

**Testimony on Senate Bill 354**  
**Business Regulation - Charitable Organizations - Audit and Review Thresholds**  
**Senate Judicial Proceedings Committee**  
**February 4, 2026**

**Position: Favorable**

Maryland Nonprofits is a statewide association of almost 2000 nonprofit organizations and institutions. We strongly support adjusting the thresholds at which charities must provide either a formal financial review or a financial audit as part of the documentation supporting their charitable registration with the Secretary of State. All of these organizations will continue to submit their IRS Form 990's, and the bill does not affect the Secretary of State's discretion to require any organization to submit additional information, including an audit.

We strongly support the Secretary of State's efforts to protect the public from fraudulent solicitations and the abuse or waste of charitable funds. We proposed the registration fee increases that made possible the expansion of the state's charitable enforcement program and the new online systems that launched in 2022. Senate Bill 354 merely makes an inflationary adjustment to what can be a significant cost burden for well-over a thousand registered charities in our state that are complying with those efforts.

Since the current thresholds were last revised ten years ago we have seen costs of living and the cost of professional financial services grow by roughly a third, a rate that itself warrants the adjustments proposed in Senate Bill 354.

Today nonprofits are under unprecedented stress for a non-recessionary period. Federal funding uncertainties, and actual cuts, recissions, and 'freezes', coupled with the down-sizing, restructuring and even elimination in some cases of federal programs or funding entities, have exacerbated the financial stresses on nonprofits serving our communities. These same conditions have also stressed state finances and programs, and the capacity of the private philanthropic community, as sources of support for charitable efforts.

**We urge you to give Senate Bill 354 a favorable report.**