

CHIEF EXECUTIVE COMPENSATION POLICY

Section 1. Policy for Board Approval of Compensation

The Chief Executive Officer (CEO) of Lydia Patterson Institute (the "Organization") is the principal representative of Lydia Patterson Institute, and the person responsible for the efficient operation of the Organization. Therefore, it is the desire of the Nonprofit to provide a fair yet reasonable and not excessive compensation for the CEO (and any other highly compensated employees and consultants). The annual process for determining compensation is as follows:

- (a) Annual evaluation
- (b) Use Comparability data
- (c) Document the process

These elements are more fully discussed below.

Section 2. Evaluation

The Organization's Executive committee shall annually evaluate the CEO on his/her performance, and ask for his/her input on matters of performance and compensation.

Section 3. Board Approval

The Executive Committee will obtain research and information to make a recommendation to the full board for the compensation (salary and benefits) of the CEO (and other highly compensated employees or consultants) based on a review of comparability data. For example, the Executive 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 (ie. Charity Navigator (attached));
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.

Section 4. Concurrent Documentation

To approve the compensation for the CEO (and other highly compensated employees and consultants) the board must document how it reached its decisions, including the data on which it relied, in minutes of the meeting during which the compensation was approved. Documentation will include:

- a) A description of the compensation and benefits and the date it was approved;
- b) The members of the board 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.

Section 5. Independence in Setting Compensation

The Chair of the board of Trustees, who is a volunteer and not compensated by the Nonprofit, will operate independently without undue influence from the CEO. No member of the Executive 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.