

For Immediate Release:

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Minnesota Orchestral Association Federal Tax Return Reveals CEO Total 2011 Compensation of Over \$600,000 Including Over \$200,000 of Bonuses

Audience advocacy group questions amount, timing of bonuses.

Minneapolis – Minnesota Orchestral Association’s (MOA’s) recently-released federal income tax return for fiscal year 2012 reveals that President and CEO Michael Henson received total compensation of \$619,313 in calendar year 2011.

According to the tax return, the amount paid to Henson includes “Base compensation” of \$386,916 and “Bonus and incentive compensation” of \$202,500, for a total “W-2 and/or 1099-MISC compensation” of \$589,416 for 2011. The return states that Henson also received “Retirement and other deferred compensation” of \$9,800 and “Nontaxable benefits” of \$20,097.

The IRS filing states that MOA paid Henson two bonuses in 2011. The tax return states that the first bonus was for MOA’s fiscal year that ended on Aug. 31, 2011. This bonus was paid in March 2011, five months before the end of the fiscal year. MOA’s filing states that the second bonus was for its fiscal year that ended on Aug. 31, 2012. This bonus was paid in December 2011, the fourth month of MOA’s fiscal year 2012 and eight months before the end of the fiscal year.

The information above was revealed in MOA’s “Return of Organization Exempt from Income Tax” (IRS Form 990) for its fiscal year 2012. This tax return was recently published by Guidestar (www.guidestar.org), a non-profit organization that disseminates information about every IRS-registered nonprofit organization. It is the most recent MOA tax return that is publicly available.

MOA’s tax return does not explain why both bonuses were paid in the same calendar year or why they were paid months prior to the end of each fiscal year. The return does not allocate the \$202,500 bonus amount between the two fiscal years.

MOA adopted a new Strategic Plan in November 2011. A publicly-available summary of that plan states that, “For more than 10 years, MOA has had an unsustainable financial structure” and that “A new sustainable financial structure is needed.” The 33-page summary includes a plan for “Achieving Financial Sustainability.” That plan states,

among other things, that “Further expense reduction strategies are necessary” and “All expenses within the MOA business model will be restructured, including: Contracts with musicians . . . [and] Administration.”

MOA’s tax return reveals that just one month after adopting this plan, in December 2011, MOA paid Henson his second bonus for the calendar year, eight months prior to the end of the fiscal year to which it was attributed in the tax return.

On October 1, 2012 MOA locked out its musicians after they rejected a contract proposal featuring significant salary cuts and extensive contract and “work rule” changes. The lockout was initiated approximately one month after the end of MOA’s fiscal year 2012 on August 31. The duration of that lockout has broken all applicable records.

Save Our Symphony Minnesota (SOSMN) finds it surprising that the MOA Board would grant such significant bonuses to its CEO at the same time as it sounded the alarm about the need for significant expense reductions to include “Administration.” SOSMN also questions the timing of both CEO bonuses being paid well prior to the end of each fiscal year. In particular, SOSMN questions the payment of a second, seemingly eight-month early bonus in December 2011, only one month after adopting its cost-cutting plan.

The CEO compensation information discussed in this release is public information contained in Schedule J, Part II of MOA’s Form 990 for its fiscal year ending Aug. 31, 2012. The return is available online at <http://www.guidestar.org/FinDocuments/2012/410/693/2012-410693875-097abf0d-9.pdf>. As a point of clarification, most information in the Form 990 is presented on a fiscal year basis but the compensation information presented in Schedule J is for calendar year 2011 per IRS instructions, as explained by MOA in a note in Part III of Schedule J.

A “summary” of MOA’s Strategic Plan discussed in this release is available online at https://www.minnesotaorchestra.org/pdf/strategic_plan/. It does not appear that MOA has publicly released a complete copy of this Strategic Plan. However, MOA has stated to at least one individual who has inquired that the online “summary” is, in fact, the Strategic Plan.

Blogger Emily E. Hogstad (“Song of the Lark”) has written an article about the surprising revelations in MOA’s tax return and compared Henson’s total compensation to that of other U.S. Orchestra CEOs. Her blog post is available at <http://songofthelark.wordpress.com/2013/10/12/michael-hensons-massive-bonuses/>

SOSMN is a grassroots group of orchestra patrons and music-lovers devoted to pursuing concrete actions to ensure that Minnesota maintains a world-class orchestra. SOSMN currently has over 8,100 followers on Facebook.

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