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More (Compensation) Data, Please!

These days, people are talking a lot about fairness and transparency, especially good values to espouse when it comes to compensation in the nonprofit sector. Both the Internal Revenue Service (“IRS”) and the Attorneys General (“AGs”) of many states look to what comparably-qualified individuals are paid by similar organizations for comparable work to determine whether compensation is too high, which can result in private benefits or even violations of Internal Revenue Code Section 4958 under tax law (Section 4941 for private foundations), and wasting charitable assets under the charitable trust doctrine. (Neither the IRS nor the AGs are concerned by compensation scales that are too low, unfortunately.)

Surveys like [this one](#) are important tools for setting nonprofit compensation thoughtfully, and the more nonprofits who participate, the more robust the data. We encourage participation in surveys like these, for everyone’s benefit.

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ABOUT OUR BLOG

Nonprofit Law Matters looks at legal issues in the nonprofit and tax-exempt organizations world. Written by the attorneys and paralegals of Adler & Colvin, it provides updates and analysis regarding philanthropy, charity, and other exempt organization issues.

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