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# State Law Nonprofit Audit Requirements

## Does your state's law require an independent audit?

You may wonder if your state's laws require a charitable nonprofit to conduct an independent audit.

- Remember that some **private foundations** may require or expect a nonprofit grantee to conduct an independent audit;
- **A few states** have laws that require nonprofits that receive a certain level of state funding to submit independent audits to the state agency that provided the funding or to other state agencies. If your nonprofit receives any government funds --state or federal -- it is always a good idea to determine whether there is an accompanying audit requirement.
- Some **state government contracts** may require an audit; there is a [federal requirement](#) to conduct an independent audit if the nonprofit *expends* \$750,000 or more in federal funds in a single year.
- **Many states** require charitable nonprofits to submit a copy of audited financial statements in conjunction with the process of registering the nonprofit so that it

is able to lawfully engage in fundraising activities in that state (commonly known as "[charitable registration](#)").

## **State laws regulating independent audits are different in each state.**

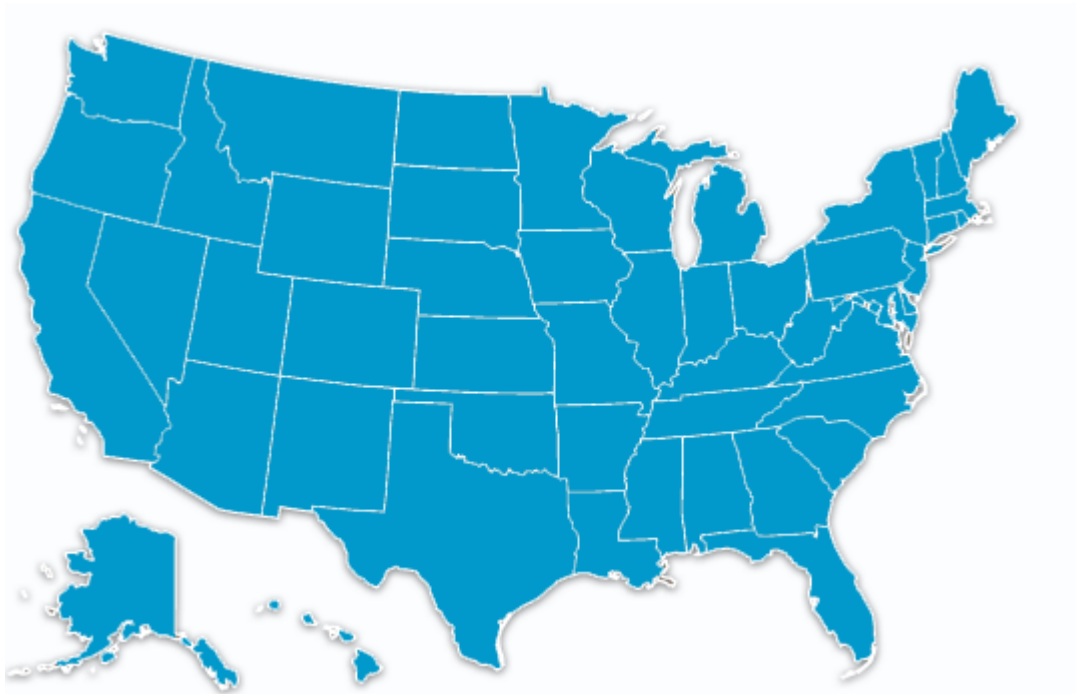
The obligation to file an independent audit report with the state government is generally just one requirement among many in connection with charitable solicitation registration. Thirty-nine states (plus the District of Columbia) [require charitable nonprofits to register with the state in order to fundraise in that state](#). Remember that state laws often differ from one another. Consequently, the laws that require a charitable nonprofit to submit audited financial statements also vary state-by-state.

- The majority of states have laws requiring charitable nonprofits to conduct an independent audit under certain circumstances. The requirement for a nonprofit to submit audited financial statements to the state is most often triggered by either the total revenue received by the charitable nonprofit during the fiscal year, or the total contributions received. In some states the threshold of contributions or income received that triggers the independent audit requirement is relatively low; in other states the threshold is higher.
- The majority of states also require annual submission of audited financial statements in connection with renewal of charitable registration.
- These requirements for both initial and annual submission of audited financial statements may not apply to your nonprofit even if it is operating in a state where audit requirements exist since the requirements depend on specific circumstances, such as the amount of revenue contributed or the annual gross income of the charitable nonprofit - such details are specified in each state's law.

