

Definition of “Key Employee”:

Key employee

For purposes of Form 990 reporting, an **employee** of the organization (other than an **officer, director, or trustee**) who meets all three of the following tests:

1. **\$150,000 Test.** Receives **reportable compensation** from the organization and all **related organizations** in excess of \$150,000 for the **calendar year** ending with or within the organization's **tax year**.

2. **Responsibility Test.** The employee:

a. has responsibilities, powers or influence over the organization as a whole similar to those of officers, directors, or trustees;

b. manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole;

c. or has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget, or compensation for employees.

3. **Top 20 Test.** Is one of the 20 employees (that satisfy the \$150,000 Test and Responsibility Test) with the highest reportable compensation from the organization and **related organizations** for the calendar year ending with or within the organization's **tax year**.

Source:

Glossary, page 49

2008 Instructions for Form 990 Return of Organization Exempt From Income Tax

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