

Compensation Review Policy

1. Purpose

[] (“Client”) adopted this Compensation Review Policy (“Policy”) to facilitate compliance with California and federal law relating to compensation of senior management of nonprofit organizations and in accordance with best practices. Client’s Board of Directors (“Board”) will follow the requirements set out in this Policy with respect to review and approval of senior management compensation.

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2. Core principles

It is Client’s policy that (a) the Board review and approve the compensation of the CEO, CFO, and other executives as identified below; (b) such review be conducted by independent and impartial members of the Board; (c) the Board consider external comparability data in making its decisions; (d) such compensation be fair and reasonable; and (e) Client document the review process and findings in Board minutes and related materials.

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3. Individuals covered by this policy

Individuals subject to this Policy (“Covered Individuals”) are:

- **Top management official.** The person who has ultimate responsibility for implementing Board decisions or for supervising a company’s management, administration or operations, such as the chief executive officer or executive director.
 - **Officers.** Persons elected or appointed to manage a company’s daily operations at any time during the tax year, such as the chair, vice-chair, president, vice-president, secretary, treasurer (including the top management official) and the chief financial official with the ultimate responsibility for managing the company’s finances, even if those persons are not elected officers under the company’s Bylaws.
 - **Key employees.** Other persons, if any, who are considered “key employees” for purposes of IRS Form 990 reporting. A “key employee” is any Client employee who receives more than \$150,000 in annual compensation and meets at least one of the following criteria: (a) has management responsibility over at least 10% of Client’s assets, income, expenses or activities, (b) has or shares authority to control or determine at least 10% of Client’s capital expenditures, budget, or employee compensation, or (c) has responsibilities, powers, or influence over Client as a whole similar to those of officers, directors, or trustees.
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4. Procedures for reviewing compensation

4.1 Standards

The Board will review and approve the compensation of Covered Individuals only if the compensation is just and reasonable.

4.2 Delegation

The Board may delegate its review and approval authority, generally or in specific cases, to a committee of the Board composed entirely of individuals who do not have a conflict of interest with respect to the relevant compensation arrangement. Any such committee will follow the process set out in this Policy. The Board and any such committee may consult with and obtain recommendations from the Board Chair, other directors, independent consultants, and management in making its decisions.

4.3 Impartial decision-makers

The compensation arrangement must be approved by the Board, or a committee of the Board so delegated in accordance with this Policy, before Client makes any payments. A member of the Board or a committee of the Board is considered impartial, and does not have a conflict of interest, if he or she:

- is not benefitting from or participating in the compensation arrangement, and is not a family member of the Covered Individual;
- is not in an employment relationship subject to the direction or control of any person benefitting from or participating in the compensation arrangement;
- does not receive compensation or other payments subject to the approval of any person benefitting from or participating in the compensation arrangement;
- has no material financial interest affected by the compensation arrangement; and
- does not approve a transaction providing economic benefits to any person participating in the compensation arrangement, who in turn has approved or will approve a transaction providing economic benefits to the member of the Board or committee.

4.4 Comparability data

The Board will consider comparability data that demonstrate the fair market value of the compensation in question. These data may include the following:

- compensation paid by similarly situated nonprofit and for-profit organizations for comparable positions;
- availability of similar services in Client's geographic area;
- current compensation surveys compiled by independent firms; and
- written offers from similar organizations competing for the Covered Individual's services.

The Board may take such other review actions as it believes appropriate under then-applicable federal tax, state law, and best practice principles.

4.5 Documentation

The Board will document how it reached its decisions, including the data on which it relied. Documentation such as meeting minutes should note:

- terms of the compensation and the date it was approved;
- Board members who were present during the meeting and those members who voted;
- comparability data obtained and relied upon and how the data were obtained;
- any actions taken with respect to consideration of the compensation by anyone who is otherwise a Board member but who had a conflict of interest with respect to the decision;
- recommendations received from consultants, if any; and
- if the compensation is higher or lower than the range of the comparability data, the basis for the decision.

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5. CEO and Treasurer review; California law requirement

In addition to the requirements of this Policy applicable to all Covered Individuals, the Board will review and approve the compensation of the CEO and Treasurer (and of other individuals, regardless of title, with responsibilities comparable to the president, chief executive officer, treasurer, or chief financial officer, including the person who has ultimate responsibility for managing Client's finances) upon: (a) hiring; (b) whenever the term of employment, if any, is renewed or extended; or (c) whenever the compensation is modified, unless the modification extends to substantially all of Client's employees, all as required by California law.

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6. Amendment

The Board may amend this Policy at any time.