



## **Giving Circles at the Community Foundation of the New River Valley**

### ***What is a giving circle?***

Giving circles are a relatively recent development in philanthropy wherein donors pool their resources and distribute those resources to organizations of mutual interest. Scholar Carole Schweitzer refers to these groups as “a cross between a book club and an investment group.” They can be highly formal with specific requirements for donations of both funds and volunteer time or informal social groups, and they generally share the following characteristics:

- **Pooling funds** – Members generally pool equal amounts on a regular basis ranging from \$25 in small, loose groups to \$5000 in more formalized circles.
- **Giving away resources** – Giving circles give both money and in-kind gifts to local nonprofits or individuals in need in the local community. Members actively participate in selecting grantees through formal or informal processes.
- **Educating members about philanthropy** – Members learn about community needs through the grant making process as well as workshops, site-visits, or speakers in more formal circles.
- **Providing social interactions** – Most giving circles have a strong social component wherein members gather regularly to network and socialize as well as collect and distribute funds.
- **Engaging members in volunteering** – Nearly all giving circles are run by volunteers though some do rely on community foundations for fiscal and administrative support. Some circles also require members to donate their time to community organizations in addition to funds.
- **Maintaining independence** - While some giving circles rely on community foundations for administrative support, they are independent groups with highly engaged donors involved in reviewing grant applications and distributing money.

### ***Giving Circles at the CFNRV***

The Community Foundation of the New River Valley currently provides administrative and financial management for four giving circles: **ArtsStart, the New Mountain Climbers, the NRV Change Network, and the Feisty Floyd Philanthropists**. The circles are relatively small (10-25 people) and distribute funds with endowment proceeds and/or pass-through funds (funds wherein donors may spend down the principle). They may participate in the CFNRV’s semi-annual grant process by reviewing applications with the Distribution Committee and recommending recipients or they may request to make a distribution to a local organization outside of this competitive process.

## *Starting Your Giving Circle*

The CFNRV is excited to work with you in starting your giving circle and assisting the circle as it makes important decisions about how to collect and distribute charitable dollars. Below are some key steps in starting your circle:

- **Developing a Fund Agreement:** At least one member of the circle must work with the CFNRV staff to draft a fund agreement detailing the intended purpose of your charitable dollars and outlining the CFNRV's responsibilities in managing and distributing those funds. Depending on the complexity of the provisions you may add in this agreement, the process typically takes one (1) to three (3) months to complete.
- **Developing the Parameters of Your Circle:** While the fund agreement covers the basic legal agreement between the circle and the CFNRV, the circle must decide more specific provisions such as a minimum annual donation from circle members. Below are some questions to consider:
  - **Building the Fund:**
    - Will circle members give only once or regularly contribute to the fund?
    - If members give regularly, should there be a minimum annual or monthly contribution?
    - Do circle members prefer to build the endowment, contribute to the fund's pass-through component, or a combination of both?
    - Does the circle envision having more donors outside the initial founding members? If so, how will the donors be identified and recruited?
  - **Making Grants from the Fund:**
    - Who will be involved in choosing the programs or organizations to which grants from the fund will be made?
    - Will these individuals be required to make a minimum contribution to participate in grant review and selection?
    - Will the circle participate in the CFNRV's competitive grant process or develop its own criteria for distributing funds?
    - Who will be the primary contact person for the circle that the CFNRV may contact?

The CFNRV aims to provide flexibility to our donors while remaining within the parameters of our mission and policies. We look forward to working with you as your giving circle develops.

Contact us at 540-381-8999 or at [cfnrvc@cfnrvc.org](mailto:cfnrvc@cfnrvc.org).