



**CONNECTICUT
ASSOCIATION
of NONPROFITS**

*...to serve, strengthen
and support Connecticut's
nonprofit community.*

HB 6433 AN ACT CONCERNING THE REGULATION OF CHARITABLE FUNDS ACT.

Senator Colapietro, Representative Shapiro and members of the General Law Committee, I am **Ron Cretaro, Executive Director of the Connecticut Association of Nonprofits**. Our association represents over 530 nonprofit organizations across Connecticut.

HB 6433, submitted by the Attorney General and the Commissioner of Consumer Protection, proposes to modify the threshold by which a formal audit is legally required from the current level of \$200,000 to \$500,000. This affects organizations which, for the most part, receive no state funding. Those organizations which are recipients of state contracts in excess of \$100,000 will still be subject to the onerous state single audit. A single audit is more complex and demanding to both the nonprofit and the accounting profession.

Further, raising the compulsory audit threshold does not preclude funders such as foundations or the United Way from requiring an audit in return for receiving funding support no matter the size of the budget or amount of grant funds received.

The beneficiaries of this legislation as proposed are the nearly 500 nonprofits which would save the time, expense and worry of an arduous audit process. More than a quarter or 148 of CT nonprofit members have annual budgets under \$500,000.

We do not feel the transparency or accountability of the nonprofit community will be compromised by adopting a higher audit threshold. The new IRS form 990 required to be filed by nonprofits with annual gross receipts of over \$25,000 will provide additional safeguards to the public. Again, funding sources – e.g. the State of Connecticut, foundations or other entities – may still require an audit to be performed should it choose.

As you are aware, the General Law Committee has already given a Joint Favorable to SB 780 which proposes to raise the audit threshold from \$200,000 to \$500,000. We are in concurrence with the sections of this bill recommendations related to audit timelines and the powers given to the Commissioner of the Department of Consumer Protection and Attorney General to waive an audit in the bill before you, HB 6433.

Please know that our Association and its members are willing to work with the Committee on the reconciliation of the two similar bills before you.