



The Sheridan Press/Michael Sullivan

Sheridan Senior Center Executive Director Carmen Rideout believes nonprofit organizations should be open and transparent about their funding sources.

Transparency

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"I take this part of nonprofit governance very seriously," Ludwig said. "I typically recommend being overly cautious."

Compensation for nonprofit executives is based on federal treasury regulations, which stipulate only that executive compensation in nonprofits be "reasonable." Unreasonable compensation can be considered an "excess benefit transaction."

An excess benefit transaction is a transaction in which an economic benefit is provided by an applicable tax-exempt organization, directly or indirectly, to or for the use of any disqualified person, and the value of the economic benefit provided by the organization exceeds the value of the consideration received for providing such benefit.

These regulations apply only to "disqualified" persons, or those who have been in a position to exercise substantial influence over the affairs of the applicable tax-exempt organization at any time during a five-year period ending on the date of the transaction. This typically includes presidents, CEOs, CFOs, treasurers and other chief operating officers.

An exempt organization can lose its tax-exempt status if the organization is found to have executed an excess benefit transaction. Taxes can also be levied on the excess benefit.

The nonprofits interviewed in this series set executive compensation in basically two ways.

The larger corporations, such as Volunteers of America Wyoming and Montana and Rehabilitation Enterprises of North Eastern Wyoming, set salaries based on fair market value.

"All of our salaries are market-driven," said RENEW President and CEO Larry Samson. "We have to be committed to the market to hire quality employees."

The VOA has an executive compensation committee that reviews salaries and job expectations, compares salaries to other nonprofits locally and

• Nonprofit profiles

Sheridan Senior Center

Founded: 1973

Net Assets: \$2,752,046 as of 9/30/07

Executive Director:

Carmen Rideout

Salary: \$60,000

Brief history:

Originally known as the Senior Citizen's Coordinating Council, the organization incorporated as a nonprofit in 1973. In 1980, the Sheridan Senior Center was built with funds from the optional 1-cent sales tax and remodeled in 1990. In 2003, an expansion of the building began. The 2000 census indicated that nearly 23 percent of Sheridan County's population was over 60 years old, and many of those people use the Senior Center.



Carmen Rideout

nationally, and makes recommendations to the board of directors, which then sets the salaries.

Other nonprofits, such as the WYO Theater, set salaries based on what the nonprofit can afford.

"Our salaries are based less on market values and more on what we can afford," said WYO Theater Executive Director Nick Johnson. "We try to respect the people who work for us and make it worthwhile, but (the salaries) aren't

great."

Another ambiguous issue is openness. In Sheridan County many otherwise private nonprofit corporations are beneficiaries of the 1-cent sales tax. Should these nonprofits then be considered public agencies?

Most nonprofit organizations interviewed said no. But the executive directors did say they feel their organizations are held accountable for those funds.

"I think that the money we receive, we need to be open and transparent to our funding sources and adhere to any criteria that came with that funding," said Sheridan Senior Center Executive Director Carmen Rideout.

VOA President and CEO Jeff Holsinger agreed.

"We have quite a bit of responsibility to be open, and that is why they have public boards, audits, and the 990s," he said. "But we're a private company. We have over 40 funding sources and we're accountable to those sources."

Holsinger and other nonprofit directors suggested asking the government entity providing the funding for information on where the funding is used.

Another unresolved issue is whether any or all nonprofit corporations should be subject to open-meetings laws.

Some would argue that if a nonprofit is receiving taxpayer money, its meetings should be open.

But, according to Wyoming Press Association Executive Director Jim Angell, nonprofits in general are not subject to the open-meetings and public records laws.

"Nonprofits are a whole different beast," Angell declared in a presentation during March "Sunshine Week," an initiative led by the National Association of Newspaper Editors to highlight the importance of open government and freedom of information.