

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



SPRING 2017

[Five Ways to Improve Board Governance and Organization](#)

Charitable leaders have a great opportunity in 2017 to improve board governance practices and strengthen their organization's ability to respond to needs within the community.

1. **Ensure compliance with bylaws.** All board members should review the bylaws and originating documents of the organization. Board members must ensure that the organization is in compliance with the procedures and activities highlighted in those documents. If any provisions in the bylaws don't make sense anymore, they need to be amended.
2. **Annually update conflict-of-interest disclosure forms.** Ensuring that board members and key staff annually update disclosure forms according to a conflict-of-interest policy will help the board monitor and review issues that may constitute potential conflicts.
3. **Develop an annual planning calendar.** Planning calendars help board members ensure that important tasks don't fall through the cracks and help promote continuity of operations when there are leadership changes. Events or projects included in the bylaws, such as annual meetings and reports, should be included in the calendar. Plans for preparing IRS 990 filings and Ohio Attorney General filings for board review and approval also should be included. A note should be placed on the calendar each year to check if the continued existence filing with the Ohio Secretary of State's office is due. Budget planning and review activities should be calendared, as should special fundraising events and annual activities. Other operational and public events can be added as appropriate.
4. **Examine fiscal and budget policies and procedures.** One of the top responsibilities of board members is to ensure that there are appropriate policies and procedures in place to protect assets that have been entrusted to the board. The board should review whether there are adequate internal controls in place, whether controls are being followed, and whether there are separations of duties to help protect funds by ensuring multiple people are involved with the organization's finances. For example, the board should ask: How are revenues and expenses tracked and reported to the board? Are new processes needed to address budgeting and financial reports to the board?
5. **Evaluate how the board is performing and whether it is being responsive to the needs of the organization.** Great boards evaluate their own performance and determine if changes are

needed. Does each board member actively participate? Do all members understand the policies and operations of the organization? Is the board meeting its legal obligations for overseeing the charitable organization? Should there be more meetings or committees? Are new board members needed to bring different perspectives to the table?

Many charitable boards already have these measures (and more) in place. But board governance must be continually monitored and refined, even by the most sophisticated organizations.

Sometimes organizations may find it most manageable to set annual goals for the board that include a review of policies in a specific area. For example, the first year might focus on policies affecting financial matters, and the next year might include a review of fundraising policies.

The Ohio Attorney General's Charitable Law Section offers monthly webinars about board governance at noon on the first Wednesday of each month. Registration details, as well as a recorded version of the webinar and other resource materials, can be found at <http://www.ohioattorneygeneral.gov/Business-and-Non-Profits/Charity/Resources-for-Nonprofit-Board-Members.aspx>

Organizations interested in hosting a board governance training in their community should contact the Ohio Attorney General's Office at 800-282-0515.

[Updates to Ohio's Charitable Organizations Act](#)

The Governor recently signed Senate Bill 227, a bill that included changes to Ohio's Charitable Organizations Act.

Among the changes is the inclusion of fees for late filings made under Ohio Revised Code 1716, including registration filings submitted by professional solicitors, fundraising counsel, and out-of-state charities that solicit Ohioans for donations. These mirror the late fees already charged to Ohio charities that submit late charitable registration filings under Ohio Revised Code Section 109.

The Charitable Advisory Council had approved this proposal and saw it as a way to level the playing field between in-state and out-of-state charities.

The new law goes into effect on April 6, 2017.

Enforcement Actions Protect Donors and Charities

Ohio Attorney General Mike DeWine's Charitable Law Section investigates charitable fraud and pursues enforcement actions to help recover misused charitable funds, stop fraudulent activity, and protect donors and charities.

Recent enforcement actions include:

