

Health Restrictions and COVID-19 Relief Policies: Charitable leaders must be aware of ongoing changes and announcements about virus-related matters through the Ohio Attorney General's [coronavirus resource and guidance website](#) and the [state's website](#) on the crisis. These sites compile the latest announcements regarding COVID-19, including restrictions and required safety measures that would apply to charities and businesses.

There have been various new provisions adopted to provide relief for employers, which could also include nonprofits. Charitable employees who have experienced layoffs, lack sick leave benefits, or faced other cuts are eligible for new support such as a shortened process for applying for unemployment benefits.

The [Small Business Administration](#) is also offering loans to nonprofit organizations. As this is a developing situation, other changes may also be announced to help alleviate the financial pressures created from the coronavirus, so it will be important to monitor the latest news.

Communications: Whenever there are unusual situations, ensuring there are solid lines of communication can be helpful. Leaders may want to consider providing clear and supportive communications about what is happening within your organization to staff, volunteers and donors. It also creates an opportunity to share any special needs that may arise because of the COVID-19 situation, including fundraising needs. If your organization didn't have a crisis communication plan before, this situation illustrates the importance of having one.

Avoiding Meetings and Gatherings: It might be helpful to note that [Ohio's Nonprofit Corporation Act](#) permits nonprofits to hold board meetings by teleconference unless an organization's bylaws forbid it. There are many products on the market, including free software, that facilitate such meetings. These may be handy tools to consider during this period of uncertainty.

Because online meetings feel much different than in-person meetings, leaders might want to spend time familiarizing themselves with the operational details of how your particular technology platform or conference call system might work. It is sometimes difficult to distinguish who is talking, so speakers should identify themselves when talking, which greatly assists in completing minutes of the meeting. Roll call votes should be taken so that minutes can properly designate results of votes on various motions. Because some people are often hesitant to talk and interrupt someone else, it can be helpful at times to call on people to ensure all views have been expressed, or to be certain to pause long enough before votes to allow plenty of time for everyone to get their questions answered.

Organizations with specific questions about teleconference meetings can

contact CharitableLaw@OhioAttorneyGeneral.gov for additional information.

Monitoring Finances: Board members may also want to be engaged in examining the financial strength of the organization and considering various scenarios that could arise during this period of uncertainty. Cash flow could be challenging when expenses continue to mount but programs that would have generated revenue are canceled. It is critically important to ensure that financial controls remain in place to protect your assets. Inattention can end up being very costly. Ensure that checks coming through the mail are safely processed and deposited routinely and that other assets are properly secured.

Fundraising Issues: Unfortunately, many charities have had to cancel major fundraisers and events that generate revenue for their organizations. That has forced charities to take a creative approach with their donors. Some arts organizations, for instance, are asking ticketholders to consider forgoing refunds and turning the costs of their event tickets into contributions. Others have restructured fundraising events so they can be done by teleconference or other methods. Some organizations have made specific appeals for support in light of the difficulties created by the pandemic. To explore new fundraising options that have been used by charities, consider an internet search to find articles and webinars on fundraising considerations during the pandemic.

Reserve Funds and Endowments: Many organizations have reserve funds they may be able to tap during difficult times. Other groups may be able to increase the amount of funds drawn from endowments. Some groups may want to talk to counsel about what specific restrictions apply to using endowed funds. There are provisions that can be used to seek permission to deviate from donor restrictions in certain situations. Those legal requirements involve the Ohio Attorney General's Charitable Law Section and probate courts. Counsel may be able to advise whether an organization is eligible to seek permission to alter restrictions on funds.

These are uncertain times. But these times can often reveal the generosity of our citizens. The charitable sector has always played a critical role in keeping our communities knitted together. That may be more valuable now than ever before.

[Reaching the Charitable Law Section](#)

The Charitable Law Section continues to serve the needs of the sector, although through new channels. The best way to connect with staff members is through email. The email address to reach the section is CharitableLaw@OhioAttorneyGeneral.gov.

The monthly webinars on board governance and the charitable registration system are continuing. [Registration for those webinars can be found online](#). The section is not providing live trainings during this public health emergency.

This challenging period for some groups could be an opportunity for board members to address governance issues within their organizations.

- Are there new policies that would be welcome?
- Should changes be made to the bylaws to provide for flexibility?

Board members can watch the pre-recorded board governance webinar and discuss potential changes. [Various publications can be found online](#). Particular attention should be paid to the **Guide for Charity Board Members** and **Avoiding Theft in Your Nonprofit**.

For those with concerns about filing annual reports or other charitable registration filings, the online system remains fully operational. The Ohio Attorney General's Office also honors all IRS deadline extensions granted to charities.

Developing COVID-19 Relief Activities

In tough times, especially, there are people who want to help.

A number of relief activities have been set up in communities across the state, often led by community foundations and United Way organizations. Funds raised will often be sent to local charities that respond to citizens with special needs or economic challenges, but these details can vary.

Philanthropy Ohio, the statewide organization for foundations and others engaged in philanthropy, has [helpful information on its website](#) regarding issues surrounding the coronavirus situation, as well as a listing of various pandemic relief activities around Ohio.

It is often easiest to use existing organizations to spearhead these activities, rather than going through the time and expense of establishing a new charity. The [IRS has many resources online](#) that address some of the special issues that arise when putting together initiatives to provide aid to individuals.

For contributions to be charitable and tax exempt, the recipients must come from a rather broad, charitable class, such as those with economic challenges. If the beneficiary class is too narrow and easily identifiable, the IRS may deem the solicitation activities as being for the benefit of specific individuals and not charitable and thus not tax exempt. For instance, it can be problematic to raise charitable funds to support a particular family. However, if funds are raised to support the newly unemployed in a community, that would meet the IRS requirements.

As always, charities must keep records of fundraising activities for three years and must document how funds were collected. Additionally, an objective process must be used for the distribution of funds, and those decisions must also be documented.

While charities will be the most common vehicle used for raising funds, there are likely to be individuals who develop GoFundMe or Facebook campaigns to raise funds for those affected. If those funds are to be used to support a particular family, it is not a charitable solicitation. Keep in mind, criminal fraud charges could be levied against the organizers if the intended beneficiaries do not receive the proceeds.

Individuals often start online campaigns to raise charitable funds to address a cause directly, rather than through a charity. State law requires those organizers to register with the Ohio Attorney General's Office and provide filings on the expenditure of funds. It is imperative that organizers of these activities provide honest information to potential donors and that documentation is kept of the collection and disbursement of funds. Criminal fraud charges could also be filed in these situations if the funds are not used as promised.

If you have concerns about the activities of any entity soliciting in response to the many challenges presented by the COVID-19 situation, you can [file a charitable complaint online](#) or research our [database of charities](#).