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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO BUSINESSES AND PROFESSIONS -- SOLICITATION BY CHARITABLE ORGANIZATIONS

Introduced By: Senators Vargas, DiPalma, Britto, LaMountain, and Murray

Date Introduced: March 14, 2025

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 5-53.1-4 of the General Laws in Chapter 5-53.1 entitled "Solicitation
2 by Charitable Organizations" is hereby amended to read as follows:

3 **5-53.1-4. Reports and records of registered charitable organizations.**

4 (a) Every charitable organization registered pursuant to § 5-53.1-2 shall file with the
5 director a copy of the annual financial statement of the organization audited by an independent
6 certified public accountant for the organization's immediately preceding fiscal year, or a copy of a
7 financial statement audited by an independent certified public accountant covering, in a
8 consolidated report, complete information as to all the preceding year's fundraising activities of the
9 charitable organization, showing kind and amount of funds raised, costs and expenses incidental
10 thereto, and allocation or disbursements of funds raised. Charitable organizations having annual
11 gross income of ~~five hundred thousand dollars (\$500,000)~~ one million dollars (\$1,000,000) or less
12 shall be considered to have met the financial requirements of this section by providing either an
13 IRS Form 990 or the following financial statements for the immediately preceding fiscal year
14 compiled by an independent public or certified accountant:

15 (1) Statement of activities; and

16 (2) Statement of financial position.

17 (b) The director may require audited, annual financial statements of charitable
18 organizations with budgets of ~~five hundred thousand dollars (\$500,000)~~ one million dollars

1 [\(\\$1,000,000\)](#) or less when the director has reasonable cause to believe that a violation of this chapter
2 has occurred.

3 (c) Any charitable organization registered pursuant to § 5-53.1-2 that is the parent
4 organization of one or more affiliates within the state, may comply with the reporting requirements
5 of subsection (a) of this section by filing a combined, written report upon forms prescribed by the
6 director.

7 (d) As used in this section, the term “affiliate” includes any chapter, branch, auxiliary, or
8 other subordinated unit of any registered charitable organization, however designated, whose
9 policies, fundraising activities, and expenditures are supervised or controlled by the parent.

10 (e) There shall be appended to each combined report a schedule, containing the information
11 that may be prescribed by the director reflecting the activities of each affiliate, that shall contain a
12 certification, under penalty of perjury, by an official of the organization, certifying that the
13 information contained therein is true.

14 (f) The failure of a parent organization to file an appropriate combined, written report shall
15 not excuse either the parent organization or its affiliates from complying with the provisions of
16 subsection (a) of this section.

17 (g) A combined report filed pursuant to this section shall be accompanied by a fee of
18 seventy-five dollars (\$75.00) plus seventy-five dollars (\$75.00) for each organization included in
19 the report.

20 (h) The director may accept a copy of a current annual report previously filed by a
21 charitable organization with any other governmental agency in compliance with the provisions of
22 this chapter; provided, that the report filed with the other governmental agency shall be
23 substantially similar in content to the report required by this section.

24 (i) The due date on which to submit financial information (IRS Form 990 or audited annual
25 financial statements) shall initially be extended until the IRS due date, and then until the IRS
26 extension dates, as necessary. For the initial request, the registrant shall submit to the department
27 an extension request letter with the annual registration form stating the IRS due date. For any further
28 extensions, the registrant shall submit an additional letter or a copy of the IRS request for an
29 extension form. The extensions apply to Form 990, the annual audited financial statement, and any
30 other information referred to in § 5-53.1-2(a)(9), (11) and (12). With respect to organizations that
31 submit compiled financial statements referred to in subsection (a) of this section, extensions will
32 be granted upon written request, totaling not more than six (6) months.

1 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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- 1 This act would increase the threshold limit for charitable organizations with an annual gross
- 2 income of five hundred thousand dollars (\$500,000) to one million dollars (\$1,000,000) or more
- 3 when submitting their annual charitable solicitation registration to submit to an independent audit.
- 4 This act would take effect upon passage.

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