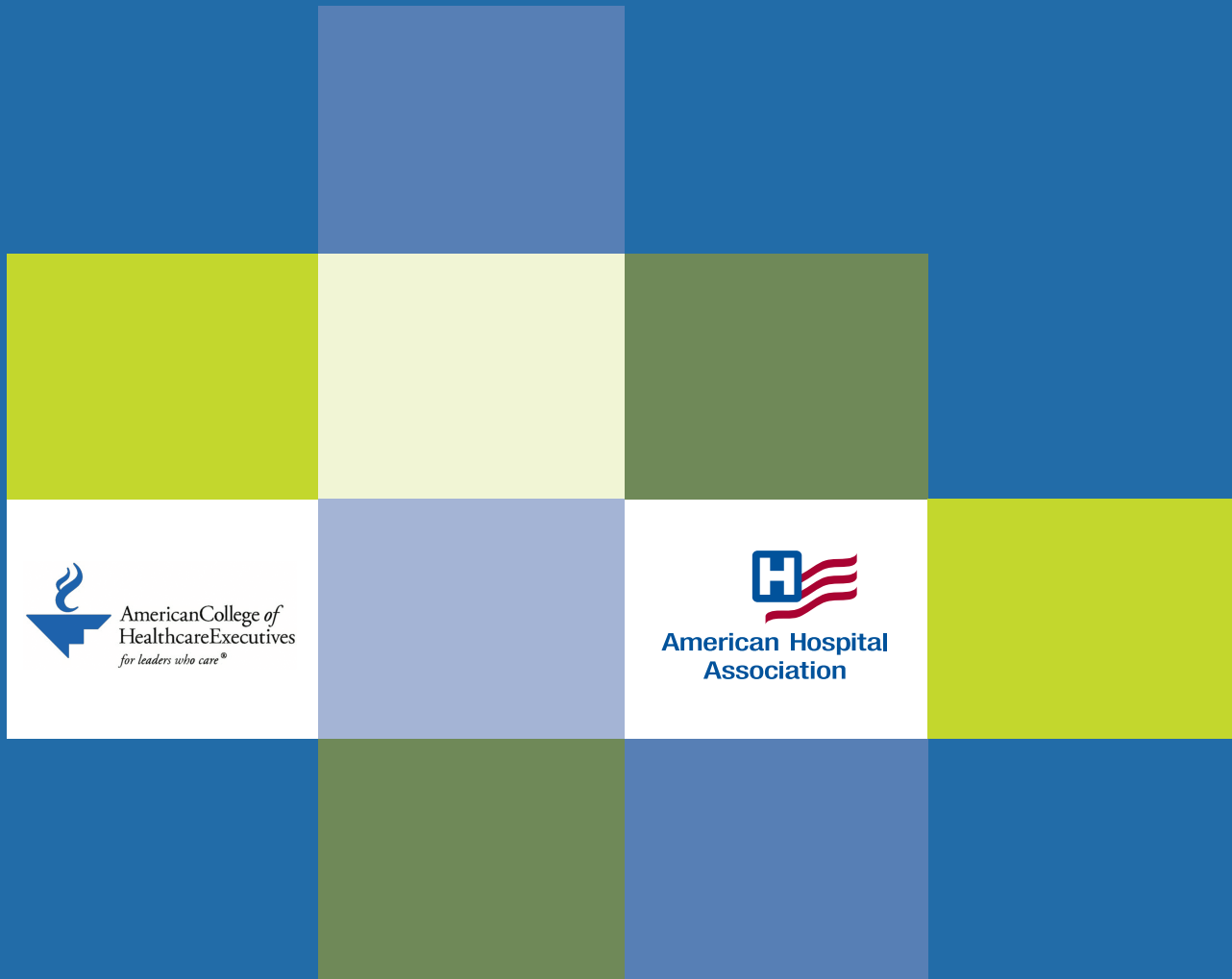


COMPENSATION COMPLIANCE CHECKLIST:

What Steps Should a CEO Take to Assure Compliance with
Legal Standards and Reporting Obligations?



COMPENSATION COMPLIANCE CHECKLIST

A CEO should take proactive steps to strengthen compensation governance to minimize the risk of violating legal standards and reporting obligations. These steps include the following:

1. Develop a compensation policy statement to guide compensation decision-making.
2. Inform the Board about compensation reporting on the Form 990 and the types of compensation issues that concern the Congress and the Internal Revenue Service.
3. Recommend that the Board establish a separate compensation committee made up entirely of independent directors with no conflict of interest with regard to executive compensation and give it a formal charter or charge listing its responsibilities, which would include:
 - ✓ establish performance expectations and goals annually for the CEO;
 - ✓ evaluate the CEO's performance annually;
 - ✓ develop and maintain an executive compensation and benefit program consistent with the Board's policy;
 - ✓ determine all aspects of the CEO's compensation, including any contractual terms related to severance and retirement;
 - ✓ review of any incentive compensation plan for executives;
 - ✓ present an annual overview of the executive compensation program to the full Board;
- ✓ follow the process for establishing a presumption of reasonableness for the compensation of any executive or staff physician who may be subject to intermediate sanctions.
- ✓ prepare minutes adequately documenting the committee's process and decisions; and
- ✓ see that executive compensation and benefit programs are adequately documented and reported on Form 990.
4. Identify the organization's "disqualified persons" and key employees who may be subject to intermediate sanctions.
5. Conduct orientation for new compensation committee members and the Board.
6. Develop policies and procedures (including questionnaires) for reporting compensation from related and unrelated organizations.
7. Develop policies and procedures regarding the various components of a compensation package, including non-taxable fringe benefits and specifically those benefits the Form 990 requires to be identified. Those components are listed in "Executive Compensation: A Primer for Establishing Reasonable Compensation" and can be found at the IRS Web site: <http://www.irs.gov/charities/article/0,,id=185561,00.html>.