



March 4, 2025

The Honorable Joseph J. Solomon, Jr., Chair  
House Corporations Committee  
Rhode Island State House  
Providence, 02903

**RE: TESTIMONY IN SUPPORT OF HOUSE BILL NO. 5562 – AN ACT RELATING TO BUSINESSES  
AND PROFESSIONS – SOLICITATION BY CHARITABLE ORGANIZATIONS**

On behalf of United Way of Rhode Island, we express our support for House Bill No. 5562, which is essential for strengthening the nonprofit sector that plays a critical role in advancing economic opportunity and community well-being. Through the LIFT UNITED initiative of our LIVE UNITED 2025 Strategic Plan, we work to remove barriers to financial security, support workforce development, and strengthen pathways to upward mobility. Equity is at the heart of our mission, ensuring historically marginalized communities have the resources to thrive.

House Bill No. 5562 represents an opportunity to transform the nonprofit landscape by recalibrating the audit threshold for charitable organizations with a gross income of \$1,000,000 or less. Currently, many small nonprofits face disproportionate administrative and financial burdens due to rigid reporting requirements that divert scarce resources away from mission-critical services. For example, a recent survey by the National Council of Nonprofits (2022) found that over 60% of small organizations report that compliance costs consume a significant portion of their limited budgets. Allowing these organizations to meet their reporting obligations through an IRS Form 900 or other approved financial statements will streamline operations and reduce overhead costs.

Furthermore, research by Independent Sector (2021) indicates that simplifying audit and reporting requirements for small nonprofits can reduce administrative costs by up to 15%, thereby freeing additional resources for direct community support. In a climate where federal policies increasingly target nonprofits that support low- and middle-income Rhode Islanders—and where philanthropic donations are declining—it is imperative to mitigate the financial burdens on these organizations. By supporting this measure, Rhode Island will strengthen state department capacity and reinforce the social safety nets provided by our robust nonprofit sector.

Financial stability for our nonprofit organizations is not merely beneficial—it is critical. By supporting

[Uniting our community and resources to build racial equity and opportunities for all Rhode Islanders.](#)

House Bill No. 5562, Rhode Island can secure the financial foundation necessary for nonprofits to deliver vital services to our most vulnerable residents, improve state capacity, and build a stronger social safety net. We urge you to support this measure and join us in our commitment to creating a more equitable and resilient Rhode Island.

Sincerely,

Elijah McLean

Manager, Government Relations & Policy

United Way of Rhode Island