



State of Rhode Island

Department of State | Office of the Secretary of State

Gregg M. Amore, *Secretary of State*

March 4, 2025

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

RE: H5562 – An Act Relating to Business and Professions – Solicitation by Charitable Organizations

Dear Chair Solomon,

I write this letter in support of House Bill 5562, legislation that would increase non-profit organizations' minimum annual gross income threshold from \$500,000 to \$1,000,000. This would trigger nonprofits to conduct an independent audit that would then be submitted alongside their annual charitable solicitation registration.

The Department of State's Business Services Division provides thoughtful guidance and comprehensive services to those looking to start and maintain a business or non-profit in Rhode Island. The Division also maintains Rhode Island's business registry, which records new business formations and the ongoing registration activity of the more than 105,401 active entities registered in our state. Of these, 8,601 are registered domestic nonprofits.

Nonprofit organizations are part of the state's social and economic infrastructure, encouraging civic engagement, supporting small businesses, and helping the most vulnerable Rhode Islanders with various services that aid in their well-being. Nonprofits perform key societal functions, often in partnership with State agencies.

When nonprofits with tight budgets and low staff must additionally expend significant capital to conduct an independent audit, they lose the resources they need to help Rhode Island communities. It is estimated that nonprofits would have to spend \$10,000 to \$15,000 to conduct an independent audit, which is a significant amount for organizations that meet the current \$500,000 threshold as dictated by current law. With uncertainty in federal funding and the other constraints non-profits have on their resources, this legislation will allow them to devote more resources to their programs.

Therefore, I urge the members of the Committee to support House Bill 5562, as this legislation will help nonprofit organizations continue pursuing their missions and focus on improving the lives of everyone in our state.

Thank you for your consideration. If you have any questions, please feel free to contact Michelle Arias, Director of Intergovernmental Affairs, at marias@sos.ri.gov.

Sincerely,

Gregg M. Amore
Secretary of State

cc: The Honorable Members of the House Committee on Corporations
The Honorable Justine Caldwell