Waiver of the requirement for audited or reviewed of financial statements

The Solicitation of Funds for Charitable Purposes Act (Act) requires that a registration statement must be accompanied by a financial report for the immediately preceding fiscal year.[1] When a charity receives gross annual contributions of $750,000 or more, the financial report must be audited by an independent certified public accountant or public accountant. When a charity receives gross annual contributions of $250,000 to $649,999, it must submit a review or audit. When a charity receives gross annual contributions of $100,000 to $249,999, a compilation, review or audit of the financial statements is required.[2]

Under 10 P.S. §162.5(j), the Department has "the discretion to accept the financial statement submitted by the organization in lieu of an audit or review *where special facts and circumstances are presented*." There is no authority for the Department to accept the financial statement submitted by the organization in lieu of a compilation.

Waiver of the audited or reviewed financial statement requirement may be requested in writing to:

Pennsylvania Department of State
Bureau of Corporations and Charitable Organizations
207 North Office Building
Harrisburg, PA 17120

Waiver requests must specify the "special facts and circumstances" which have resulted in the request. Situation or conditions which do *not* constitute "special facts and circumstances" include:

An audit or review is costly
Charity was not aware of the audit/review requirement
Charity completed a fundraising campaign and received more contributions than expected

A waiver is not granted unless the organization receives a letter confirming the issuance of a waiver.

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[1] 10 P.S. §162.5(e) FINANCIAL REPORT.--With each registration statement filed under this section, a charitable organization must file a financial report for the immediately preceding fiscal year, which shall contain a balance sheet and statements of revenue, expenses and changes in fund balances indicating the organization's gross revenue, the amount of funds received from solicitations or other fundraising activities and all expenditures for supplies, equipment, goods, services, programs, activities or other expenses, a detailed list of all salaries and wages paid and expenses allowed to any officer or employee if the organization is not required to file an Internal Revenue Service Form 990 and the disposition of the net proceeds received from solicited contributions or other fundraising activities.

[2] 10 P.S. §162.5(f) AUDIT OF CERTAIN FINANCIAL REPORTS.-- The financial report of every charitable organization which receives annual contributions of $750,000 or more shall be audited by an independent certified public accountant or public accountant. Every charitable organization which receives annual contributions of at least $250,000, but less than $750,000, shall be required to have a review or audit of their financial statements performed by an independent certified public accountant or public accountant. Every charitable organization which receives annual contributions of at least $100,000, but less than $250,000, shall be 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. Audits shall be performed in accordance with generally accepted auditing standards, including the Statements on Auditing Standards of the American Institute of Certified Public Accountants, whereas reviews shall be performed in accordance with the Statements on Standards for Accounting and Review Services of the American Institute of Certified Public Accountants.