This Nonprofit Audit Guide© provides links to the state laws that address audits so that you can determine what your state requires. Remember that this chart only addresses **state law requirements**, and that your nonprofit may also be required to submit an independent audit report to private funders upon request, and will be subject to [federal audit requirements](#) if it expends more than \$750,000 in federal funds in a single year. Some state government contracts may also include the requirement to conduct an independent audit.

Click on a state in the map below to find a link to the state law that governs audit requirements (if applicable) for charitable nonprofits in that state. In some cases we provide links to the language of state laws that require other reports be filed with the state, such as an "annual financial report." Remember that if your nonprofit is registering for charitable solicitation purposes in states other than its own, you should check the requirements for audits in those other states.

## State Law Nonprofit Audit Requirements: 50-State Chart



*(Updated as of August 2022)*

*Disclaimer: The National Council of Nonprofits is not engaged in the practice of law and this chart does not constitute legal advice. We encourage you to consult with legal, tax, or other professional advisors who can provide guidance for your charitable nonprofit's individual circumstances.*

### **Alabama**

**Audit Required:** No state law requirement.

**Statute and Description:** [Alabama Code § 13A-9-71](#)

# Alaska

**Audit Required:** Yes

**Statute and Description:** [Alaska Admin. Code 2.45.010](#) requires nonprofits that receive state financial assistance and expend a cumulative total equal to or greater than \$750,000 during the entity's fiscal year to submit an annual single audit. Nonprofits receiving money from the state of Alaska that don't meet the requirements under [2 AAC 45.010](#) must submit an independent audit every two years. [7AAC 78.230](#). See [Audit Guide and Compliance Supplement for State Single Audits](#).

# Arizona

**Audit Required:** No state law requirement.

**Statute and Description:** [Ariz. Rev. Stat. § 10-11622](#)

# Arkansas

**Audit Required:** Yes

**Statute and Description:** [Ark. Code §4-28-403\(b\)](#) | A charitable organization with gross annual revenue over \$500,000 must file an audited financial statement prepared by an independent CPA. Exemptions: [Ark. Code Section 4:28:404](#).

# California

**Audit Required:** Yes

**Statute and Description:** [Cal. Gov. Code §12586\(e\)\(1\)](#) | A charitable corporation with gross annual revenue of \$2 million or more AND that is already required to file report(s) with the General Attorney must file an audited financial statement prepared by an independent CPA.

# Colorado

**Audit Required:** No state law requirement.

**Statute and Description:** [Colo. Rev. Stat. § 6-16-104](#)

## Connecticut

**Audit Required:** Yes

**Statute and Description:** [Conn. Public Act 23-98, section 16.](#) | Effective July 1, 2023, a charitable organization with gross revenue in excess of \$1,000,000 (with certain revenue excluded) must file an audited financial statement prepared by an independent CPA. A charitable organization with gross revenue in excess of \$500,000 (with certain revenue excluded) must file either an audited financial statement or a review prepared by an independent CPA.

## Delaware

**Audit Required:** No state law requirement

**Statute and Description:** [Del. Code tit. 6 § 25-10](#)

## District of Columbia

**Audit Required:** No state law requirement.

**Statute and Description:** [D.C. Code § 29](#)

## Florida

**Audit Required:** Yes

**Statute and Description:** [FL Ch. 496.407](#) requires audits for charitable organizations as follows: For those receiving annual contributions of \$1 million or more an independent audit is required; for those with annual contributions of at least \$500,000 but less than \$1 million, the financial statements may be *reviewed or audited* by an independent CPA, and for those with less than \$500,000 in annual contributions, a compilation, audit, or review of the financial statement is optional.

## Georgia

**Audit Required:** Yes

**Statute and Description:** [Ga. Code Ann. § 43-17-5\(b\)\(4\)](#) | A charitable organization with contributions over \$1 million during its preceding fiscal year must file an audited financial statement prepared by an independent CPA. A charitable

organization with contributions less than \$1 million but more than \$500,000 in its preceding fiscal year must have its financial statement [reviewed](#) by an independent CPA. Exceptions: [Ga. Code Ann. § 43-17-9](#)

## Hawai'i

**Audit Required:** Yes

**Statute and Description:** [Haw. Rev. Stat. § 174: 467B-6.5\(b\)](#) | A charitable organization required to obtain an audit report by a governmental authority or a third party must file an audited financial statement prepared by an independent CPA. All other charitable organizations with gross revenue exceeding \$500,000 in the year covered in the report are required to obtain an independent audit, however, "gross revenue" does not include grants or fees from government agencies or revenue derived from funds held in trust for the benefit of the organization.

