



giving circles

*A new trend in philanthropy leverages the grass roots—
and small change—into big influence*

By STACIE Z. BERG

During the 1990s, 35-year-old Internet marketing executive Scott Delea recalls, he had dreamed of doing something big that would make a difference and change the world, but it never seemed to be the right time to act. The thought weighed heavily on his mind, particularly after 9/11.

One Monday morning, during Thanksgiving week 2002, while driving to his Boonton, N.J., office to put in another routine, 12-hour day, Delea began wondering

what his legacy would have been if he had been in the Twin Towers and had perished. "It was then that I asked myself, 'What the hell am I waiting for?'" Delea recalls. "I thought, 'If I don't do something now, when am I going to do it? I am always going to be busy. I am always going to be looking for the next 'big idea.'"

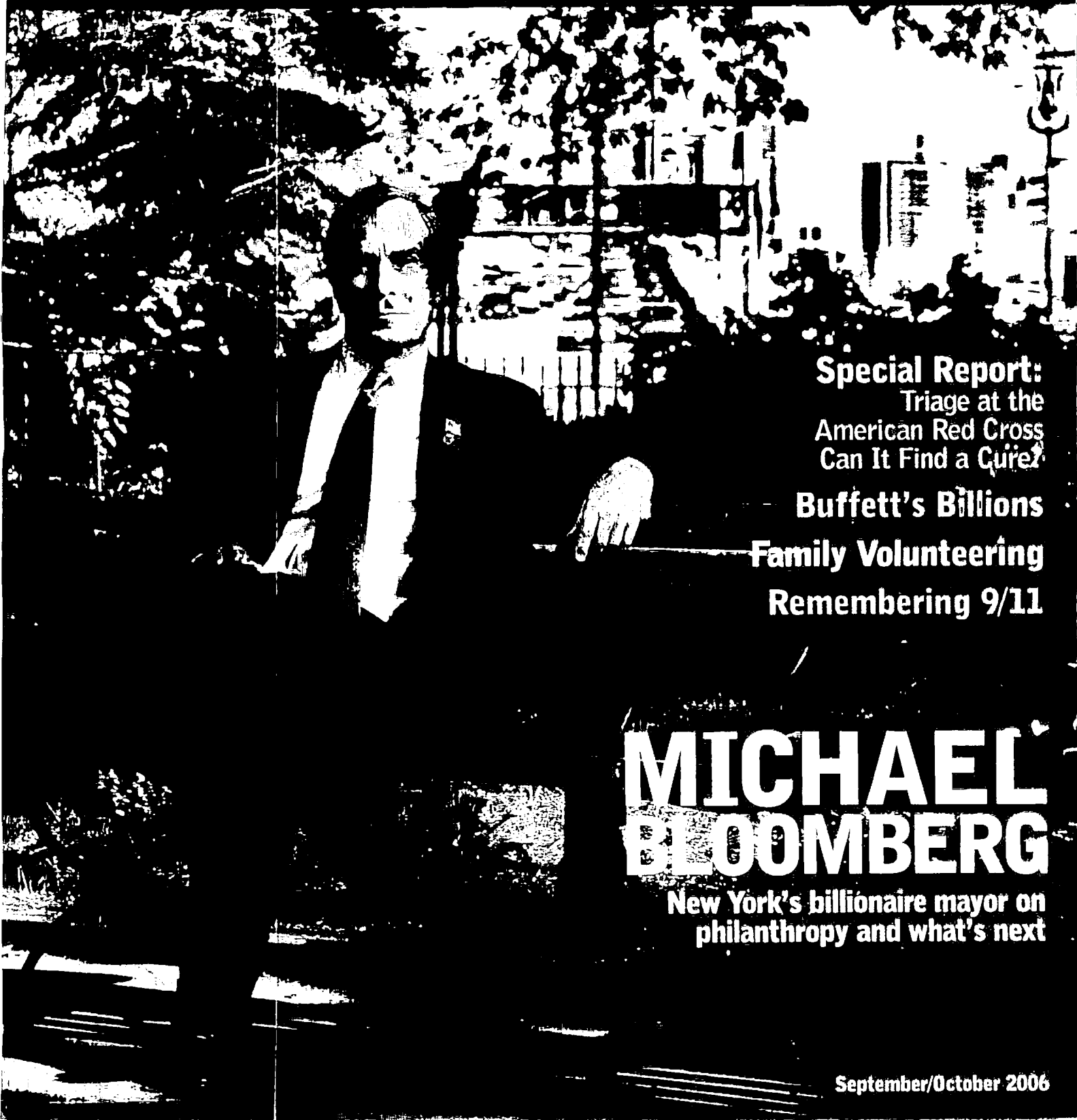
Then it came to him. If he felt this way in the wake of 9/11, then a lot of his friends were probably feeling the same way. Sure, they all partied and spent hundreds of dollars on drinks and food every weekend in

