



March 4, 2025

Honorable Joseph J. Solomon, Jr.
Chairman, House Corporations Committee
Rhode Island State House
82 Smith Street
Providence, RI 02903

RE: H 5562 – AN ACT RELATING TO BUSINESSES AND PROFESSIONS --
SOLICITATION BY CHARITABLE ORGANIZATIONS

Dear Chairman Solomon and Honorable Committee Members:

As the Executive Director of Rhode Island Business Leaders Alliance (the “Alliance”), I am grateful for the opportunity to provide the House Corporations Committee with this written testimony in support of H 5562 – AN ACT RELATING TO BUSINESSES AND PROFESSIONS -- SOLICITATION BY CHARITABLE ORGANIZATIONS, which provides that charitable organizations with a gross income of one million dollars (\$1,000,000) or less can meet the required reporting and records requirements by providing either an IRS Form 900 or other approved financial statements.

The Alliance is a group of Rhode Island business leaders, trade associations, and educational institutions who are concerned about seeing the Ocean State ranked at the bottom of national business climate surveys year after year and want to do something about it. We have come together in an unprecedented alliance with a positive, forward-looking vision for our state: to revitalize Rhode Island’s struggling economy and to create broad-based economic growth and opportunity for all Rhode Islanders. Our group’s ambitious goal is nothing short of the wholesale transformation of Rhode Island into a national model of economic competitiveness.

Nonprofits provide essential services in every community in Rhode Island. Smaller nonprofits are often challenged to find the financial resources necessary to provide the services their communities have come to depend on. This challenge has been exacerbated by inflation, as the cost of providing services has risen, and individual donations have declined. Anticipated

funding cuts on the state and federal levels will make it even more difficult for local nonprofits to survive and thrive.

A particularly pressing issue facing Rhode Island nonprofits is the shortage of Certified Public Accountants (CPAs) available to perform audits of financial statements, especially those approaching the statutory audit threshold for the first time. Each year, numerous nonprofits reach out to the Rhode Island Society of CPAs (“RISCPA”), a founding member of the Alliance, in search of an auditor. Many nonprofits struggle to access audit services due to the state’s ongoing shortage of CPAs.

Audits are also expensive, often totaling \$10,000 - \$15,000 per year. H 5562 would be an important support to Rhode Island’s mid-size nonprofits by freeing up funds that they would normally spend on an audit of their financial statements (if they can find a CPA). These funds can be used to provide vital programs and services to our communities.

Further, in recent years, neighboring states have also raised their respective audit thresholds. Massachusetts and Connecticut have raised their nonprofit audit threshold to \$1,000,000. The threshold has also been raised at the federal level. The revised 2024 Uniform Guidance requirements for single audits have raised the federal threshold to \$1,000,000, aligning with economic conditions and ensuring that oversight resources are directed toward larger grants. These changes support a broader national effort to balance financial accountability with operational efficiency.

In these challenging times, H 5562 is a tangible, meaningful way that the General Assembly can support the important work of nonprofits by freeing up additional resources to further their missions, without adding a penny to the state budget.

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

Respectfully submitted by:

Gregory Tumolo

Gregory Tumolo, Executive Director
Rhode Island Business Leaders Alliance