

newspapers and file a report each morning, then it would be obvious that a substantial salary would not be reasonable. However, even in this situation a reasonable salary such as \$2,000 or even \$5,000 a year might be reasonable. ABC does not recommend that you pay a clerk \$5,000 a year for this activity, but the point must be made that what is reasonable involves a wide range of possible compensation.

As long as you and your foundation's other employees actually render services and help the foundation accomplish its purposes any reasonable salary may be paid by the foundation. The foundation, in order to obtain qualified employees and maintain a continuing staff, must be able to compete with the commercial market for talent. In other words, the foundation might offer not only a salary, but also fringe benefits to an employee. These fringe benefits may satisfy many of the living requirements of an employee such as the executive director, and be either tax-exempt or represent considerable tax saving. Because of this, the top employees, such as the