ArtMetrics

Executive Compensation Benchmark Report

PREPARED FOR
The Board of Directors
Sample Target Organization

SUBJECT
Compensation Justification for
Sample Target Organization, EXECUTIVE DIRECTOR

REPORT GENERATED
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1. Statement of Purpose & Legal Context

This independent comparability report has been commissioned by the Board of Directors of **Sample Target Organization** (EIN: 99-9999999) to evaluate and establish competitive compensation for the role of EXECUTIVE DIRECTOR, currently held by Sample Target Organization.

THE IRS INTERMEDIATE SANCTIONS FRAMEWORK

Under Internal Revenue Code Section 4958, the IRS is authorized to impose "Intermediate Sanctions" (excise taxes) on executives and board members of 501(c)(3) organizations if an executive receives "excess benefit" or compensation that exceeds the fair market value for their services.

If the IRS determines compensation is excessive, the executive must repay the excess amount plus a 25% penalty tax. Furthermore, **board members who approved the compensation may be held personally liable** for a 10% penalty tax (up to $20,000 per transaction).

THE REBUTTABLE PRESUMPTION OF REASONABLENESS

To protect both the organization and its board members, the IRS provides a Safe Harbor framework known as the "Rebuttable Presumption of Reasonableness." If a board follows three specific steps, the burden of proof shifts entirely to the IRS to prove that the compensation was excessive.

THE THREE REQUIREMENTS FOR SAFE HARBOR

1. Independent Approval: The compensation arrangement is approved in advance by an authorized body composed entirely of individuals who do not have a conflict of interest.

2. Comparability Data: The authorized body obtained and relied upon appropriate data as to comparability prior to making its decision.

3. Concurrent Documentation: The authorized body adequately documented the basis for its determination concurrently with making that determination.

This document satisfies Requirement 2. By reviewing and attaching this independent, data-driven comparability report generated by ArtMetrics LLC to your official board minutes, you secure the Rebuttable Presumption of Reasonableness for your executive's compensation package.

2. Executive Summary & Market Analysis

To ensure comparability, ArtMetrics algorithmically isolated a cohort from our database of 352,000 nonprofit organizations, matched by NTEE Sector Classification and Geographic Region (Northeast US) — widened beyond the $1M–5M revenue band due to limited same-sector data at this level.

This yielded a comparison cohort of **25 peer organizations**. The data below reflects the total compensation (base + non-taxable benefits) for the highest-paid officer at these institutions.

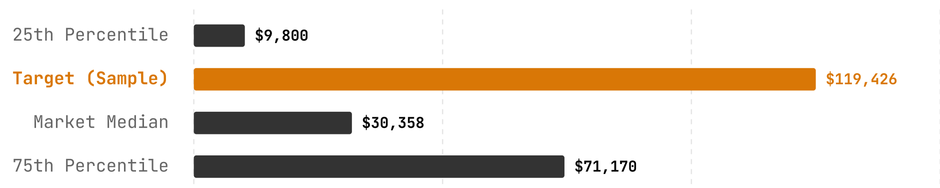
TOTAL COMPENSATION

METRIC	DOLLAR VALUE
25th Percentile	$9,800
50th Percentile (Median)	**$30,358**
75th Percentile	$71,170

COMP AS % OF BUDGET

METRIC	PERCENTAGE
25th Percentile	3.2%
50th Percentile (Median)	**6.7%**
75th Percentile	12.3%

COMPENSATION POSITION ANALYSIS (RAW VALUE)



GAP ANALYSIS & BOARD GUIDANCE

Sample Target Organization's current compensation of **$119,426** (6.9% of budget) places above the market median of immediate peers. They are currently facing a **variance of +$89,068** against the 50th percentile.

ACTIONABLE GUIDANCE

Based strictly on this comparability data, the Board is strongly justified in approving a compensation reduction or restructuring relative to **$89,068**.

3. Detailed Peer Cohort

The following table contains the 25 distinct comparable organizations utilized to calculate the market percentiles. This data was extracted from the most recent publicly available IRS Form 990 filings (Part VII, Section A).

ORGANIZATION NAME	STATE	OPERATING BUDGET	TOP EXEC COMP	% OF BUDGET
Comparable Peer Organization 1	MA	$1,610,145	$186,447	11.6%
Comparable Peer Organization 2	MA	$1,928,858	$129,432	6.7%
Comparable Peer Organization 3	MA	$1,537,694	$100,170	6.5%
Comparable Peer Organization 4	RI	$1,401,027	$115,546	8.2%
Comparable Peer Organization 5	MA	$709,500	$71,170	10.0%
Comparable Peer Organization 6	VT	$675,794	$67,758	10.0%
Comparable Peer Organization 7	NY	$501,301	$11,590	2.3%
Comparable Peer Organization 8	ME	$457,658	$24,173	5.3%
Comparable Peer Organization 9	PA	$3,034,362	$183,333	6.0%
Comparable Peer Organization 10	VT	$318,179	$32,493	10.2%
Comparable Peer Organization 11	MA	$316,736	$48,668	15.4%

ORGANIZATION NAME	STATE	OPERATING BUDGET	TOP EXEC COMP	% OF BUDGET
Comparable Peer Organization 12	NH	$252,553	$8,125	3.2%
Comparable Peer Organization 13	NY	$193,297	$11,000	5.7%
Comparable Peer Organization 14	MA	$166,557	$2,000	1.2%
Comparable Peer Organization 15	MA	$155,803	$33,661	21.6%
Comparable Peer Organization 16	ME	$3,338,115	$107,830	3.2%
Comparable Peer Organization 17	MA	$118,118	$2,500	2.1%
Comparable Peer Organization 18	MA	$116,772	$33,000	28.3%
Comparable Peer Organization 19	MA	$103,552	$24,000	23.2%
Comparable Peer Organization 20	MA	$97,677	$12,000	12.3%
Comparable Peer Organization 21	VT	$85,539	$1,200	1.4%
Comparable Peer Organization 22	RI	$71,971	$1,800	2.5%
Comparable Peer Organization 23	MA	$66,880	$30,358	45.4%
Comparable Peer Organization 24	NH	$65,302	$1,450	2.2%
Comparable Peer Organization 25	NJ	$55,859	$9,800	17.5%

4. Board Resolution Template

To fully secure the IRS Rebuttable Presumption of Reasonableness, the board must concurrently document its reliance on this data. You may utilize the following template in your official board meeting minutes.

RESOLUTION OF THE BOARD OF DIRECTORS

WHEREAS, the Board of Directors of Sample Target Organization ("the Organization") is responsible for establishing the compensation of the Executive Director;

WHEREAS, the Board desires to ensure that the compensation paid to the Executive Director is reasonable and not an "excess benefit transaction" under Section 4958 of the Internal Revenue Code;

WHEREAS, the Board has obtained and reviewed an independent comparability report generated by ArtMetrics LLC, dated July 12, 2026, which analyzed the compensation of top executives at 25 peer organizations with operating budgets between $1M–5M;

WHEREAS, the independent data indicates that the market median (50th percentile) compensation for this role within the peer group is $30,358 (6.7% of budget);

RESOLVED, that relying upon this independent comparability data, the Board hereby determines that a total compensation package of $ for the Executive Director is reasonable and strictly within market bounds.

RESOLVED FURTHER, that this comparability report shall be attached to and preserved with the official minutes of this meeting.

Signature (Board Chair / Secretary)

Date