

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



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National report shows increased giving was offset by inflation



Charitable giving in the nation hit a record in 2021, but inflation has slightly dulled its impact.

The annual Giving USA report, released earlier this summer, tracks Americans' giving patterns and indicated that charitable gifts grew from \$466 billion in 2020 to \$485 billion in 2021, a 4% increase. But when adjusted for inflation, those contributions represented a drop of 0.7%.

Individuals accounted for 67%, or \$327 billion, of overall giving; foundations accounted for 19% (\$91 billion); bequests, 9% (\$46 billion); and corporations, 4% (\$21 billion).

The report called attention to corporate giving, which increased 23.8% over 2020. But the report noted that 2021 was a banner year for corporate profits, and that the giving level is less than 1% of corporate pre-tax profits.

Arts and cultural groups, which experienced financial challenges during the pandemic, saw a 27.5% increase in contribution levels to \$23.5 billion. Conversely, giving to education dropped 2.8% to \$71 billion following a 2020 spike in contributions that was attributed to donations to vaccine and other health research at university-affiliated centers.

Giving increased 23.5% over the prior year to public benefit organizations, which include civil rights and voting rights organizations, as well as donor advised funds.

Gifts to religious organizations represented 27% (\$136 billion) of total contributions, a 5.4 percent increase.

The Giving USA Foundation, The Giving Institute and Indiana University Lilly Family School of Philanthropy collaborate in developing this report, which has been produced for more than 60 years. Additional information can be found at [GivingUSA2022_Infographic.pdf](#) and [IU Lilly Family School of Philanthropy News: News & Events: Lilly Family School of Philanthropy: IUPUI](#).

Charitable bingo webpage restructured

The Ohio Attorney General's Charitable Law Section has updated the way it presents information about charitable bingo on its [webpage](#).

The Attorney General Office has created a one stop shop that includes information on bingo enforcement efforts, authorized bingo locations, financial reports of licensed bingo organizations, and details about electronic instant bingo – the newest form of bingo available to qualifying veteran and fraternal organizations. The webpage also includes licensing information for manufacturers and distributors that supply the electronic equipment.

In an effort to better serve the needs of the bingo community, the Office has refined its training approach. The traditional Bingo School training, which is an in-depth review of how to conduct bingo and various recordkeeping requirements, will continue to be offered. In addition, the following new trainings will be offered:

- **Introduction to Charitable Bingo**, designed for organizations considering using bingo as a fundraising tool. It will also be valuable training for newly licensed organization leaders.
- **Traditional and Instant Bingo: Regulation and Inspections**, a 90-minute training that covers traditional and instant bingo, not electronic instant bingo. It also includes information about preparing for inspections and other regulatory issues.
- **Electronic Instant Bingo Townhalls**, covering all of the details related to the new e-bingo licensing processes.

Board governance training is included in all these sessions since charitable board members have fiduciary duties to ensure compliance with the bingo operations, as well as other components of the organization's operations.

Please note that dates of training sessions, which will be live and virtual, will be listed on the webpage as they are scheduled.

Organizations are always welcome to contact the Charitable Law Section with questions about bingo licenses and regulations by emailing CharitableBingo@OhioAGO.gov.

Other noteworthy news

Charitable deductions estimate: The Congressional Joint Committee on Taxation (JCT) estimates that 88.5% of taxpayers, or 142.2 million taxpayers, will claim the standard deductions when filing their income taxes for the 2022 taxable year. The remaining 18.5 million taxpayers, or 11.5% of filers, are expected to itemize on their tax filings. Of that group, 14.9 million are expected to claim charitable deductions of \$219.45 billion. For additional information, see the [JCT's Overview](#) for 2022.

