



February 4, 2026

## **Senate Bill 354 - Business Regulation - Charitable Organizations - Audit and Review Thresholds**

### **Senate Judicial Proceedings Committee**

#### **Position: FAVORABLE**

The Maryland Association of Resources for Families and Youth (MARFY) respectfully submits this testimony in support of Senate Bill 354, which modernizes the audit and review thresholds for charitable organizations registered with the State.

MARFY is a statewide network of private child-serving organizations dedicated to supporting Maryland's most vulnerable youth. Through over 200 programs, MARFY members provide foster care, adoption services, treatment foster care (TFC), group homes, and independent living support. Our providers serve children and adolescents in out-of-home placements due to abuse, neglect, severe mental health challenges, or complex medical needs—including youth involved in the juvenile justice system.

Senate Bill 354 makes targeted, responsible updates to Maryland's charitable organization reporting requirements by adjusting audit and review thresholds that have not kept pace with inflation, rising operational costs, or the evolving nonprofit landscape.

By increasing the gross income thresholds that trigger an audit or review requirement, the bill ensures that regulatory oversight remains appropriate, proportional, and risk-based, while continuing to safeguard transparency and accountability.

Importantly, SB 354 does not eliminate audits or reviews. Instead, it aligns reporting requirements with current economic realities and provides the Secretary of State with continued authority to require an audit or review when warranted.

For child welfare nonprofits, compliance costs associated with audits and reviews can be significant. These costs are often borne by organizations operating under fixed or capped government contracts, narrow operating margins, and increasing workforce and regulatory demands.

By adjusting the thresholds at which audits and reviews are required, SB 354 allows organizations to direct more limited resources toward program services, staff retention, and direct support for children and families—without reducing transparency or oversight.



Maryland Association of  
Resources for Families & Youth

For MARFY members, this flexibility is especially important given the essential services they provide on behalf of the State and local jurisdictions.

This approach reflects best practices in nonprofit regulation and supports a strong, sustainable nonprofit sector.

Maryland's nonprofit organizations are essential partners in delivering public services and strengthening communities. Senate Bill 354 supports these organizations by modernizing outdated thresholds, reducing unnecessary administrative burden, and allowing limited resources to be focused where they matter most—on mission and impact.

For these reasons, MARFY respectfully urges the Committee to issue a Favorable Report on Senate Bill 354.

Thank you for your consideration and for your continued support of Maryland's nonprofit sector.

**For more information call or email:**

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