

Changes to Solicitation of Funds for Charitable Purposes Act under Act 71 (HB 1420)

Governor Wolf signed two bills into law on December 22, 2017. Both Acts amend the Solicitation of Funds for Charitable Purposes Act (Charities Act) to affect several important Bureau processes. Both Acts become effective in 60 days from the date they are signed by the Governor, which is **February 20, 2018**. All pertinent information related to Act 71 (HB 1420) can be found below.

Act 71 (HB 1420) amends the Charities Act to raise the thresholds for an audit, review or compilation of the financial reports required to be submitted by charitable organizations that are registered under the Charities Act.

An **audit** of the financial records of a registered charitable organization by an independent certified public accountant or public accountant is not required until the gross annual contributions meet or exceed \$750,000 (audit threshold was previously \$300,000). Charitable organizations which receive annual contributions of at least \$250,000, but less than \$750,000, will be required to have a **review or audit** of their financial statements performed by an independent certified public accountant or public accountant. Lastly, charitable organizations which receive annual contributions of at least \$100,000, but less than \$250,000, are required to have a **compilation, review or audit** of their financial statements performed by an independent certified public accountant or public accountant. A compilation, audit or review is **optional** for any charitable organization which receives annual contributions of less than \$100,000.

Type of financial statements required	Gross annual contributions under current Charities Act	Gross annual contributions under Act 71 effective February 20, 2018
Audit	\$300,000 or more	\$750,000 or more
Audit or review	\$100,000 to less than \$300,000	\$250,000 to less than \$750,000
Audit, review or compilation	\$50,000 to less than \$100,000	\$100,000 to less than \$250,000
Audit, review, compilation or internally prepared	Less than \$50,000	Less than \$100,000

Act 71 thresholds for audit, review or compilation of financial reports will be applied to all charitable registration renewals due February 15, 2018 (3/31/2017 FYE) and all subsequent renewals and to all new charitable organization registrations for all other fiscal year ends filed on or after February 20, 2018.

Finally, as part of improving its processes and procedures, the Bureau of Corporations and Charitable Organizations revised the Charitable Organization Registration Statement (BCO-10) in August 2017 to be shorter and more user-friendly. If you have older versions of Bureau forms saved, please use the newer forms available on our website, that can be found on the [Registration Forms](#) page.