

Ohio Attorney General's  
**Nonprofit News**  
Protecting the Integrity of Nonprofits



Winter 2020



## [Ohio Ranks as Fifth Most Charitable State](#)

Buckeyes are leading the way in demonstrating their commitment to charitable causes.

Ohio was recently named the fifth most charitable state in the Union based on a study of 19 different indicators of charitable behavior by financial adviser, WalletHub.

States ranking above Ohio were Minnesota, Utah, Maryland and Oregon. States at the bottom of the study were Arizona, which was ranked as the least charitable, New Mexico, Mississippi, Louisiana, Nevada and Rhode Island.

The rankings evaluated multiple sets of national data that would indicate both charitable giving and volunteer service levels.

Ohio ranked first in the share of the population collecting and distributing clothes, and third in the nation in the percent of population collecting and distributing food. It ranked second in the number of schools requiring community service for high school graduation. Ohio ranked 11th in food banks per capita.

Additional details about the study can be found [online](#).

## **Training Opportunities for Charitable Organizations**

The Charitable Law Section provides multiple training opportunities for nonprofits throughout the state.

Bingo Schools are held around the state and cover details about required recordkeeping practices and other issues linked to operating bingo as a fundraiser for charitable organizations. Separate sessions are held for 501(c)3 organizations and veteran, fraternal and sporting organizations. These trainings are ideal for people considering applying for a license or for new people who have become involved with a licensed bingo operation.

Online registration is required. Be careful to select the proper type of training. Sessions will be held on the following dates:

- April 22 in Cleveland
- May 18 in Columbus
- Aug. 24 in Columbus
- Sept. 16 in Cincinnati
- Oct. 28 in Columbus

Registration details can be found at <https://www.ohioattorneygeneral.gov/Business/Bingo-Operator/Bingo-School>.

The section offers two webinars every month. At noon on the first Wednesday of each month, a webinar is offered on board governance and the legal obligations charitable board members have. A monthly webinar on the charitable registration and filings requirements of organizations is provided on the third Wednesday of each month at noon. Registration details for both monthly events can be found at <https://www.ohioattorneygeneral.gov/Business/Services-for-Charities/Charitable-Webinars>.

A prerecorded version of the board governance webinar can also be found at the above link. Many times, organization will choose to watch the webinar together at a board meeting. Sometimes organizations will ask board members to view the webinar at their convenience by a certain date so the board can discuss issues or take any actions that might have been brought to light by the webinar.

Charitable Law Section staff will travel to communities to offer board governance training.

Unfortunately, this can't be done for a single organization's board. But if you are willing to host a training and invite representatives from other organization so there would be at least 25 people present, we would be happy to discuss details. Please contact the Charitable Law Section at [CharitableLaw@OhioAttorneyGeneral.gov](mailto:CharitableLaw@OhioAttorneyGeneral.gov).

## **New Bingo Licensing Portal Eases Application and Renewal Process**

Charitable organizations that operate bingo as a fundraiser used the new Charitable License Management Portal to seek licenses for 2020. The new system is designed to be more intuitive and enable speedier communications between the bingo community and the Charitable Law Section and responded well to more than 1,400 organizations that attempted to renew their bingo licenses before the end of 2019.

All licensees were notified of the system changes prior to the bingo application period. Various resources, including webinars, were developed to walk applicants through all the changes. Unlike the prior bingo system, licensees can easily go back into the system to make changes to volunteer lists, for instance, or to make amendments to the time and location of bingo activities.

The bingo staff in Columbus and site inspectors around the state were on hand to respond to questions and many organizational representatives noted that the new system was a solid improvement. The new system also reduced the time previously needed to process the requests for renewed licenses.

Going forward, licensees will have access to prior applications filed with the office which will enable them to track trends in their bingo operations.

## **Charitable Law by the Numbers**

The Ohio Attorney General's Charitable Law Section had a busy year in 2019 working with charities providing valuable services for their communities. There were 3,696 charities that made first-time filings with the section, and 425 charities dissolved during the year. The total number of organizations contained in the charitable registration database is 54,608.

The public can access the database through the Research Charities function on the Attorney General's web page to determine, among other things, if a specific organization is properly registered to do business in Ohio at <https://charitableregistration.ohioattorneygeneral.gov/Charities/Research-Charities.aspx>.

Exclusively religious organizations are exempted from this requirement. An Excel spreadsheet provides information on all filings made within a 12-month period which can be downloaded from the Research Charities page by clicking Charity Registration Filings in the left-hand column on that page.

The section issued bingo licenses to 1,817 organizations covering 3,802 locations. There were 681 professional solicitation campaigns conducted last year by 102 registered solicitors.

