



New System Provides Valuable Data on Charitable Sector

Charities operating in Ohio reported revenue of more than \$48.8 billion, expenditures of about \$46.4 billion, and assets exceeding \$103.3 billion in 2012. This fiscal snapshot of the charitable community comes from information reported to the Ohio Attorney General via a new online charitable registration system.

“The new system is more convenient for charities and, more importantly, provides greater transparency and assurance for donors to those charities,” Attorney General Mike DeWine said. “It also provides information that demonstrates the charitable community’s impact on Ohio and helps us spot potential fraud quicker and with more definitive data.”

Pete Thomas, chief of the Attorney General’s Charitable Law Section, said the ability to extract useful data from the information filed online was a driving factor in developing the system, which was implemented in late 2011. “With paper filings, we had a lot of information on individual groups, but none of it was really useful in creating a picture of the entire sector, nor did it give us the ability to spot trends and red flags,” Thomas said.

Thomas said the amount of information that can be gleaned from the system will grow as additional years’ data becomes available.

Some additional 2012 statistics:

- Total number of organizations that filed in Ohio, including out-of-state groups that solicit Ohioans: 33,573
- Number of Ohio organizations that filed: 28,362
- Total revenue of Ohio 501(c)(3) groups: \$48,861,429,432
- Total assets of Ohio 501(c)(3) groups: \$103,387,442,286
- Total annual expenses of Ohio 501(c)(3) groups: \$46,445,173,053
- Average program expense ratio (percent of all expenses used on the actual charitable mission rather than fundraising or management): 70 percent
- There are 8,866 Ohio 501(c)(3) groups with total expenses of less than \$100,000. The average expenses of these groups were more than \$25,000, and total revenue averaged more than \$50,000. The average program service expense ratio was 64 percent.
- There are 1,702 Ohio 501(c)(3) groups with expenses exceeding \$1 million. These groups averaged total expenses of \$26 million and revenues of \$27 million. The average program service expense ratio was 81 percent.

“We will be looking at this information on both a micro and macro level to detect trends and possible patterns of fraud,” Thomas said.

Attorney General Takes Action to Fight Charitable Fraud

The Attorney General's Charitable Law Section has taken action against a number of organizations for failing to take their responsibilities seriously, sending a statewide message that fraud in Ohio's charitable sector will not be tolerated.

Recent actions include:

- Ladybugs Wings of Love in Columbus was the subject of an assurance of discontinuance alleging the group and its leaders claimed to have provided multiple types of charitable services that were never provided or offered. Claims also included failure to keep records, committing deceptive practices, and filing false information with the Attorney General's Office.
- An assurance of discontinuance was filed against the Union Club and the Union Club of Springfield over allegations of irregularities in their bingo operations, failure to follow bylaws, and failure to engage in sound board governance, among other things. The terms of the agreement included a temporary suspension of the club's bingo license, the removal of all board members, and the election of new leaders for both organizations.
- An action was filed against Free Truth Enterprise of Cincinnati and its leaders, alleging breaches of fiduciary duties and unjust enrichment of the organization's leaders in connection with multiple properties held by the charity. The filing also alleges the charity failed to provide requested records, file reports, or provide charitable programming. A judge granted a preliminary injunction while the case progresses.
- An action was filed in Richland County against Ministry in Marketing, alleging the organization and its leaders failed to pass along all of the proceeds due other groups from the sale of coupon booklets published by Ministry in Marketing. The complaint also alleges that consumers were misled about what groups had approved and would benefit from sale of the coupon books and that the organization failed to make required charitable filings.

Citizens with information about fraudulent, deceptive, or questionable activities within charitable organizations should file a complaint with the Attorney General's Office. Some of the recent filings resulted from citizen complaints.

"Individuals who misuse charities and mislead donors are forewarned that my office will pursue them," Attorney General Mike DeWine said. "Ohioans expect the hard-earned dollars they contribute to charities to be used in good faith, and charities are doing too much with too little these days to let charitable resources be misused or abused."

The Attorney General said citizens play an important role in protecting the integrity of the charitable sector by reporting suspicious activities. Complaints can be submitted by calling the Attorney General's Help Center at 800-282-0515 or by filing online at www.OhioAttorneyGeneral.gov/NonprofitComplaint.

Charitable Advisory Council Provides Worthwhile Insight

Providing feedback and suggestions on training needs and trends within the charitable sector are chief among the duties of the Attorney General's Charitable Advisory Council.

The council recently elected Mary Gallagher, executive vice president and chief of staff at the Ohio Hospital Association, as chair of the group, and Joyce Garver Keller, executive director of the Ohio Jewish Communities, as vice chair.