## Idaho

**Audit Required:** No state law requirement.

**Statute and Description:** [Idaho Code Ann. § 30-3-136](#)

## Illinois

**Audit Required:** Yes

**Statute and Description:** [225 Ill. Comp. Stat. § 460/4](#) | Effective Jan. 1, 2024, a charitable organization with annual contributions more than \$500,000 must file an audited financial statement prepared by an independent CPA. A charitable organization with contributions between \$300,000 and \$500,000 must file a financial statement with the Attorney General. For more information see the [IL Audit Threshold Implementation Fact Sheet](#) from [Forefront](#), the state association of nonprofits in Illinois, and other nonprofits.

## Indiana

**Audit Required:** "Examination" (similar to an audit) required in certain circumstances for the use of public money.

**Statute and Description:** [Indiana Code § 5-11-1-9](#) | Use of public money by certain

entities, including nonprofits, requires an examination. A tentative waiver may be available for entities whose financial assistance disbursements are less than 50% of their total and nonprofits whose financial assistance disbursements are equal to or greater than 50% but less than \$750,000. See [Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources](#).

## Iowa

**Audit Required:** No state law requirement.

**Statute and Description:** [Iowa Code § 504.1613](#)

## Kansas

**Audit Required:** Yes

**Statute and Description:** [Kan. Stat. Ann. § 17-1763\(c\)](#) | A charitable organization with annual contributions over \$500,000 must file an audited financial statement prepared by an independent CPA.

## Kentucky

**Audit Required:** No state law requirement.

**Statute and Description:** [Ky. Rev. Stat. Ann. § 14A.6-010](#) | ([See also Ky Rev. Stat. Title XXIII § 273.470](#) re: entities organized for charitable purposes related to disasters; requirement for filing financial reports when contributions exceed \$25,000).

## Louisiana

**Audit Required:** Yes, in certain circumstances, if receiving state funds.

**Statute and Description:** [La. Rev. Stat. Ann. § 24:513\(J\)\(1\)\(c\)](#) | A nonprofit that meets the definition of “quasi-public agency” will be required to conduct an annual independent audit if the nonprofit receives \$500,000 or more in revenues in any one fiscal year; a financial review is required if annual revenue is \$200,000 or more but less than \$500,000; a compilation is required if annual revenue is \$50,000 or more but less than \$200,000. See [LA State Audit Guide](#) for more information.

# Maine

**Audit Required:** Yes

**Statute and Description:** A charitable organization must be licensed in Maine. The license application does not require an audited financial statement. However, the license must be renewed annually. [Me. Rev. Stat. Ann. tit. 9 § 5004\(4\)\(C-D\)](#) A charitable organization is only required to file an audited financial statement if the organization already has one in existence at the time of renewal or applies for renewal after the expiration date. Otherwise, the organization may file a balance sheet in lieu of an audited financial statement. Exceptions: [Me. Rev. Stat. Ann. Title 9 § 5005](#)

# Maryland

**Audit Required:** Yes

**Statute and Description:** [MD Solicitations Act §6-402 \(b\)\(7\)](#) | A charitable organization must file an audited financial statement prepared by an independent CPA if the gross income from charitable contributions is at least \$750,000. For organizations with gross annual contributions between \$300,000-\$750,000 financial statements must be reviewed or audited by an independent CPA. See [Annual Audits: State Requirements and Best Practices](#), Maryland Nonprofits, for more information.

# Massachusetts

**Audit Required:** Yes

**Statute and Description:** [Mass. Gen. Laws ch. 12, § 8F](#) | A public charity with gross annual support and revenue over \$200,000 must file an audited financial statement prepared by an independent CPA together with its annual report. BUT, a public charity with gross annual support and revenue not more than \$500,000 may file a financial statement accompanied by an independent certified public accountant's review report in lieu of an independent audit.

# Michigan

**Audit Required:** Yes

**Statute and Description:** [Mich. Comp. Laws § 400.273 Sec 3\(2\)\(j\)](#) | A charitable



organization with annual contributions of \$500,000 or more must file an audited financial statement prepared by an independent CPA. A charitable organization with annual contributions less than \$500,000 and at least \$250,000 must file a financial statement that is either [reviewed](#) or audited by an independent CPA.

## Minnesota

**Audit Required:** Yes

**Statute and Description:** [Minn. Stat. § 11.309.53\(3\)](#) | A charitable organization with total annual revenue over \$750,000 must file an audited financial statement prepared by an independent CPA.

