



State of Rhode Island
Office of the General Treasurer

James A. Diossa
General Treasurer

4 March 2025

The Honorable Joseph J. Solomon, Jr.
Chair, House Committee on Corporations

The Honorable Members of the House Committee on Corporations

RE: *Concerning 2025-H 5562 – An Act Relating to Businesses and Professions – Solicitations by Charitable Donations*

Chair Solomon:

I write in strong support of 2025-H 5562, which will increase the revenue threshold for charitable organizations in which the Rhode Island Department of Business Regulation requires the submission of an independent audit. As it stands, R.I. Gen Laws §5-53.1-4 require charitable organizations with an annual gross income of \$500,000 or more to submit an independent audit when submitting their annual charitable solicitation registration. This threshold was set in 1999, and in the 25 years since, it has not been indexed to inflation – resulting in Rhode Island’s state threshold becoming one of the smallest in the country. Charitable organizations under current law are required to spend between \$10,000 --\$15,000 of their \$500,000 revenue each year to conduct an independent audit. This cuts significantly into the funds that are readily available to help deliver the necessary programs and systems in which these charitable organizations serve.

Post-pandemic inflation has increased significantly and has made it drastically harder for these non-profit organizations to make ends meet, resulting in them having to cut or alter programs servicing the community. A 2023 survey states that 14% of nonprofits respondents have had to make cuts or reduce programs due to this increased inflation. In 2022, the Rhode Island Department of Labor and Training found that non-profits employed almost 70,000 Rhode Islanders, which represents 16.9% of the state’s private sector workforce. As such, it is in the State’s best interest to help nonprofits by reducing cost burdens when feasible.

The federal government increased the level at which they require a Single Audit. As of October 2024, in efforts to help reduce additional burdens and costs, increased the monetary threshold. In 23 states, there are no audit requirements for nonprofits, and the same applies for the IRS. Across

New England, our neighboring states have audit thresholds ranging from \$1,000,000 to virtually no requirement.

With revision and review of this current law, we would be able to reduce the cost burden for many nonprofits across the state. This revision is a step in modernizing our laws to reflect the current financial standards facing our community every day. We owe it to our nonprofits to continue investing in their growth and financial stability to ensure that they can provide the essential resources for the community.

Respectfully,

A handwritten signature in black ink, appearing to be 'JD' or similar initials, enclosed within a circular flourish.

James A. Diossa
General Treasurer

cc: Representative Justine A. Caldwell