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March 4, 2025

To: House Committee on Corporations

**Re: Testimony in Support of House bill 5562 titled AN ACT RELATING TO
BUSINESSES AND PROFESSIONS -- SOLICITATION BY CHARITABLE
ORGANIZATIONS**

Dear Chairperson Solomon and members of the House Corporations Committee:

I am Sandy Ross, CPA, CFE, MSNM, Partner, Not-for-Profit Services at KLR, a Rhode Island based professional services firm working with more than three hundred nonprofits.

I am a CPA, and I work with and volunteer for nonprofits in Rhode Island. I support House bill 5562, titled AN ACT RELATING TO BUSINESSES AND PROFESSIONS -- SOLICITATION BY CHARITABLE ORGANIZATIONS.

I have had the privilege of working with hundreds of nonprofits over the years, helping them navigate financial regulations and improve their operational efficiency. One of the key areas we focus on is ensuring compliance with audit and reporting requirements, which can be quite challenging but essential for maintaining transparency and trust with donors and stakeholders.

Nonprofits face a myriad of challenges, from securing consistent funding to managing regulatory compliance. One significant hurdle is meeting the audit requirements, which can be resource intensive. Smaller organizations often struggle with the costs and administrative burden associated with these audits, which can divert resources away from their core mission. This challenge has compounded by inflation, labor challenges and the rising cost of providing services. In addition, the declining individual contributions and the anticipation of state and federal funding cuts will make sustainable operations even more challenging for local nonprofits.

House bill 5562 would be an important support to mid-size nonprofits by freeing up an additional \$20,000-\$25,000 a year, which can provide important programs and services to our community. We also know that it can be difficult for smaller nonprofits to find qualified accountants to perform an audit due to the shortage of financial professionals in the state.

House bill 5562 will ensure that nonprofits continue to provide Form 990, Return of Organization Exempt from Income Tax to the Department of Business Regulation for oversight purposes. We also encourage smaller organizations to consider getting a financial review.

House bill 5562 is a tangible way that the General Assembly can support the critical work of nonprofits by freeing up additional resources for community programs, without adding to the state budget.

For all these reasons, I urge you to vote in favor of bill 5562. Thank you for your consideration, and I am happy to answer any questions you may have.

Sincerely,

A handwritten signature in black ink that reads "Sandy Ross". The signature is written in a cursive, flowing style.

Sandy F. Ross, CPA, CFE, MSNM
Partner, Not-for-Profit Services