

Testimony in Support of Senate Bill 354, “Increasing the Nonprofit Audit Threshold”

Before the Senate Judicial Proceedings Committee

Chair Smith, Vice Chair Waldstreicher, and Members of the Committee:

Thank you for the opportunity to provide testimony in support of **Senate Bill 354, Increasing the Nonprofit Audit Threshold**. And thank you to Senator Kagan for continuing to be a champion for nonprofits and for sponsoring this important legislation. My name is Alyssa Sanders, and I serve as Director of Advocacy at EveryMind, a nonprofit organization that has been providing critical mental health services to Marylanders for nearly 70 years.

EveryMind strongly supports Senate Bill 354, which modernizes Maryland’s nonprofit audit thresholds and reflects the current financial and operational realities facing charitable organizations that serve Maryland residents. For organizations like ours that provide services across the continuum of care to residents, administrative efficiency directly affects our ability to deliver timely, accessible services. Independent financial audits require significant staff time and financial resources, and increasing the audit threshold would reduce unnecessary administrative burden for nonprofits operating below the new threshold. This would allow organizations to reinvest limited resources into direct services, which for us looks like prevention efforts and community-based mental health supports, while continuing to meet accountability and reporting requirements.

This legislation is especially important given the ongoing shortage of accounting professionals specializing in public and nonprofit audits. Many nonprofits have experienced rising audit costs, longer timelines, and increased staff coordination demands as a result of this workforce shortage. By raising the threshold, Senate Bill 354 helps reduce demand on these limited specialized professionals, easing pressure on both nonprofits and the accounting industry while preserving strong financial oversight where it is most needed.

Senate Bill 354 also brings Maryland law into alignment with updated federal standards. In April 2024, the federal government increased the Single Audit threshold for fiscal years beginning on or after October 1, 2024. Aligning state and federal thresholds provides greater clarity and consistency for organizations like EveryMind that manage multiple funding streams and compliance requirements.

Ultimately, this bill will allow many nonprofits to focus more fully on their core mission, while maintaining transparency, accountability, and responsible stewardship of funds. Senate Bill 354 represents a thoughtful, balanced update that strengthens the nonprofit sector’s capacity to serve communities across the state. For these reasons, EveryMind strongly urges a favorable report.

Thank you for your time and consideration.