funding a nonprofit 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 a check. It is good practice to let organizations who are not receiving funds from your 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 organizations you have funded and partnered with will be an important ingredient of this process.

Adapted from Association of Baltimore Area Grantmakers’ Giving Circle Toolkit

Giving Circle FAQs

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. To learn more about giving circles, see our in-depth look at "[What is a Giving Circle?](#)"

Is a giving circle right for you?

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 time and the stage of the giving circle. Being a part of the start-up process will require more time from members. For more issues that might impact your decision, read our giving circle [decision-making guide](#).

How many giving circles are there in the United States?

There are hundreds of giving circles in the US. In a scan conducted in 2007, our organization identified over 400 circles. We think there are four or five times more giving circles out there.

Do giving circles appeal mainly to women?

No – giving circles are diverse. In our 2007 scan, we found that forty-seven percent of giving circles were mixed-gender or all-male.

Where can I find a giving circle?

There are giving circles throughout the US, from Los Angeles, California to Portland, Maine. Although they tend to be located in urban communities, there are giving circles in small towns and rural areas too.

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. For smaller circles, there may not be a need to select a host. Circle members may simply write a check to the selected organization. However, 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. For more information on selecting a host, read "[Options for Where to House Your Money](#)." To understand the relationship between giving circles and hosts, please read our [Resources for Institutional Hosts](#).

What kinds of organizations do giving circles support?

Giving circles support many different issues and organizations. 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, education, arts and culture, health and public affairs (Foundation Center, December 2006).

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 (\$150-\$500 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?

Our 2007 study found that circle members often give extra support to nonprofit organizations:

- 65% of circle members volunteer;
- 43% of circle members join Boards of grantee organizations; and
- 35% of circle members provide additional fundraising support by encouraging their friends and colleagues to donate.

Can giving circle members make donations outside of the circle?

Yes – giving circle members give additional money to nonprofits that they learn about through the circle. Also, close to 75% of giving circle members give additional money or in-kind support directly to the organizations that the circle 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. See the [Giving Circle Starter Kit](#) for basic steps and our [“Resources for Starting and Maintaining a Giving Circle.”](#)

I received information from a local nonprofit saying that I could be a member of the “President’s Gold Circle” if I donate \$1,000. Is this a giving circle?

Many nonprofit organizations use a “circle” model of fundraising. Donors who contribute at an established level may get special services, recognition, or learning opportunities. These major donors help organizations by contributing much-needed funds. However, in this type of circle, organizations ask for money but usually do not let donors make decisions. We do not consider this arrangement to be a giving circle.