## [New Safety Toolkit for Houses of Worship](#)

Violent attacks on houses of worship have created concern among faith leaders for the safety of their congregants. In response to those concerns, the Ohio Emergency Management Agency has released a free resource aimed at getting religious leaders and worshippers to discuss potential risks and responses to violence.

The “Houses of Worship: Targeted Disruption Table Top Exercise Toolkit” includes PowerPoint presentations, facilitator and participant manuals and other resource materials. Immediate free access to the toolkit is available after a brief registration form is completed. More information is available at [www.ema.ohio.gov](http://www.ema.ohio.gov).

Another resource on this topic can be found on the federal Department of Homeland Security’s web page at [https://www.dhs.gov/sites/default/files/publications/17\\_0531\\_NSI\\_SAR-Faith-Based-Events-Houses-Worship.pdf](https://www.dhs.gov/sites/default/files/publications/17_0531_NSI_SAR-Faith-Based-Events-Houses-Worship.pdf).

## [IRS Announces Numerous Changes](#)

Online filings with the Internal Revenue Service will become the norm for the nation’s charities thanks to Congressional action last year aimed at increasing the transparency of operations within the charitable sector. The Taxpayer First Act, House Resolution 3151, is hoped to reduce fraud and open data for researchers, charitable leaders and others interested in the valuable nonprofit data handled by the IRS.

Under the law, charitable organizations must file their 990 informational returns electronically and the IRS must make that information available to the public in a machine-readable, searchable format. Previously, charities could elect whether to file electronically or by paper. Additionally, the IRS announced that all Form 1023s, which are used to request tax exemption from the IRS, must be filed electronically. User fees can be paid electronically from a bank account or by credit or debit card.

It is expected that access to the data will help charitable leaders in making decisions about gaps in services in a region, comparing operations with other similar organizations, and other planning efforts. Researchers will have more robust data to examine trends in the sector, and regulators will be able to use the information to identify potential fraud issues.

In other IRS news, there has been a retroactive repeal of provisions related to Unrelated Business Taxable Income that affected parking benefits. The Taxpayer Certainty and Disaster Tax Relief Act of 2019 removed the so-called parking lot tax that had been adopted in 2017. The new action repeals the former provision and charitable organizations are invited to seek refunds or credits for UBTI taxes previously paid under the old provision.

The IRS has also announced a new mailing address for exempt organization submissions which should be sent to:

**Internal Revenue Service  
P.O. Box 12192  
TE/GE Stop 31A Team 105  
Covington, KY 41012-0192**

For additional details on IRS issues affecting the charitable sector, talk to your tax preparer or visit [www.irs.gov](http://www.irs.gov).

## **Ohio Attorney General Charitable Enforcement Actions**

**I Have A Dream Rescue Organization** – A former volunteer alleged that Misti Martin-Fuller, the founder, President and principle operator of I Have A Dream Rescue Organization, spent the organization's money on various non-charitable purchases and misused funds solicited for dogs' surgeries and medical needs. In August 2019, Martin-Fuller and I Have A Dream Rescue Organization entered into separate Assurances of Discontinuance. Martin-Fuller was required to be removed from all of the organization's financial accounts—including credit cards, debit cards, and bank accounts—and prohibited in the future from having any involvement or responsibility concerning charitable trust money of any other charitable organization in Ohio. Martin-Fuller was not required to resign from her position with the organization. Separately, I Have A Dream Rescue Organization must require its board members to attend board governance training and maintain a three-person membership.

**PayPal Charitable Giving Fund** – PayPal Charitable Giving Fund, Inc. (PPGF) is the charitable arm of PayPal, Inc. PPGF is a 501(c)3 nonprofit corporation that allows donors to contribute funds electronically to PPGF and select a charity that will ultimately receive the benefit of their contribution. Donors' contributions are aggregated and distributed to the donors' chosen charities. PPGF does not collect fees from donors or charities for this service; however, a charity receives contributions more quickly if the charity maintains a PayPal account, a fact that had not been adequately disclosed to donors. In some instances, PPGF redirected donors' contributions from the charity selected by the donor to other organizations with similar purposes without informing donors. Charities regulators nationwide joined the effort to investigate PPGF's fundraising activities, including its disclosures, vetting practices, and treatment of charitable contributions. To address the states' concerns, PPGF agreed in September 2019 to adopt reforms to its disclosures to ensure that donors know that they are contributing to PPGF, the timeframe in which a selected charity may receive funds from PPGF, the implication of being an enrolled rather than an unenrolled charity on the PPGF platform. PPGF also agreed to notify donors when it redirects a donor's charitable contribution to an organization other than the one selected by the donor. PPGF will provide regulators with future campaign data to ensure the organization is complying with its obligations under the agreement. Finally, PPGF agreed to make a payment of \$200,000 to the National Association of Attorneys General for deposit into the NAAG Charities Enforcement and Training Fund. This fund has been established to defray costs associated with the investigation and the litigation of cases brought by state charities regulators and to provide training and education to those regulators.

