

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE  
COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, No. 4635**

**STATE OF NEW JERSEY**

DATED: DECEMBER 13, 2021

The Assembly Financial Institutions and Insurance Committee reports favorably an Assembly Committee Substitute for Assembly Bill No. 4635.

This substitute would amend the New Jersey “Charitable Registration and Investigation Act” by revising the thresholds of gross revenue amounts received by charitable organizations that determine their annual financial reporting requirements with the Attorney General’s office. The substitute also would exclude non-monetary in-kind donations directly related to the mission of the charitable organization from gross revenue for the purpose of requiring annual disclosure reports to include a financial statement which has been audited by an independent certified public accountant. In-kind donations would include food for food pantries or food shelters, supplies for shelter, and any other in-kind contributions the Attorney General permits.

The substitute provides that a charitable organization operating or soliciting within the State which receives annual gross revenue in excess of \$1,000,000 in monetary donations must file with its annual disclosure report a financial statement which has been audited by an independent certified public accountant. The threshold for this audited financial statement requirement under current law is \$250,000 of gross revenue, including in-kind donations, or any greater amount that the Attorney General may prescribe by regulation.

Regulations adopted by the Attorney General increased the threshold to \$500,000 of gross revenue. The regulations also specify that for the purpose of determining if an audit is required, a charitable organization’s gross revenue shall not include: one-time bequests, fund raising campaigns for capital property in a single fiscal year, the value of services performed by volunteers, or items purchased by other entities for the use of the charitable organization in situations in which ownership of the item is retained by the original purchaser. The substitute would exempt certain non-monetary in-kind contributions from inclusion as gross revenue as well.

In addition, the substitute makes a corresponding adjustment by providing that charitable organizations that have annual gross revenues in excess of \$25,000 but less than \$1,000,000 must file an annual financial report that is certified by the organization's president or other authorized officer. The substitute also requires the State Treasurer to allow any annual report for a nonprofit corporation that is designated to be filed while Executive Order 103 of 2020 remains in effect, or up to 180 days after its conclusion, to be filed up to 180 days after the conclusion of that executive order, without requiring the corporation to pay any penalty or additional fee other than the annual filing fee. Pursuant to the bill, the State Treasurer may not require any corporation to pay its filing fee in advance of the date the annual report is filed.

Furthermore, the substitute would require the Attorney General to allow any annual filing of a renewal statement and financial report for a charitable organization that is scheduled to be filed while Executive Order 103 of 2020 remains in effect, or up to 180 days after its conclusion, to be filed up to 180 days after the conclusion of that executive order, without requiring the organization to pay any penalty or additional fee other than the annual filing fee. The substitute also provides that the Attorney General may not require any organization to pay a filing fee in advance of the date the renewal statement and financial report are filed.

Charitable organizations incur significant expenses associated with providing audited financial statements on an annual basis. These expenses, or some portion of them, could otherwise be used to further the charitable mission of these organizations. The burden of annual financial reporting expenses borne by some charitable organizations may be relieved by increasing the threshold at which organizations must file audited financial statements, and excluding certain non-monetary in-kind contributions from gross revenue.

As adopted and reported, this substitute is identical to the Senate Committee Substitute for Senate Bill Nos. 844 and 2533, as amended and reported by the committee.