Thinking About Privacy and the Family

At the outset, it’s important to acknowledge the common urge to operate anonymously. There are several good reasons why donors might seek to operate foundations in anonymity. But whatever the impulse, giving anonymously is not really an option when a donor decides to establish a foundation under United States tax law. By virtue of the tax benefits extended by the government, foundations have an obligation to operate for public purposes and to make regular reports to the public. Private foundations have long been required to provide information about their operations, especially since 1969, when a major overhaul of tax laws greatly increased formal scrutiny of foundation affairs.

Limiting Public Knowledge and Access

Many founders and their families are concerned about the effect of publicity on the family. They may have heard about grantseekers buttonholing them in public places. They may have read stories suggesting that persons of wealth may face threats to their personal security.

In fact, with one exception, the founder and the foundation can achieve a high degree of anonymity. Aside from the Form 990-PF, you can keep your family and foundation activities very private. You do not have to list the foundation in the telephone book, maintain an office available to the public, print foundation letterhead or business cards, issue printed or electronic grant guidelines, publicize your grants, or accept offers from well-meaning nonprofit organizations that want to honor you and the foundation with a bronze plaque. Your lawyer can write the grant checks.

One foundation that follows a limited public knowledge approach is the Jerry Taylor & Nancy Bryant Foundation in...