

Rotary Club of Redondo Beach Community Foundation – Compensation Policy

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ROTARY CLUB OF REDONDO BEACH COMMUNITY FOUNDATION COMPENSATION POLICY

This Policy provides a process for determining reasonable compensation of Directors, Officers^{1/} and Key Employees^{2/} of the **Rotary Club of Redondo Beach Community Foundation**, other listed individuals^{3/} as well as family members of the foregoing.

The process includes the following elements: (1) advance approval by the board of directors (“Board”) or compensation committee of the Organization; (2) use of appropriate comparability data; and (3) contemporaneous documentation.

1. **Advance Review.** The Board or compensation committee shall review and approve compensation arrangements in advance, provided that persons with a conflict of interest with respect to a given compensation arrangement do not participate in the review or approval of such compensation arrangement.
2. **Comparability Data.** To determine reasonable compensation, the Board or compensation committee shall obtain and rely on appropriate comparability data, including, but not limited to, (i) compensation levels paid by similarly situated organizations, both taxable and tax-exempt, for functionally comparable positions; (ii) the availability of similar services in the geographic area of the Organization; (iii) current compensation surveys compiled by independent firms; and (iv) actual written offers from similar organizations competing for the services of the person.
3. **Contemporaneous documentation.** The Board or compensation committee shall contemporaneously document the basis for its compensation determination, including documenting (i) the agreed-upon terms and date of approval; (ii) the members of the Board or compensation committee who (a) were present during debate on the compensation arrangement and (b) voted on the compensation arrangement; (iii) the comparability data obtained and relied upon and how such data was obtained; and (iv) any actions taken with respect to consideration of the compensation arrangement by anyone who is otherwise a member of the Board or compensation committee but had a conflict of interest with respect to such compensation arrangement.

^{1/} An officer is any person with ultimate responsibility for implementation of Board decisions, supervision of management or management of finances, including the president, chief executive officer, vice-president, treasurer, chief financial officer and secretary.

^{2/} A key employee is any person who meets the three following tests: (a) \$150,000 Test: receives reportable compensation from the Organization and all related organizations in excess of \$150,000 for the year; (b) Responsibility Test: the employee: (i) has or shares Organization-wide control or influence similar to that of an officer, director, or trustee, or (ii) manages or has authority or control over at least 10% of the organization’s activities; and (c) Top 20 Test: is within that group of the Organization’s top 20 highest paid persons for the year (that satisfy the \$150,000 Test and Responsibility Test).

^{3/} This policy also applies to any individual who: (a) is a founder of the Organization, (b) has contributed \$5,000 or more in the current or any of the four preceding tax years to the Organization, (c) has or shares authority to control or determine a substantial portion of the Organization’s capital expenditures, budget, or compensation for employees, (c) manages a segment or activity of the Organization that represents a substantial portion of the Organization’s assets, income or expenses, (d) receives compensation primarily based on revenues from activities of the Organization or a particular department or function thereof that the person controls, or (e) participates in any management decisions affecting the charity.