the bars and clubs of Delea's home town of Hoboken, N.J. Why not harness that socializing ritual to help worthy local and nonprofit groups at the same time? Why not hold fundraisers in local bars and donate a portion of the cover charge to local charities in need? Members of a charity could show up, talk about their mission, and ask Delea and his friends to help. "Some of them would be ready to give a lot of time, and others might just be willing to donate money," he thought. "Either way, I wanted us to do more than just party."

ILLUSTRATION: STEAR WOCABE

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: the people and ideas of giving



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So Delea started Party With Purpose, a so-called giving circle and nonprofit that promotes events that combine lively, informal parties ("not the typical, stuffy fundraising affairs," he says) with charitable causes. His first party was held at Hoboken's 10th and Willow Bar and Grill in November 2002: Delea stood at the door, greeting his guests and taking their money. That first night, he raised \$1,000 for the North Jersey Chapter of the Alzheimer's Association, a charity selected in memory of his grandmother, Marie Pisano.

Since then, PWP has doubled in size, named a board of directors, and is recruiting skilled volunteers. PWP has sponsored events for the Alzheimer's Association, the American Cancer Society, and the Police Athletic League, among others, and has raised more than \$75,000 in all. The group is looking to expand to other cities, such as Boston and Washington, D.C.

PWP is no isolated phenomenon. Giving circles are one of the most popular trends in philanthropy in the last five years, says New Ventures in Philanthropy, a Washington, D.C.-based nonprofit organization that studies this form of shared giving. Across the country, such circles, where co-workers, friends, neighbors, and other like-minded donors pool money for charity, have generated at least \$44 million, according to a New Ventures survey.

Common Ground

Meetings can be as informal as a potluck dinner or a wine-tasting, where members chip in various amounts of money. Or, they can be as organized as a philanthropic club, where members give a set amount each year, take part in doling it out, and may even start an endowment. Much like book groups, many giving circles meet after work, or in someone's home, and develop around a common theme—a cause, a social problem, or a favorite charity. Members collectively learn more about a cause and work together to donate time or money, or both.

In all, there are some 400 giving circles in the United States, according to New Ventures, and some 80 percent of them have cropped up in just the past five years. "People in philanthropy and in society, in

general, want to get past the bureaucracy and engage in the community, and they want to do it on their own terms," says Angela Eikenberry, a professor at Virginia Tech who is researching giving circles. "They want the experience of giving. In some ways, philanthropy of this kind is reflecting what's going on in the larger community. Giving circles are fulfilling a need by people to become more involved in their communities."

Around Manhattan, giving circles are popping up in many forms—and mostly

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Scott Delea, founder, Party With Purpose

from the grass roots. Natan (Hebrew for the word "giving"), a giving circle in New York of young Jewish men and women, funds venture charities that otherwise wouldn't get the attention of the Jewish community. It began when a group of young hedge fund managers decided they wanted to give back to their community and thought if they combined their efforts, there would be value in scale, says Michael Steinberg, 34, the board chair and a hedge fund manager in midtown Manhattan by profession. "It was really an effort to connect with the Jewish community and to help other young professionals to do the same."

