



**Connecticut Society of  
Certified Public Accountants  
(CSCPA)**

**Oral Testimony Concerning**

**Raised Bill ("RB") No. 780  
An Act Concerning the Solicitation of Charitable Funds Act**

**Respectfully Submitted to the General Law Committee**

**by**

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Secretary, Board of Directors  
Connecticut Society of Certified Public Accountants**

**February 13, 2009**

Good day Senator Colapietro, Representative Shapiro, members of the General Law Committee. I'm Thomas Wood, Secretary of the 6,000-member Connecticut Society of Certified Public Accountants. I am here to testify in favor of Raised Bill 780, "An Act Concerning the Solicitation of Charitable Funds Act," as it pertains to raising the audit threshold.

This bill would raise the audit threshold for charitable organizations from the current law's level of those receiving \$200,000 in gross revenue per year to those receiving \$500,000 in gross revenue per year up.

The CSCPA supports Raised Bill 780 for several reasons.

The current \$200,000 was adopted in 2000 and, through inflation and rising costs, is an example of a cost/benefit equation that rapidly became obsolete.

The smaller the charitable organization, the more difficult it becomes to absorb increased costs. These increased costs come not only from inflationary pressures in such areas as healthcare, but also in the very rules that govern the CPA profession.

Auditing standards, the requirements that certified public accountants must follow in planning and performing an audit, have expanded greatly in recent years. The additional time and cost to conduct an audit under these increased requirements have effectively priced an audit out of the reach of many smaller charitable organizations.

While considering the increased audit threshold, the CSCPA was cognizant of the need to balance protection of charitable organization funders with the best use of a charitable organization's limited funds. The Internal Revenue Service has provided a governance backstop in a revised *Form 990, Return of Organization Exempt from Income Tax*.

According to IRS Commissioner Doug Shulman, "The revised 990 Form "Will give the IRS and the public a much better view of how exempt organizations operate. The improved transparency provided by these changes will also benefit the tax-exempt community."

The CSCPA believes that Raised Bill No. 780 is a common-sense approach to assist smaller charities combat their diminished purchasing power while at the same protecting the public, the government, and the benefactors and beneficiaries of Connecticut's not-for-profit community.

The Connecticut Society of CPAs appreciates the opportunity to submit testimony in favor of Raised Bill 780, "An Act Concerning the Solicitation of Charitable Funds Act."

Some additional verbiage from the IRS.

The new form requires each filing organization to provide certain information regarding the composition of its board or governing body, certain of its governance policies and practices, and the means by which it is held accountable to the public by making governance and financial information publicly available. Many of the questions request information on practices or policies that are not required by federal tax law. However, good governance and accountability practices provide safeguards to help ensure that the organization's assets will be used consistently with its exempt purposes. This is a critical tax compliance consideration, especially for organizations that are subject to private benefit, excess benefit, and private inurement prohibitions. In addition, well-governed and well-managed organizations are more likely to be transparent with regard to their operations, finances, fundraising practices, and use of assets for exempt and unrelated purposes.