- Matthew Anthony Geraci agreed to dissolve his nonprofit, Lord's Community, according to a February assurance of discontinuance. An investigation by the Attorney General's Charitable Law Section found that Geraci had breached his fiduciary duties of care, failed to properly manage accounts for the nonprofit, and failed to comply with other requirements of Ohio's charitable laws. Under the assurance, Geraci agrees that for a period of five years, he will not do the following: form a nonprofit in Ohio; hold any position as an officer, trustee, employee, or agent of a charity in Ohio; or solicit for a charitable purpose in Ohio.
- Lisa Roush entered into an assurance of discontinuance in February, agreeing not to hold a position with a charitable organization in Ohio, not to solicit for charitable purposes in Ohio, and to dissolve Meigs Athletic Booster Inc., of which Roush was the incorporator and president. Roush previously was convicted of theft, sentenced to community control, and ordered to pay restitution in connection with her conduct as the organization's president.
- Marilyn Sloan, who previously held positions with the Southeastern Ohio Food Bank and the Logan Service Unit of the Salvation Army, entered into an assurance of discontinuance, agreeing not to hold a position with a charity in Ohio and not to solicit for any charitable purpose in Ohio. An Attorney General investigation determined that Sloan had breached her fiduciary duties of care, resulting in loss and other damage to charitable beneficiaries.
- The Wickliffe Elementary PTO agreed to undergo training by the Ohio Attorney General's Office and to amend its bylaws to provide additional oversight and controls for handling of cash proceeds, according to a January 2017 assurance of discontinuance. An Attorney General investigation found that certain prior board members and officers had failed to properly manage accounts and act in the best interest of the organization.
- Peace in the Hood, its executive director, and its program director entered into an assurance of discontinuance, agreeing to undergo board governance training, adopt internal financial controls, and adopt record management policies. An Attorney General investigation found that the group had failed to keep true records of charitable solicitation activities, breached fiduciary duties of care, and failed to register as a charity with the Ohio Attorney General's Office.
- Peninsula Art Academy entered into a settlement agreement in January. Under the settlement, the organization agreed to restructure its board of directors and maintain accurate records of income and expenses, among other provisions.
- Destry J. Rush, a former treasurer of IAFF #312 in Youngstown, entered into an assurance of discontinuance in December 2016, agreeing not to incorporate any nonprofit in Ohio for five years nor hold any position as an officer, trustee, or employee of any charitable organization in

Ohio for five years. In 2014, Rush was charged with theft for misappropriating funds belonging to IAFF #312 and using the funds for his own benefit.

- Andrea Maddox, who had served as treasurer of the Madison Softball Association from 2009 to 2014, agreed not to work for or solicit for a charity in Ohio for five years, according to an October 2016 assurance of discontinuance. Maddox was found to have used charitable assets for her own benefit. Maddox previously was sentenced to community control in Lake County Common Pleas Court for related charges.
- Martin Mosti, a professional solicitor in Cincinnati, agreed to comply with Ohio's charitable solicitation laws and pay a \$1,000 fine, according to a September 2016 assurance of discontinuance. An investigation by the Attorney General's Charitable Law Section determined that Mosti had failed to properly register, failed to file timely financial reports, and failed to maintain true records for solicitation activities he conducted in Ohio.
- Kevin J. Wolverton was sentenced to two years of community control for pretending to have cancer and keeping money from a fundraiser for his cancer treatments. The Ohio Attorney General's Charitable Law Section helped investigate the case, which was prosecuted by the Summit County Prosecutor's Office.
- Julie Larish and her charity, RJ Ranch, entered into an August 2016 assurance of discontinuance to increase the organization's board oversight and improve its handling of donations and expenses. An investigation by the Ohio Attorney General's Charitable Law Section identified problems with the organization's account management and record of solicitation activities.

To determine whether an organization has registered with the Ohio Attorney General's Office or to report questionable charitable activity, contact the Ohio Attorney General's Office at www.OhioAttorneyGeneral.gov or 800-282-0515.

Year-End Figures

By the end of 2016, there were 42,170 active charitable organizations in the Ohio Attorney General's charitable registration system. Information about specific charities can be found by entering the name of the organization in the appropriate search box at <http://charitableregistration.ohioattorneygeneral.gov/Charities/Research-Charities.aspx>

The Ohio Attorney General's Charitable Law Section issued 1,697 bingo licenses for charitable organizations to conduct bingo at 2,954 different locations during 2016. Additionally, the section issued licenses to 18 bingo manufacturers and 39 bingo distributors. More information on licensed organizations can be found at <http://www.ohioattorneygeneral.gov//Business-and-Non-Profits/Bingo-Operator>

To assist charities, donors, and other groups, the Charitable Law Section provided training in 2016 to 4,377 people on topics such as charitable board governance best practices, bingo recordkeeping, wise giving, and other related topics. To discuss arranging trainings on charitable topics in your community, please contact the Ohio Attorney General's Charitable Law Section at 800-282-0515.