Other members include:

- Suzanne Allen, president, Philanthropy Ohio
- Jim Ashenhurst, retired military
- David Ball, Rosenberg & Ball Co., LPA
- Bradley Bebout, president and CEO of Marion Community Foundation
- Jason Dominguez, assistant director, Ohio Department of Veterans Services
- Jennifer Eschbach, executive director, Ohio Association of Nonprofit Organizations
- Janet Greenlee, associate professor, University of Dayton
- Monica Moloney, attorney
- Kip Morse, president, Better Business Bureau of Central Ohio
- Stephanie Moulton, assistant professor, Ohio State University
- Jennifer Odenweller, executive director, United Way of Knox County
- Thomas Poulson, director of finance, Willow Brook Christian Communities

The group tentatively decided to meet quarterly, and the schedule is posted at www.OhioAttorneyGeneral.gov/CharitableAdvisoryCouncil. Minutes can be found on the website following each meeting.

The Charitable Law Section is grateful for council members' service.

Your Charity may be Entitled to Unclaimed Funds

In this tight fiscal climate, many charities are finding it a challenge to make ends meet. Joyce Garver Keller, executive director of the Ohio Jewish Communities, passes along a simple tip that has been fruitful for the multiple organizations she works with: Check the Ohio Department of Commerce's listing of unclaimed funds.

Unclaimed funds are monies or the right to monies that have been dormant. These funds are reported to the state of Ohio for safekeeping until the rightful owners can be found. Some common examples include: dormant saving accounts, credit balances, investments, cashier's checks, and refunds from utility and insurance companies.

An online search in the name of your charity may yield funds that have been turned over to the state's Unclaimed Funds Division. To see if funds might be available for your organization, visit www.com.ohio.gov/unfd, select "Treasure Hunt," and type in your organization's name.

"Each year, my staff checks the unclaimed funds listing for the dozens of charities we work with throughout the state," Keller said. "Thankfully, we have been able to help return thousands of dollars to these organizations that can now be used for the important services they provide to the community."

Online Bingo Applications Processed Quickly

Online submission of Ohio bingo license applications helped speed up the license renewal process for the hundreds of organizations that rely on bingo to raise funds.

The new requirement that groups apply online allowed for quicker review and processing of the information reported, said Pete Thomas, chief of the Attorney General's Charitable Law Section. It also helped applicants quickly identify what items might have been missing from their submissions.

“Our partners at the Ohio Lottery did an outstanding job working through all of the year-end applications,” Thomas said. “Unlike in previous years, we did not issue temporary licenses. By the end of January, 1,669 licenses had been issued for the current bingo year, and that is outstanding.”

Thomas said it is important for organizations’ representatives to remember the need to be responsive when staff from the Ohio Lottery or the Charitable Law Section request information or documents.

The General Assembly made major changes last year to the bingo statutes and greatly broadened the list of organizations eligible to use bingo as a fundraising tool. Lawmakers also lifted the cap on the number of establishments in a charity’s county that can sell instant tickets on behalf of the charity.

Groups thinking about taking advantage of these new provisions should consider attending a Bingo School to better understand the obligations of holding a bingo license. Bingo School trainings are provided throughout the state and review all of the recordkeeping and other requirements surrounding bingo. Advance registration for Bingo School is required and can be completed online. Visit www.OhioAttorneyGeneral.gov/Charities and click on “Bingo Services.”

Professional Solicitor Registration Due by March 31

Professional solicitors who are retained by charities to raise funds on their behalf must be registered in Ohio before working on any campaigns seeking support from Ohioans. The new registration year begins April 1, and solicitors have until March 31 to ensure their registration status can continue uninterrupted.

Information sought in the registration process includes questions about staff and leaders of the organization and details about who has control of funds raised on behalf of the charities. These questions help ensure that the firms are complying with the requirements of the charitable solicitation law, which can be found in Ohio Revised Code Section 1716.

In addition to providing responses to questions, solicitors must be bonded, and this information must be included in the online registration process.

A listing of all solicitors registered in Ohio is routinely updated and listed on the Attorney General’s website. Anyone receiving a solicitation from an unregistered solicitor should file a complaint with the Attorney General’s Charitable Law Section. Information about solicitor registration and filing a complaint can be found at www.OhioAttorneyGeneral.gov/Charities.

Save the Date for OANO Conference

Charities from around the state will gather Sept. 26 at the Columbus Athenaeum for the annual Ohio Association of Nonprofit Organizations conference. Jennifer Eschbach, executive director of OANO, said a new format for the conference will allow it to be completed in one day. Conference details will be released soon at www.oano.org.