

RI Nonprofit Audit Threshold Overview

The Alliance for Nonprofit Impact at United Way supports increasing the revenue threshold at which the Rhode Island Department of Business Regulation (DBR) requires the submission of an independent audit for charitable solicitation registration.

Currently, R.I. Gen. Laws § 5-53.1-4 requires charitable organizations with annual gross income of \$500,000 or more to submit an independent audit when submitting their annual charitable solicitation registration. This threshold was established in 1999 (PL 1999, ch.152, Sec. 2).

Complying with the current regulations requires organizations to spend approximately \$10,000-\$15,000 of their \$500,000 revenue to contract for an independent audit, which is a significant outlay of funds that are not available for delivering essential programs and services. This is especially difficult when post-pandemic inflation has increased expenses significantly and has already caused 14% of nonprofit respondents to a 2023 survey to cancel or reduce programs and services. Eight percent have experienced increased borrowing costs, and 6% have had to reduce salaries or benefits to cut costs. In addition, Rhode Island has a limited pool of accountants doing nonprofit audits, and some nonprofits struggle even to find a firm to do their audit.

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The Rhode Island state \$500,000 threshold has remained unchanged for 25 years, is not indexed to inflation, is now among the lowest state thresholds in the country, and should be indexed to the federal standard.

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Furthermore, nonprofits will continue to submit IRS Form 990 filings with their charitable solicitation registration, which provides valuable financial and governance data for DBR. The DBR director would continue to have the authority to request an audited financial statement or other information from an organization whose gross receipts are below the mandatory threshold.

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| Connecticut | \$1 million |
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Massachusetts \$500,000 (legislation is under consideration to increase threshold to \$1 million)

Maine No requirement

Vermont No requirement

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| Arkansas | | \$500,000 | Gross revenue | Ark. Code §4-28-403(b) |
| California | 2022 | \$2 million | Gross revenue | Cal. Gov. Code §12586(e)(1) |
| Connecticut | 2023 | \$1 million | Gross revenue | Conn. Public Act 23-98, section 16 |
| Florida | 2024 | \$1 million | Annual contributions | FL Ch. 496.407 \$500K-\$1m review or audit; under \$500K, optional review or audit |
| Georgia | 2010 | \$1 million | Annual contributions | Ga. Code Ann. § 43-17-5(b)(4) \$500K-\$1m CPA review |
| Hawaii | 2011 | \$500,000 | Gross revenue (does not include govt grants) | Haw. Rev. Stat. § 174: 467B-6.5(b) |
| Illinois | 2024 | \$500,000 | Annual contributions | 225 Ill. Comp. Stat. § 460/4 \$300k-\$500K financial statement |
| Indiana | | | Examination required for certain circumstances for use of public money | Indiana Code § 5-11-1-9 |
| Kansas | 2012 | \$500,000 | Annual contributions | Kan. Stat. Ann. § 17-1763(c) |
| Louisiana | | | Certain circumstances if receiving state funds | La. Rev. Stat. Ann. § 24:513(J)(1)(c) |
| Maryland | 2021 | \$750,000 | Annual contributions | MD Solicitations Act §6-402 (b)(7) \$300K-\$750K review or audit |

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| Massachusetts | | \$500,000 | Gross annual support | Mass. Gen. Laws ch. 12, § 8F \$200K-\$500K review or audit |
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Colorado
Delaware
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Missouri
Montana
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North Dakota
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Arizona
Colorado
Delaware
District of Columbia
Idaho
Iowa
Kentucky
Maine
Missouri
Montana
Nebraska
Nevada
North Carolina
North Dakota
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| Mississippi | 2023 | \$750,000 | Monetary donations | Miss. Code Ann. § 79-11-507 |
| New Hampshire | | \$2 million | Revenue | N.H. Rev. Stat. Ann. § 7:28(III-b) |
| New Jersey | 2022 | \$1 million | Revenue | N.J. P.L. 2021 c. 381 |
| New York | | \$1 million | Gross revenue | N.Y. EXC. Law 7A § 172-b \$200K-\$1m review |
| Pennsylvania | 2017 | \$750,000 | Annual contributions | 10 Pa. Cons. Stat. §162.5 (f) \$250K-\$750 review or audit; \$100K-250K compilation, review or audit. HB 1824 Bill introduced to change to \$1 million for audit; \$500,000-\$1 million review or audit; \$150,000-\$500,000 compilation, review or audit; under \$150,000 optional compilation, audit or review |
| Tennessee | 2024 | \$ 1 million | Gross revenue | Tenn. Code Ann. § 48-101-506(b)(2) |
| Virginia | 2024 | \$1.5 million | Gross revenue | Va. Code Ann. § 58.1-609.11(C)(4) \$750K-\$1m review |
| Washington | 2021 | \$1 million | Gross revenue | Wash. Rev. Code § 434-120- 107 |
| West Virginia | 2018 | \$500,000 | Annual contributions | W. Va. Code § 29-19-5(a)(6)(A)-(B) \$300K-\$500K review |
| Wisconsin | 2018 | \$500,000 | Annual contributions | Wis. Stat. § 202.12 \$300K-\$500K review |

No audit requirements

Alabama
Arizona
Colorado
Delaware
District of Columbia
Idaho
Iowa
Kentucky
Maine
Missouri
Montana
Nebraska
Nevada
North Carolina
North Dakota
Ohio
Oklahoma
Oregon
South Carolina
Texas
Utah
Vermont
Wyoming