



SHARON LYNNE WILSON CENTER FOR THE ARTS

EXECUTIVE COMPENSATION POLICY

The IRS recommends that charitable nonprofits follows its three-step process to determine that compensation is “reasonable and not excessive.”

Three-Step Process to Determine Appropriate Compensation

1. The board should arrange for an ‘independent body’ (which means that the person receiving the compensation should not be part of the review process) to conduct a “comparability review.” Many nonprofits task a “compensation committee,” or use their executive committee, or another sub-group / task force of board members, for this purpose.
2. The independent body should take a look at “comparable” salary and benefits data, such as data available from salary and benefit surveys, to learn what employers of a similar budget size that are located in the same, or a similar geographic region, pay their senior leaders. Ideally, the comparison will include data from other nonprofits of a similar mission focus.
3. The board / independent body that is conducting the review should document who was involved and the process used to conduct the review, as well as the disposition of the full board’s decision to approve the executive director’s compensation (minutes of a meeting are fine for this). The documentation should demonstrate that the board took the comparable data into consideration when it approved the compensation.



Policy for Board Approval of Executive Compensation

The President of the Sharon Lynne Wilson Center for the Arts (“the Center”) is the principal representative of the Center, and the person responsible for the efficient operation of the Center. Therefore, it is appropriate to provide a fair yet reasonable and not excessive compensation for the President.

The annual process for determining compensation is as follows:

The Board of Directors have designated the Board Chair, Past Chair and/or Governance Chair as the compensation committee tasked to annually evaluate the President on his/her performance, and ask for his/her input on matters of performance and compensation.

Evaluation Process:

A formal in-person assessment of the President’s performance will be carried out by the compensation committee on an annual basis and documented. Performance will be evaluated on short and long-term objectives set during the last performance review, the President’s job description, the annual work/strategic plan and budget, the development plan set in the previous evaluation, and ongoing performance feedback given during previous board meetings.

Board Approval:

The compensation committee will obtain research and information to make a determination for the compensation (salary and benefits) of the President (and any other highly compensated employees or consultants) based on a review of comparability data. For example, the compensation committee will secure data that documents compensation levels and benefits for similarly qualified individuals in comparable positions at similar organizations. This data may include the following:

1. Salary and benefit compensation studies by independent sources;
2. Written job offers for positions at similar organizations;
3. Documented telephone calls about similar positions at both nonprofit and for-profit organizations; and
4. Information obtained from the IRS Form 990 filings of similar organizations.

Concurrent Documentation:

To approve the compensation for the President (and other highly compensated employees and consultants) the committee must document how it reached its decisions, including the data on which it relied.

Documentation will include:

- a) A description of the compensation and benefits and the date it was approved;
- b) The members of the compensation committee who were present during the discussion about compensation and benefits, and the results of the vote;
- c) A description of the comparability data relied upon and how the data was obtained; and
- d) Any actions taken (such as abstaining from discussion and vote) with respect to consideration of the compensation by anyone who is otherwise a member of the board but who had a conflict of interest with respect to the decision on the compensation and benefits.

Independence in Setting Compensation:

The Chair of the board of directors, who is a volunteer and not compensated by the Center, will operate independently without undue influence from the President.

No member of the compensation committee will be a staff member, the relative of a staff member, or have any relationship with staff that could present a conflict of interest, as defined by the Sharon Lynne Wilson Center Conflict of Interest Policy.

Date approved: _____