



### **Process for Determining CEO Compensation**

The Board of Directors is responsible for hiring, and establishing the compensation (salary and benefits) of the executive director/CEO by identifying compensation that is "reasonable and not excessive," but that also is attractive enough to retain the best possible talent to lead the organization. The compensation of the executive director/CEO should be evaluated annually by the Board of Directors.

1. The Board of Directors should arrange an "independent body" (which means that the person receiving the compensation should not be part of the review process) to conduct a "comparability review."
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.