



September 27, 2010

Welcome to a Special Issue of the GuideStar Newsletter

Dear Reader,

A decade ago, we launched the GuideStar Newsletter as a benefit for nonprofits that had updated their reports on GuideStar. Today nonprofit representatives still make up the majority of our subscribers, but the number of readers from other audiences has grown steadily, and we've received requests for articles of use to those individuals. This issue is our inaugural effort to meet that need. If you have a moment, let us know what you think.

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Nonprofit Compensation Figures

Do you know:

- How many CEOs headed nonprofits with budgets greater than \$50 million in FY 2008?
Answer: 3,107. The median compensation for those CEOs was \$394,508.
- How many CEOs headed nonprofits with budgets between \$25 million and \$50 million in FY 2008?
Answer: 2,332. Their median compensation was \$238,085.
- How many CEOs headed nonprofits with budgets between \$10 million and \$25 million in FY 2008?
Answer: 6,117. Their median compensation was \$173,457.
- The budget category that had the greatest number of CEOs in FY 2008?
Answer: Between \$1 million and \$2.5 million. Some 18,589 individuals headed these organizations. Their median compensation was \$87,849

Source: [2010 GuideStar Nonprofit Compensation Report](#)
[Read highlights of the 2010 report](#)
[View sample report](#)

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Why Do Compensation Numbers Matter?

If the IRS finds that executives at an exempt organization have been overpaid, it can fine both the executives and the board members who approved the overpayment, or even revoke the organization's tax-exempt status if the board did not (1) base its decision on appropriate research and (2) document its decision-making process at the time it approved the compensation.

In March 2007, the IRS reported that it had levied \$21 million in excise tax assessments for excessive compensation at tax-exempt organizations. The assessments resulted from the Executive Compensation Initiative Project, which the IRS launched in 2004. Today, the IRS continues to look at executive compensation in every examination (i.e., audit) it performs on a tax-exempt organization. Nonprofits need to ensure that the salaries and benefits they pay their executives meet the IRS's definition of "fair and reasonable."

[Learn more about the rules governing charity compensation](#)
[Download a free charity compensation reference guide](#)

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Webinars

You may be interested in our free webinars:

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Grantmaker Due Diligence in the Pension Protection Act Era
[Register now](#)

September 29

The Seven Steps for Data-Driven Decision Making
[Register now](#)

October 12

Best Practices in Nonprofit Compensation

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[Bob Ottenhoff's blog](#)

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