Another giving circle, Dining for Women, with a chapter in Trumbull, Conn., tries to help others identify new pockets of need and bring the reality of those less fortunate home—literally—to friends and neighbors. DFW was founded in January 2003 by Marsha Wallace, a 45-year-old nurse and mother of four in Greenville, S.C., who was inspired by a group of social workers who donated dinner money to a cause.

Wallace adopted a similar approach, and the idea has spread rapidly throughout the country—and abroad. "We dine in together once a month, each bringing a dish to share, and we pool our dining out dollars," says Wallace. Every penny of the dinner donations goes directly to the cause. The group's first dinner meeting raised \$750 and about 20 women attend-

ed, Wallace says. Since then, the group has expanded into 49 chapters in 24 states, including Connecticut and New Jersey.

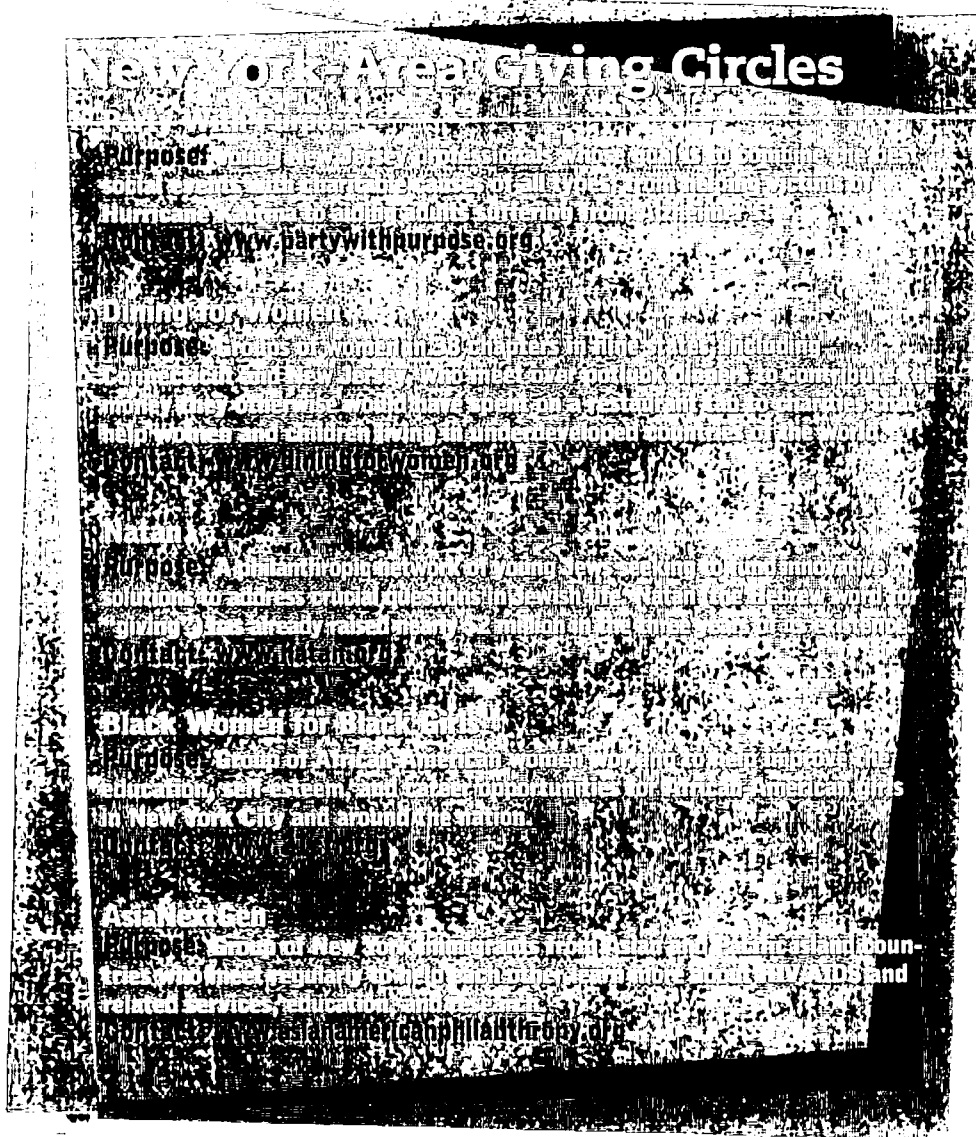
The dinners can be inspiring. Peg Lawhorn, a 47-year-old pharmacist, says she remembers how motivational it was to hear a fellow member describing how each impoverished child in a particular Third World community, when offered a choice between a toy and a bar of soap, chose the soap. Says Lawhorn: "This hour (spent at Dining for Women events) does, indeed, do something to bring it home to each of us."

