

Executive Compensation under the Nonprofit Integrity Act

SUMMARY OF KEY PROVISIONS

Effective January 1, 2005

Applies To

■ Charities

■ Unincorporated Associations

■ Trusts

Executive Compensation By Charitable Corporations, Unincorporated Associations And Charitable Trusts Must Be Review And Approved [Government Code section 12586(g)]

▶ Charitable corporations and unincorporated associations must have their governing board or authorized board committee review and approve the compensation of the Chief Executive Officer or President, and the compensation of the Chief Financial Officer or treasurer, to ensure that the payment is “just and reasonable.”

▶ All trustees of a charitable trust must review and approve any executive compensation to ensure it is “just and reasonable.”

▶ The review and approval must occur at the time of initial hiring, when the term is renewed or extended, and when the compensation is modified.

▶ Compensation includes benefits.

Find the statutes

and regulations

under CHARITIES

on the Attorney

General’s web site

oag.ca.gov/charities

*For best practices on compensation please also review the Attorney
General’s Guide for Charities, chapter 7.*