

SB0354 -- Business Regulation - Charitable Organiz

Uploaded by: Brian Levine

Position: FAV



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

The Montgomery County Chamber of Commerce (MCCC), the voice of business in Metro Maryland, opposes Senate Bill 354 -- *Business Regulation - Charitable Organizations - Audit and Review Thresholds*.

Senate Bill 354 increases the maximum amount of gross income of a charitable organization at which the Secretary of State may require an audit or review to \$1,000,000.

Senate Bill 354 reduces unnecessary paperwork by updating long-standing financial reporting thresholds to better align with current economic conditions and the operational realities of today's nonprofit sector. Nonprofits play a vital role in a healthy economy by creating jobs, generating economic activity, and strengthening communities through essential programs that improve quality of life. In Maryland, nonprofits are a major economic force, employing more than 280,000 workers and contributing billions annually in wages, revenue, and community services, making them one of the state's most impactful sectors.

By raising the minimum gross income levels that trigger an audit or review, Senate Bill 354 provides meaningful relief to small and mid-sized organizations that often operate with limited administrative capacity. These adjustments will enable nonprofits to direct more of their limited resources toward mission-critical programs rather than costly compliance requirements, ultimately strengthening the services they provide to Maryland communities.

For these reasons, the Montgomery County Chamber of Commerce supports Senate Bill 354 and respectfully requests a favorable report.

The Montgomery County Chamber of Commerce (MCCC), on behalf of its members, champions the growth of business opportunities, strategic infrastructure investments, and a strong workforce to position Metro Maryland as a premier regional, national, and global business location. Established in 1959, MCCC is an independent, non-profit membership organization.

*Brian Levine | Vice President of Government Affairs
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SB 354 - FAV - Senate Judicial Proceedings Committ

Uploaded by: Henry Bogdan

Position: FAV

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, rescissions, 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.

SB 354_Testimony in support.pdf

Uploaded by: Lois Mikkila

Position: FAV

Senate Judicial Proceedings Committee

February 2, 2026

Senate Bill 354

Charitable Organizations – Audit and Review Thresholds

SUPPORT

The Association of Community Services (ACS) of Howard County, a 501c3 nonprofit, works to champion, strengthen, and connect our county's nonprofits. Our eighty nonprofit members provide critical services ranging from housing to food assistance, legal services, mentoring, transportation, elder care, and more.

ACS supports Senate Bill 354, which increases the threshold on income from charitable contributions at which nonprofit organizations are required to have a financial review or audit. Specifically, the threshold increases from \$300,000 to \$500,000 for a review, and from \$750,000 to \$1,000,000 for an audit.

In the ten years since the limit was last increased, the cost of conducting a review or audit has increased significantly. At a time when nonprofits are facing cuts in federal grants and a tougher fundraising environment, reducing this cost burden for at least some nonprofits would be a welcome relief.

Howard County depends on nonprofits to deliver a wide range of essential services. Please support this bill to help nonprofits navigate these challenging economic times.

ACS strongly urges a favorable report on SB354.

Submitted by,

Lois K Mikkila

Lois K Mikkila
Executive Director
Association of Community Services of Howard County
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Testimony in Favor of SB 354.pdf

Uploaded by: Megan O'Brien

Position: FAV

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.

Letter of Support for SB0354.pdf

Uploaded by: Mike McKay

Position: FAV

MIKE MCKAY
Legislative District 1
Garrett, Allegany, and Washington Counties



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Judicial Proceedings Committee
Executive Nominations Committee

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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

Joint Committees
Administrative, Executive,
and Legislative Review
Children, Youth, and Families
Program Open Space and Agricultural
Land Preservation

Williamsport Office
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Williamsport Town Hall
Williamsport, Maryland

February 2, 2026

RE: Fire/EMS Coalition Support for SB0354

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

The Fire/EMS Coalition would like to express their support for **Senate Bill 354: Business Regulation - Charitable Organizations - Audit and Review Thresholds**. This bill will increase the minimum gross income amounts from charitable contributions at which a charitable organization must include a certain audit or a certain review with a registration statement; increasing the amount of cash receipts from charitable contributions the Secretary of State may accept an affidavit attesting to under certain circumstances; increasing the maximum amount of gross income of a charitable organization at which the Secretary of State may require an audit or review from \$750,000 to \$1,000,000; etc.

The Fire/EMS Coalition supports Senate Bill 354.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Mike McKay'.

Senator Mike McKay
Representing the Appalachia Region of Maryland
Serving Garrett, Allegany, and Washington Counties

Voting Organizations:

Maryland Fire Chief's Association (MFCA)
Maryland State Firefighter's Association (MSFA)
State Fire Marshal (OSFM)
Maryland Fire Rescue Institute (MFRI)
Maryland Institute for Emergency Medical Services System (MIEMMS)
Metro Fire Chief's Association
Professional Firefighters of Maryland

Our Mission Statement

The Maryland Fire/EMS Coalition unites Republicans and Democrats in support of fire/emergency services legislation that benefit all first responders. Becoming a member does not require taking positions on legislation; rather Coalition members are asked to offer support in a way that best benefits fire/emergency services in their respective Legislative Districts.