Possibility Sundays

The size and structure of giving circles may vary as much as focus. Some giving circles have 1,500 members; others have only 30. The Arizona Social Change Fund, founded in Phoenix in 1995 by local attorney Mike Valder and his wife, Janet, has a revolving mix of members. On the fifth Sunday of any given month, the Valders, both aged 65, host gatherings for up to 100 at their showcase estate in Phoenix. Called "Possibility Sundays," participants meet grant recipients, network, and discuss community issues. Money collected at each event, from \$1 on up, are rolled into grants of \$10,000 per charity. After a decade, the Social Change Fund has doled out more than \$300,000 to various local causes, including the Arizona Citizens Action group for its Prescription Drug Crisis Project.

Giving circle membership is diverse. Some 42 percent of those surveyed by New Ventures last year are mixed in gender, 12 percent are racially or ethnically mixed, and five percent are African American. In addition, the groups are mostly issue-focused and community based, though some circles may direct their efforts to broad causes, like international aid, for example. Over time, some giving circles may expand into national networks, which serve as umbrellas to smaller groups throughout the nation, such as Dining for Women.

How to start a giving circle of your own? Get on the phone. Start e-mailing people in your social network who share an interest or a concern. "Generally, to get a lot of



the donations give the individual a charitable deduction," says Gary Garwitz, partner and CPA with BKD in Springfield, Mo.

And if the giving circle is set up through a private foundation, individual donors may lose some tax benefit because tax deductions are capped at 30 percent versus 50 percent of annual gross income in other types of philanthropy. If a business hosts a giving circle, for example, donors cannot deduct their donations. On the other hand, a giving circle that uses a donor-advised fund to hold and manage assets allows donors to make contributions of appreciated stocks, which have an added tax incentive, Garwitz says.

Growing Impact

Giving circles aren't for everyone. If it is important to you that a specific organization receives your donation every time, or if you don't have time to attend a lot of meetings after work, you might want to think twice about joining a giving circle. Independent thinkers also may find the consensus-style approach of many of these circles frustrating.

While giving circles may start out small, their impact is growing. Alicia Gauer, who works with The Gathering Place, a cancer support nonprofit that gets funds from a giving circle in Ohio, speaks to the power of collective donating: "Although large donations often grab the headlines, small gifts are sometimes the most precious and, in aggregate, can help charities accomplish wonderful things."

The payoff goes both ways. Just ask Party With Purpose founder Scott Delea. "We can all sit on the sidelines dreaming," he says, "but eventually we need to put on the helmet and get in the game." ▲

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these started, it takes one or two dedicated people. After that ... it's do-it-yourself," says Scott Simpson, a program associate with New Ventures. Agree on a common cause and decide on rules of engagement, how much time the group will spend, and how much it is willing to donate.

Visiting the Needy

Some groups get organized by conducting on-site visits to various charities so that members may do preliminary and follow-up research. Discussion and debate among members follows, until the group comes to a grants-making decision. "When you have a peer group [and] positive and negative feedback, you learn so much more," says Natan's Steinberg.

Groups also may decide to find someone to donate their administrative services. For example, Natan's board and several foundations pay the group's operating expenses so that 100 percent of donations go to its grant-making. Party With Purpose has corporate sponsors for its events to help cover expenses.

How to dole it out? Many giving circles are set up so donors write checks directly to the selected charity and others partner with a nonprofit that can act as financial administrator or fiscal agent. Some giving circles are set up as 501(c)(3) nonprofits, which are tax-exempt. But be careful. If a giving circle sets up joint bank accounts among members, it can run into problems at tax time. "The IRS might not agree that