



"Giving" Advice



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Philanthropists Anonymous

Donors may choose to give anonymously for many reasons, including privacy, humility, and a desire to avoid numerous requests. Community foundations are an excellent resource for anonymous gifts, because they can keep the name of a donor truly private while providing the inside track on local needs and resources.

Your philanthropically minded clients probably hold a range of opinions on the issue of donor recognition. Some of them welcome acknowledgement of their contributions because it helps draw attention to their favored causes. Others may accept recognition, such as a listing in the recipient's annual report, but wish to avoid being singled out, even when they make substantial gifts. Some donors, however, prefer to remain completely anonymous.

"Donor requests for anonymity happen regularly, but not often," says William Ginsberg, President & CEO of the Community Foundation for Greater New Haven in New Haven, Conn. "Most people like to get credit for what they give, so a desire to remain anonymous is certainly the exception."

But when a client comes forward with a desire to make an anonymous gift, community foundations can provide the privacy they desire and the flexibility they need to make a meaningful and personal contribution to their community.

Donor Motivations

Motivations for requesting anonymity vary, according to Caprice Bragg, Vice President for Gift Planning and Donor Relations with the Cleveland Foundation in Cleveland, Ohio. She describes some of the motivating factors as follows:

- Many donors bring a sense of humility to their philanthropy. They feel grateful and humbled by their resources, and they believe it is



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ABOUT YOUR FOUNDATION

Since 1973, the **Toledo Community Foundation** has provided individuals, families and businesses interested in the well-being of our community with an *efficient, effective, low-cost, professionally managed* mechanism to achieve their charitable goals.

For philanthropists wishing to maximize the impact and life of their charitable gifts, the Foundation provides

resources for thoughtful giving. Using its expertise and personalized services, **Toledo Community Foundation** helps donors transform their philanthropic impulse to measurable community impact. Beyond the gifting of assets, the Foundation helps donors identify issues of importance to them and *inspires engagement* with community organizations addressing these issues, thereby maximizing the impact of charitable gifts and creating a greater sense of fulfillment.

part of their personal mission to give back to the community without diluting their altruistic intent with recognition.

- Other donors have become associated with a particular type of grant-making—perhaps to a particular cause or organization—and wish to explore alternative giving options without drawing attention.
- They desire privacy to prevent a flood of requests. “Sometimes donors are concerned that they will wind up on a list and be solicited by other nonprofits,” says Bragg. “They use or create an anonymous fund to avoid that problem.”

Meet the Johnsons

Another concern is that donors do not want to change how others view them. Let’s look at the hypothetical case of Tom and Janet Johnson (a composite of anonymous donors). They both worked as administrators for their city’s school system and lived modestly while their personal savings and an inheritance from Janet’s parents grew into a substantial portfolio.

They wished to establish a fund to provide college scholarships for lower-income graduates from their district’s high schools, but were concerned about friends’ and co-workers’ potential reactions if they learned about the Johnsons’ wealth.

Not-so-private Foundations

The Johnsons initially considered establishing a private foundation for their grant-making. However, their financial advisor pointed out that maintaining anonymity with a private foundation can be difficult because the IRS requires foundations to file a Form 990-PF annually. That form is a public document; it is available online and contains information on the foundation’s directors, assets, contributors, and grants.

As an alternative, the advisor suggested the Johnsons consider working with their local community foundation to facilitate their desire for privacy.

“We talk about privacy options with prospective donors before they contribute,” says Bragg. “Our fund agreement asks donors if they want the fund to be anonymous. If they do, we take several steps to preserve their anonymity. For example, only a very limited number of our staff can access donor information and we take additional measures to protect anonymous donors. Additionally, publications like our annual report or donor listings indicate the number of anonymous donors but not their identities.”

Giving Options

Community foundations provide an array of giving vehicles for

anonymous gifts. Donors can contribute to existing funds that have broad community-based mandates, such as supporting the arts or health care, or to funds with a narrower focus. Donations to these existing funds are co-mingled with the fund's assets, and grants do not identify specific donors.

The Johnsons decided to create a donor advised fund, which can preserve anonymity while allowing donors to influence the grant-making process. Their local community foundation created an anonymous donor advised fund for them with the nonidentifiable name of "The Pathways to College Fund." The fund agreement stipulates that the Johnsons' identity as the fund's founders will remain confidential during their lifetimes. After their deaths, the fund will be renamed the Johnson Educational Opportunity Fund.

Community Foundations Protect Anonymity

Donor advised funds are well suited for donors who want to suggest recipients for their grant-making. Community foundations provide valuable resources, such as online research tools and staff assistance, to help donors make effective grants. "Our donors work with foundation staff to identify their specific grant-making needs," says Bragg. "That staff person can help identify nonprofits engaged in the kind of work that interests the donors and can do so anonymously. For example, the staff member can contact the potential grantee and gather information without having to disclose that they are working with a specific donor."

Protecting clients' privacy in the era of online databases has become increasingly difficult. The requirement for private foundations to file a public Form 990-PF creates additional challenges for donors desiring anonymity because organizations can use private charities' Form 990-PFs to learn about organizations and their donors. In contrast, community foundations, which also file Form 990s, can report anonymous gifts as "anonymous." If the prospect of diminished privacy concerns your clients, their local community foundation can help them achieve their philanthropic goals and preserve their anonymity.

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