## Mississippi

**Audit Required:** Yes

**Statute and Description:** [Miss. Code Ann. § 79-11-507](#) | As part of its annual registration requirement (unless exempted per [Miss. Code Ann. Section 79-11-505\(1\)](#)), a charitable organization with annual contributions in excess of \$750,000 must file a financial statement reviewed or audited by an independent CPA when all of the solicitations and fund-raising functions are conducted solely by volunteers. The Secretary of State may require an audited financial statement prepared by an independent CPA if the organization's annual revenue is at least \$25,000. NOTE: Every charitable organization that uses a professional solicitor for its fundraising functions must file an audited financial statement prepared by an independent CPA. See Mississippi's [Charities Online](#) for more details.

## Missouri

**Audit Required:** No state law requirement.

**Statute and Description:** [Mo. Rev. Stat. § 355.821.1](#)

## Montana

**Audit Required:** No state law requirement.

**Statute and Description:** [Mont. Code Ann. § 35-2-904](#)

## Nebraska

**Audit Required:** No state law requirement.

**Statute and Description:** [Neb. Rev. Stat. § 21-1903](#)

## Nevada

**Audit Required:** No state law requirement.

**Statute and Description:** [Nev. Rev. Stat. § 82.536](#)

## New Hampshire

**Audit Required:** Yes

**Statute and Description:** [N.H. Rev. Stat. Ann. § 7:28\(III-b\)](#) | A charitable organization with revenue, gains, and other support of \$2 million or more must file an audited financial statement prepared by an independent CPA; nonprofits receiving support of \$500,000 or more must submit “the organization's latest financial statement prepared in accordance with generally accepted accounting principles.” Note: If compliance would constitute a financial burden, nonprofits may request an exemption, which, if granted, is valid for 3 years.

## New Jersey

**Audit Required:** Yes

**Statute and Description:** [N.J. P.L. 2021 c. 381](#) | An annual charities registration for a charitable organization with revenue, gains, and other support, but excluding non-monetary in-kind donations, of \$1 million or more must be accompanied by an independent audit. For those with gross revenue between \$25,000 and less than \$1 million, the financial statements must be certified by the organization's president or other authorized officer. (This law is new as of January 2022. [Consult the NJ Center for Nonprofits for details.](#))

## New Mexico

**Audit Required:** Yes

**Statute and Description:** [N.M. Stat. § 6-5A-1](#) | A charitable organization that has

expenses in excess of \$750,000 "shall be audited by an independent certified public accountant...in accordance with generally accepted accounting principles."

## New York

**Audit Required:** Yes

**Statute and Description:** [N.Y. EXC. Law 7A § 172-b](#) | A charitable organization with gross annual revenue over \$1,000,000 must file an audited financial statement prepared by an independent CPA. A charitable organization with gross annual revenue less than \$250,000 must file a financial statement but it does not need to be one reviewed by an independent CPA; organizations with gross annual revenue of between \$250,000-\$1,000,000 must file a financial review prepared by an auditor. Every charitable organization that uses a professional solicitor in its fundraising functions must file an audited financial statement prepared by an independent CPA.

## North Carolina

**Audit Required:** Yes, in certain circumstances, if receiving state funds.

**Statute and Description:** [N.C.G.S. 159-40](#) | A non-governmental entity that receives \$500,000 or more annually in state funds, must submit a "Yellow Book" Audit done by CPA that includes a Schedule of Federal and State Awards. The complete report to the funding agency and to the Office of the State Auditor is due within 9 months of organization's year end. Note: An A-133 audit may be substituted for the yellow book audit. Additionally, the State Auditor may conduct an investigation of any nonprofit that receives \$1,000 or more in state grant funds and in connection with that review counties and municipalities may require nonprofits receiving at least \$1,000 in local grants to conduct an independent audit. .

## North Dakota

**Audit Required:** No state law requirement.

**Statute and Description:** [N.D. Cent. Code § 50-22-04](#)

## Ohio

**Audit Required:** No state law requirement.

**Statute and Description:** [Ohio Rev. Code § 1716.04](#)

## Oklahoma

**Audit Required:** No state law requirement.

**Statute and Description:** [Okla. Stat. tit. 18, § 18-552.3](#)

## Oregon

**Audit Required:** No state law requirement.

**Statute and Description:** [Or. Rev. Stat. § 65.787](#)

## Pennsylvania

**Audit Required:** Yes

**Statute and Description:** [10 Pa. Cons. Stat. §162.5 \(f\)](#) | A charitable organization with annual contributions of \$750,000 or more must file an audited financial statement prepared by an independent CPA. A charitable organization with annual contributions less than \$750,000 and at least \$250,000 must file a financial statement that is [reviewed](#) or audited by an independent CPA. A charitable organization with annual contributions less than \$250,000 and at least \$100,000 must have a compilation, review, or audit of its financial statements prepared by an independent CPA.