Employee Retention Tax Credit: Charitable organizations throughout the country are taking advantage of the Employee Retention Tax Credit (ERTC), federal refunds adopted by Congress during the COVID crisis to help support ongoing programming needs. Although Congress canceled the ERTC program effective September of last year, charitable organizations can make retroactive claims for parts of 2020 and 2021. Primarily designed to provide credits for payroll taxes paid by charities, there are maximum credits of up to \$5,000 per employee for 2020 and up to \$21,000 per employee for 2021. Originally, employers that received Paycheck Protection Program (PPP) loans were disqualified from claiming ERTCs, but that restriction was removed in 2020. However, PPP and ERTC cannot be claimed for the identical employment expenses. Amended returns generally must be filed within three years from the date of the original return or within two years from the date the payroll taxes were paid. A discussion with a CPA can help clarify whether your organization may be eligible. The [National Council of Nonprofits](#) provides additional information.

Sexual harassment in the fundraising profession: The Association of Fundraising Professionals and the Ohio State University studied the extent of sexual harassment in the fundraising profession and worked to develop materials to help address the issue. OSU researchers, Dr. Erynn Beaton, who serves on the Ohio Attorney General's Charitable Law Advisory Council, and Dr. Megan LePere-Schloop surveyed professionals in the field about their experiences and impressions. More than 75% of the respondents reported they had experienced sexual harassment during their careers, with 42% reporting incidents within the past two years. Almost 25% of respondents reported experiences with sexual coercion, which was defined as being asked or pressured by employers to put themselves in a position where they would be vulnerable to sexual harassment in order to secure gifts. Additional information about the report and a related tool kit can be found [here](#).

Enforcement actions

The Ohio Attorney General's Charitable Law Section has taken a number of recent enforcement actions.

Art Iron Foundation

The Ohio Attorney General's Office filed suit this summer against the Art Iron Foundation seeking to protect the assets of this charitable foundation, created in 1951 by leaders of a Toledo business. Robert Schlatter of Manhattan Beach, California, was also named in the complaint as the organization's statutory agent and sole trustee. Schlatter failed to respond to inquiries from the Attorney General's Office for more than a year. The foundation stopped making its required annual filings in 2017 when its prior reports indicated the charitable organization had more than \$500,000 in assets. The Attorney General's office believes the assets in the organization's accounts are now in excess of \$900,000. The complaint outlines various fiduciary breaches, including failing to make required filings with the IRS, the Ohio Attorney General's Office and failing to comply with other nonprofit requirements. The complaint seeks to remove Schlatter as a trustee and to appoint a receiver for the organization to take control of the operations, make required filings and wind down the operations of the foundation. The suit also seeks a permanent injunction to prohibit Schlatter's involvement as a trustee of any Ohio charitable trusts.

Billy Franks Scholarship Foundation

The Ohio Attorney General's Office received a complaint alleging that charitable donations to the Billy Franks Fund were not used in accordance with its charitable purpose, as required by Ohio law. At the conclusion of the investigation, the office had reason to believe that statutory violations of the solicitation requirements had taken place. Michelle Franks and William Franks of the Billy Franks Fund agreed to enter into an assurance of discontinuance with the office that requires them to pay \$7,500 in a civil penalty and \$12,500 in restitution. The assurance of discontinuance also requires the Billy Franks Fund be dissolved and enjoins Michelle and William Franks from acting as a volunteer, agent or employee of any charitable organization in a capacity that oversees, manages or handles any charitable assets.

World Animal Foundation

The Ohio Attorney General's Office reached a \$125,000 settlement with World Animal Foundation Inc. and its founders, Gary Barnby and William Dalo. WAF was formed allegedly to support animal and environmental conservation efforts.

WAF advertised the sale of animal adoption kits on its website. The kits were provided by Tree Frog Trading Company, a for-profit business owned and operated by Barnby, the president of WAF. The office's investigation revealed that the kits allegedly did not provide any benefit to the animals depicted by them, and that WAF's website used false and misleading information misrepresenting the organization's programming and Tree Frog Trading's role in the sale of the adoption kits. The office's investigation revealed several other alleged violations of law, including breaches of fiduciary duty related to a failure to maintain accounts, and the use of the charitable funds to renovate property owned by Barnby. According to the terms of the settlement, WAF will be dissolved and the defendants will pay \$25,000 in civil fines and \$100,000 in restitution, which will be redistributed by AG Yost in support of wildlife and/or environmental conservation.