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Pittsburgh Nonprofits in the Headlines: Compensation Best Practices in the Nonprofit World - Part 1 in the Series

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A front page-article in the Sunday, September 10 issue of the *Pittsburgh Post-Gazette* titled “[Pittsburgh’s nonprofits are untaxed, unelected and unrivaled in power](#)” provides an in-depth look at the significant impact nonprofits have in the Pittsburgh region. The article states that local nonprofit organizations employ one in five workers in Allegheny County—double the national average. In terms of total giving by foundations, Pittsburgh tops the list of a dozen similarly sized metro areas.

The article includes a section that scrutinizes salary levels of nonprofit executives. The section, entitled Unfettered Salaries, does provide multiple views, including the reasoning that nonprofits must compete with the private sector for talent and that nonprofit executives would likely receive higher compensation in the private sector. However, this article illustrates the need for nonprofits to be prepared to justify executive compensation to the public, donors and other stakeholders.

Even for smaller nonprofits, executive compensation is reported on the organization’s Form 990, which is available in the public domain. Therefore, regardless of whether a nonprofit is large or small, its board of directors, which is responsible for setting chief executive compensation, should consider whether its compensation process is capitalizing on the opportunity to protect and promote the organization.

Schneider Downs Business Advisory Group provides compensation studies to aid organizations in understanding the market and documenting their reasonable compensation processes. Please [contact Schneider Downs](#) to discuss how we can assist you with your advisory needs.

This post is the first in a series to provide best practices for nonprofit boards to determine executive compensation.

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