## Rhode Island

**Audit Required:** Yes

**Statute and Description:** [R.I. Gen. Laws § 5-53.1-4](#) | All charitable organization are required to submit audited financial statements, but those with gross annual income of \$500,000 or less may meet the financial filing requirements by providing either an IRS Form 990, or financial statements for the immediately preceding fiscal year compiled by an independent public or certified accountant.

## South Carolina

**Audit Required:** No state law requirement.

**Statute and Description:** [S.C. Code Ann. § 33-56-30](#)

## South Dakota

**Audit Required:** No state law requirement.

**Statute and Description:** [S.D. Codified Laws § 47-24-6](#) and [59-11-24](#)

## Tennessee

**Audit Required:** Yes

**Statute and Description:** [Tenn. Code Ann. § 48-101-506\(b\)\(2\)](#) | A charitable organization with gross annual revenue over \$500,000 (excluding grants from government agencies and private foundations) must file an audited financial statement prepared by an independent CPA.

## Texas

**Audit Required:** No state law requirement.

**Statute and Description:** [Tex. Bus. & Org. Code § 22.352](#) | A charitable organization must maintain current and accurate financial records in accordance with GAAP. Based on these records, the board should prepare or approve a financial report that conforms to AICPA standards. The financial report must be made available to the public ([§ 22.353\(b\)](#)). Exemptions ([§ 22.355](#)).

## Utah

**Audit Required:** No state law requirement.

**Statute and Description:** [Utah Code § 16-6a-1607](#)

## Vermont

**Audit Required:** No state law requirement.

**Statute and Description:** [Vt. Stat. Ann. tit. 11B, § 16.22](#)

## Virginia

**Audit Required:** Yes

**Statute and Description:** [Va. Code Ann. § 58.1-609.11\(C\)\(4\)](#) | A nonprofit organization with gross annual revenue of \$1 million or more may be required to provide an audited financial statement prepared by an independent CPA. A nonprofit entity with gross annual revenue less than \$1 million and at least \$750,000 must provide a financial [review](#) by an independent CPA.

## Washington

**Audit Required:** Yes

**Statute and Description:** [Wash. Rev. Code § 434-120- 107](#) | A charitable organization with an annual gross revenue exceeding \$3 million over the three preceding, fiscal years must file an audited financial statement prepared by an independent CPA. NOTE: *Disclosure Requirement:* A charitable organization with annual gross revenue of less than \$3 million and more than \$1 million averaged over the three preceding fiscal years must disclose to the public either an audited financial statement prepared by an independent CPA *or* a federal financial reporting form (e.g., IRS Form 990) prepared by an independent CPA. [Reporting requirements explained.](#)

## West Virginia

**Audit Required:** Yes

**Statute and Description:** [W. Va. Code § 29-19-5\(a\)\(6\)\(A\)-\(B\)](#) | Charitable organizations with annual contributions over \$500,000 must file an audited financial statement prepared by an independent CPA. Charitable organizations with annual contributions in excess of \$300,000 but not more than \$500,000 must file a financial statement reviewed by an independent CPA.

## Wisconsin

**Audit Required:** Yes

**Statute and Description:** [Wis. Stat. § 202.12](#) | A charitable organization with annual contributions over \$500,000 must file an audited financial statement and include the opinion of an independent CPA. A charitable organization with annual contributions less than \$500,000 and over \$300,000 must file a financial statement

reviewed by an independent CPA.

## Wyoming

**Audit Required:** No state law requirement.

**Statute and Description:** [Wyo. Stat. § 17-19-1630](#)

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**Disclaimer:** *The resources in this Guide are offered for informational purposes only. The National Council of Nonprofits recommends consulting a lawyer or accountant who has expertise in accounting rules for charitable nonprofits so that you can be confident that your charitable nonprofit is in compliance with all legal requirements. And, when your organization is looking for trusted information about financial management practices, good governance, and accountability, don't overlook the resources that membership in your [state association of nonprofits](#) can provide.*