**Orthodox Catholic Church of North and South America** – The Orthodox Catholic Church of North and South America ("Orthodox Catholic") is an Ohio nonprofit corporation that was formed in 1976 and based in Barberton Ohio. The Church was initially formed and operated under the Eastern Rite Orthodox and Western Rite Orthodox traditions. In 2018, the office received a complaint from an individual alleging improper conduct by Orthodox Catholic's board members. Based on its investigation, the office determined that Orthodox Catholic's last clergy leader died in 2005, that the organization had operated in violation of its constitution and by-

laws since that time, that the organization was no longer regularly holding religious services, and that the organization was incapable of advancing its religious purpose. In October 2019, the office finalized an Assurance of Discontinuance with Orthodox Catholic. Under the terms of the AOD, Orthodox Catholic agreed to dissolve as an Ohio nonprofit corporation and take all steps necessary to wind-down the organization's financial affairs within twelve months. As part of the wind-down process, Orthodox Catholic is to make best efforts to distribute all net proceeds, assets, or religious artifacts to an active church of the same or similar denomination in Ohio. Separately, the organization agreed to liquidate and pay to the office funds contained in an investment account, with those funds to be redistributed by the attorney general in support of other charitable purposes in Ohio.

**Friends of Dater Montessori School** – Friends of Dater Montessori School (FODM) is an unincorporated nonprofit association that was organized to “support and promote the welfare of the children and staff of Dater Montessori School, a Cincinnati Public School.” The attorney general's office received a complaint alleging that FODM's funds were inappropriately used by FODM's former treasurer, Beth Clevenger. As a result of the complaint, the office opened an investigation into FODM. In November 2019, the office finalized an Assurance of Discontinuance (“AOD”) with Ms. Clevenger. Ms. Clevenger served as FODM's treasurer from 2015 to 2018 and had access to FODM's financial assets, including the organization's bank accounts. As part of the AOD, Ms. Clevenger agreed to be permanently enjoined from: soliciting in Ohio for charitable purposes, serving on the board of directors of any non-profit organization in Ohio, incorporating an Ohio nonprofit organization, and directly overseeing or managing charitable assets. The AOD requires Ms. Clevenger to pay a civil fine in the amount of \$5,000.

**Hoopology** – Ron and Arnika Edwards organized a golf tournament at NCR Country Club to raise charitable funds to benefit the Hoopology charitable organization. Hoopology is a charitable organization in Ohio that was designed to host an academic and athletic camp for underprivileged children. The event was well-attended and raised approximately \$143,000. Ron and Arnika Edwards maintained possession and control of the funds, and allegedly failed to use the funds as intended, including but not limited to paying vendors who provided goods and services for the golf tournament and failing to pay proceeds from the golf event to Hoopology. Eventually NCR Country Club filed a lawsuit against Ron and Arnika Edwards, as NCR alleged they were never paid for accommodating the golf event. The attorney general's office joined that lawsuit. As part of a mediated settlement in the case, Ron and Arnika Edwards entered into an Assurance of Discontinuance in December 2019 and agreed to pay the attorney general's office \$30,000 as restitution and to never engage in a nonprofit activity or with a nonprofit entity.

**Great Lakes Summer Collegiate Baseball Foundation** –The Ohio Attorney General's Office entered into an assurance of discontinuance (AOD) in January 2020 with David Palmer, founder of the Athens-based Copperheads baseball team and the Great Lakes Summer Collegiate Baseball Foundation. Following an investigation, the attorney general's office concluded there was reason to believe that Palmer had breached his fiduciary duties of care, to properly manage accounts, to comply with the law, and to act in the best interests of the charities. The AOD requires Palmer to pay a civil penalty of \$20,000 and prohibits him from forming new nonprofits or serving as a charitable board member or accepting other charitable positions that include financial oversight or fiduciary obligations.

**Massillon Little League and Luther Copeland** – Luther E. Copeland, president of the Massillon Little League, entered into an Assurance of Discontinuance with our office in February 2020. The agreement was part of a settlement reached in litigation following the court's judgment that Copeland breached his fiduciary obligations to account for the charitable assets

of the charitable organization. In the civil complaint, the attorney general alleged Mr. Copeland breached his fiduciary duties by misappropriating funds. The trial court found, "there are no genuine issues of material fact as to whether Defendant Copeland misused and/or misappropriated, or failed to properly account for" all of the charity's funds. Copeland will pay \$2,000, will cooperate in any accounting the court might order in the dissolution of Massillon Little League, and is prohibited from serving in a fiduciary capacity for any charitable organization.