



2023 SENATE BILL 851

December 26, 2023 - Introduced by Senators MARKLEIN, BRADLEY and ROYS, cosponsored by Representatives WITKE, BROOKS, ALLEN, MURPHY, O'CONNOR, PENTERMAN, RETTINGER, SINICKI, WICHGERS and GOEBEN. Referred to Committee on Financial Institutions and Sporting Heritage.

1 **AN ACT to amend** 202.12 (1) (b) 2g., 202.12 (1) (b) 2r., 202.12 (3) (b), 202.12 (3)
2 (bm), 202.12 (3) (d) 1. and 202.12 (3) (d) 2. of the statutes; **relating to:** financial
3 statements of registered charitable organizations.

Analysis by the Legislative Reference Bureau

This bill makes changes relating to registration and reporting requirements applicable to charitable organizations.

Under current law, a charitable organization that solicits, or has solicited on its behalf, contributions in this state must register with the Department of Financial Institutions, unless an exception applies. With its initial application for registration and with each annual report, a charitable organization must provide financial information for the previous fiscal year if the charitable organization meets a certain contribution threshold (except that all dollar amounts below are subject to DFI's adjustment for inflation). Financial information must be provided as follows:

1. If the charitable organization received contributions of more than \$300,000 but not more than \$500,000 in the previous fiscal year, a reviewed financial statement, prepared in accordance with generally accepted accounting principles (GAAP) and reviewed by an independent certified public accountant (CPA).

2. If the charitable organization received contributions of more than \$500,000 in the previous fiscal year, an audited financial statement, prepared in accordance with GAAP and including the opinion of an independent CPA.

This bill increases these threshold amounts. Under the bill, a reviewed financial statement is required if the charitable organization received contributions

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in the previous fiscal year of more than \$500,000 but not more than \$1,000,000. An audited financial statement is required if the contributions exceeded \$1,000,000.

Current law also allows DFI, upon application, to grant a charitable organization a waiver of the requirement to file financial information with its annual report. A waiver may be granted if the charitable organization received contributions in each of the past three fiscal years of less than \$100,000, but during the fiscal year for which the waiver is requested the charitable organization received contributions from one contributor exceeding \$200,000 or \$400,000, respectively.

The bill also increases the threshold amounts applicable for DFI's waiver. Under the bill, a waiver may be granted if the charitable organization received contributions in each of the past three fiscal years of less than \$300,000, but during the fiscal year for which the waiver is requested the charitable organization received contributions from one contributor exceeding \$200,000 or \$700,000, respectively.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 202.12 (1) (b) 2g. of the statutes is amended to read:

2 202.12 (1) (b) 2g. A reviewed financial statement for the most recently
3 completed fiscal year of the charitable organization, if the charitable organization
4 received contributions in excess of ~~\$300,000~~ \$500,000, subject to adjustment under
5 sub. (8), but not more than ~~\$500,000~~ \$1,000,000, subject to adjustment under sub.
6 (8), during its most recently completed fiscal year. The statement shall be prepared
7 in accordance with generally accepted accounting principles and include a review of
8 the financial statement by an independent certified public accountant.

9 **SECTION 2.** 202.12 (1) (b) 2r. of the statutes is amended to read:

10 202.12 (1) (b) 2r. An audited financial statement for the most recently
11 completed fiscal year of the charitable organization, if the charitable organization
12 received contributions in excess of ~~\$500,000~~ \$1,000,000, subject to adjustment under
13 sub. (8), during its most recently completed fiscal year. The statement shall be
14 prepared in accordance with generally accepted accounting principles and include
15 the opinion of an independent certified public accountant on the financial statement.

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1 **SECTION 3.** 202.12 (3) (b) of the statutes is amended to read:

2 202.12 **(3)** (b) In addition to the annual report required under par. (a), if a
3 charitable organization received contributions in excess of ~~\$500,000~~ \$1,000,000,
4 subject to adjustment under sub. (8), during its most recently completed fiscal year,
5 the charitable organization shall file with the department an audited financial
6 statement for the charitable organization's most recently completed fiscal year,
7 prepared in accordance with generally accepted accounting principles, and the
8 opinion of an independent certified public accountant on the financial statement.
9 The audited financial statement shall be filed within 12 months after the end of that
10 fiscal year.

11 **SECTION 4.** 202.12 (3) (bm) of the statutes is amended to read:

12 202.12 **(3)** (bm) In addition to the annual report required under par. (a), if a
13 charitable organization received contributions in excess of ~~\$300,000~~ \$500,000,
14 subject to adjustment under sub. (8), but not more than ~~\$500,000~~ \$1,000,000, subject
15 to adjustment under sub. (8), during its most recently completed fiscal year, the
16 charitable organization shall file with the department a financial statement for the
17 charitable organization's most recently completed fiscal year, prepared in
18 accordance with generally accepted accounting principles, and a review of the
19 financial statement by an independent certified public accountant. The financial
20 statement shall be filed within 12 months after the end of that fiscal year.

21 **SECTION 5.** 202.12 (3) (d) 1. of the statutes is amended to read:

22 202.12 **(3)** (d) 1. The charitable organization's contributions were, during each
23 of the past 3 fiscal years, less than ~~\$100,000~~ \$300,000, subject to adjustment under
24 sub. (8).

25 **SECTION 6.** 202.12 (3) (d) 2. of the statutes is amended to read:

