Anonymous Donors: What Does that Really Mean and Can We Keep Our “Promise”? 

or, A Roadmap to Maximizing Donor Anonymity

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The Unknown Donor

I’d like to give you millions! Please don’t tell anyone.
Definition of Anonymity

“A condition in which an individual's true identity is unknown.”

Yep, its as easy as that!
Or is it?
Overview

- Why would someone want to be anonymous?
- Ways to Give Anonymously.
- What does the donor really want?
- Potential employees that may know about the anonymous donor/gift
- No such thing as complete and guaranteed anonymity
- Document Storage
- Communications guidelines
- Reporting of anonymous gifts and donors
- Donor Relations / Stewardship
- Further Reading
Rarely Happens, why be so concerned?

- Must be ready for when it does happen.
Why would someone want to be anonymous?

- They shun the limelight
- Concern about harm coming to them or their family if people find out they are wealthy
- To avoid hostility from people philosophically opposed to causes they support
- To avoid getting badgered by fund-raising requests
Why would someone want to be anonymous?

- 50.6% of those who give anonymously do so to minimize solicitations from other organizations.

- 5% give anonymously because of deep religious convictions. They may feel:
  - A rich person ought not feel superior for giving a lot.
  - A not-so-rich person ought not feel inferior for giving less.
Why would someone want to be anonymous?

- Wealthy people may feel lucky they had brains or the right family allowing them to have wealth. They want to set the balance straight and don’t want public credit.

- Bottom-line: giving anonymously is not easy.
Ways to Give Anonymously

- **Set up a private foundation.**
  - **Pros:**
    - Provides control over investments and grant making
  - **Cons:**
    - Difficult to remain anonymous
    - Law requires a private foundation to report names of those who gave $5K or more on the 990.
Ways to Give Anonymously

- Use an Advisor/Intermediary such as a law firm or a bank

  Pros:
  - Advisor issues check and gives to the charity
  - Tax receipt goes to Advisor
  - Advisor tells charity they are making the gift for an undisclosed principal.

  Cons:
  - Advisors can’t guarantee anonymity, they can only help protect an identity.
Ways to Give Anonymously

- Create a Donor Advised Fund (DAF) – a public charity through which people can make grants to charities.

  **Pros:**
  - Offers anonymity if the donor wants it.
  - Can give the DAF a name that won’t be linked to the “donor”
  - The “donor” can indicate the grant is made at the suggestion of an anonymous donor.
  - An advisor can set up the DAF so the donor’s name is not known by the Community Foundation or organization that holds the DAF.

  **Cons:**
  - The “donor” no longer has total control once the funds are given to the DAF.
  - The donor can recommend grants to charities but donor cannot legally require them to the recommended charity.
What does the donor “really” want?

- Does the donor want to be completely anonymous?

- Does the donor just want a specific gift to be anonymous?

- Remember, sometimes the word “anonymous” means different things to different people, so make sure the donor, the gift officer and the gift processing staff are “on the same page”.


If the donor wants to be **completely anonymous**:

- No recognition, no stories in publications
- No listing in donor honor roll or wall of honor other than “Anonymous”.
- No gift receipt unless the donor requests (the IRS requires a gift receipt in order for the donor to claim a charitable deduction)
- No acknowledgement letter unless the donor requests (development officer responsible)
- No system record with identifying personal information
- No soft credit in fundraising system linked to donor’s record (if they have a “non”-anonymous record also or linked to the anonymous donor’s Donor Advised Fund.)
If the donor wants **just the gift** to be anonymous:

- No recognition, no stories in publications for the gift in question
- Listing in the donor honor roll or wall of honor
- Gift receipt
- Acknowledgement letter
- System record with identifying personal information
- Soft credit in fundraising system linked to potential Donor Advised Fund
Potential employees who may know about the anonymous gift

- Chancellor
- Vice Chancellor for University Advancement
- Gift Officers
- Director, Advancement Services
- Gift Accounting Manager – for processing of gift
- Foundation Finance Manager – for approval of gift/pledge agreements
- General Counsel – as needed
No such thing as complete anonymity

- A public university should:
  - use its best efforts to maintain anonymity
  - NOT guarantee anonymity
    - For example, anonymity may not extend to:
      - Audits
      - Government subpoenas for information
      - The Board of Trustees “need to know”.
  - That is why this document is called “A Roadmap to Maximizing Donor Anonymity”

- Most states provide that when the donor’s reasonable expectation of privacy outweighs the public’s right to know, the court will not necessarily require disclosure
Document Storage

- Not scanned (unless locked down)
- Not in regular gift backup
- But here:
Communications guidelines

- Review carefully all written, verbal, and electronic communications with the donor to ensure they do not compromise the donor and/or gift anonymity.

- Do not promise or guarantee anonymity.

- Gift Officers should provide all documentation on anonymous donors and anonymous gifts to the Gift Accounting Manager upon finalization of the gift.

- Development officers should take care not to record details of anonymous gifts in contact reports in any prospect management system.
Reporting of anonymous gifts and donors

- Anonymous gifts will be counted in all fundraising reports.
- Any fundraising or donor list/report that would normally show the donor name will show “Anonymous” for those donors who wish to be completely anonymous.
Donor Relations / Stewardship

Ask the donor how they would like your organization to handle stewardship issues such as:

- Annual Endowment Reports
- Acknowledgement letters
- Etc.
Further Reading
(some wording in the PowerPoint came from these articles)

- CASE Currents Article: “Protecting Donor Anonymity”
- Forbes: How to Stay Anonymous When You Give to Charity.
- Wall Street Journal Article: “Why Donating Millions Is Hard To Keep Secret” (older article, but good)
  - http://www.wsj.com/articles/SB119983974264576399
I will not talk about anonymous donors.