SB354 written testimony.pdf

Uploaded by: Robert Phillips

Position: FAV

MARYLAND STATE FIREFIGHTERS ASSOCIATION, INC.

-a 501(c)(3) organization

Representing the Volunteer Fire, Rescue and Emergency Medical Services Personnel



Legislative Committee

17 State circle

Annapolis, MD 21401

Chair: Chief Robert Phillips

Office: 410-974-2222

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SB354: Business Regulation – Charitable Organizations – Audit and Review Thresholds

My name is Chief Robert Phillips, and I am the Legislative Committee Chair for the Maryland State Firefighters Association (MSFA)

I wish to present testimony in favor of **Senate Bill 354: Business Regulation – Charitable Organizations – Audit and Review Thresholds**

The MSFA is in full support of this bill. The MSFA represents over 350 fire companies who are registered as "charitable Organizations" in the state of Maryland. With this bill some will see a lower accounting cost due to the change in thresholds which trigger more expensive and time consuming reviews and audits. The MSFA offers it thanks to the sponsors of this bill.

The MSFA asks that you return a FAVORABLE vote on **SB:354**.

Thank you and I would be glad to answer any questions you might have.

Respectfully

Robert Phillips

Sen. Kagan SB354 Testimony_ Increasing Nonprofit A

Uploaded by: Sen. Cheryl Kagan

Position: FAV

CHERYL C. KAGAN
Legislative District 17
Montgomery County

Vice Chair
Education, Energy, and
the Environment Committee

Joint Audit and Evaluation Committee

Joint Committee on Federal Relations



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

SB354 Testimony: Increasing Nonprofit Audit Threshold
Senate Judicial Proceedings Committee
Wednesday, February 4, 2026, 11:00 AM

Twenty-seven states¹ (including Maryland) have laws requiring nonprofits to conduct and file a certified audit or financial review when the annual amount of charitable contributions, public funding, or gross revenue reaches a certain threshold. A certified audit is the most detailed review and provides the highest level of financial assurance. A financial review is a more limited check by an independent accountant-- less detailed and less expensive than a full audit.

These laws are important to ensure transparency and accountability.

This bill would modestly increase the dollar amount that determines when an independent audit or review is required. Financial audits would rise from \$750,000 to \$1 million. Instead of \$300,000, reviews would start at \$500,000. No audit or review would be required under \$500,000, but nonprofits would continue to file financial documents and a signed affidavit confirming the information is accurate.

Independent audits and reviews are costly and time-consuming. [According to Altruic Advisors](#), a full-service CPA firm specializing in the nonprofit sector, an audit costs anywhere from \$12,000 to \$25,000 or more. Financial reviews typically "cost half as much as an audit."

The last increase in these thresholds was 10 years ago-- in 2016-- when a bill sponsored by Senator Bryan Simonaire (SB10) passed unanimously in both the House and Senate. His bill raised the bar for audits by \$250,000-- the same amount as SB354-- and the financial review trigger went from \$200,000 to \$300,000.

These reasonable adjustments track with inflation over the past ten years. Furthermore, SB354 would align us with 15 states² that require an audit at the \$1 million mark or higher, although what each state counts toward the total may vary.

¹ AK, AR, CA, CT, FL, GA, IL, IN, KS, LA, MA, MD, MI, MN, MS, NC, NH, NJ, NM, NY, PA, RI, TN, VA, WA, WI, WV.

² AR, CA, CT, FL, GA, MA, NC, NH, NJ, NY, RI, TN, VA, WA, WI.

We want our nonprofits to be in compliance **and** focus on their missions, which is even more important in the wake of federal program cuts and tight state budgets.

According to an [October 2025 study by the Urban Institute](#), one-third of nonprofits reported disruptions in their government funding last year, often leading to reductions in staff, programming, and future hiring. Even those that do not receive government money reported fundraising challenges. The study concluded:

...these findings point to the cascading effects across the U.S. of federal, state, and local funding disruptions and a widening gap between increasing demand for nonprofit services and organizations' ability to meet it.

It is noteworthy that an important provision already exists in Maryland to ensure oversight and accountability. The Secretary of State can require an independent audit or review if there is reason for concern-- even if an organization falls below the \$1 million threshold.

In summary, smaller charities file simple paperwork; mid-sized charities undertake a less onerous review; and large charities must undergo a full audit-- with the State able to step in if needed.

I urge a favorable report on SB354.

SB354_MARFY_FAV.pdf

Uploaded by: Therese Hessler

Position: FAV



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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