

## **Compensation Policy**

Policy: Awakening Together (AT) shall have a policy with respect to the review, approval and payment of compensation to its employees. Total compensation to an employee may include salary (in the case of exempt employees), an hourly wage (in the case of non-exempt employees) discretionary bonus, and/or housing allowance (in the case of fulltime ordained ministers serving in a ministerial role). The policy shall also address the procedure for determining compensation for other individuals who are compensated for service to the assembly.

Procedure I: Standard Compensation. It is the policy of AT that all standard compensation paid to employees (“Compensated Individuals”) by the assembly be reasonable based upon a review of comparability information.

- A. The Board of Directors or an authorized committee of the Board of Directors (“Governing Body”) shall review and approve the compensation of Compensated Individuals. Any recommendation of the compensation committee must be reviewed and ratified by the entire Board of Directors.
- B. The Governing Body reviewing and approving compensation for Compensated Individuals shall satisfy the following requirements or procedures:
  - a. Compensation shall be reviewed and approved by the Governing Body, provided that persons with a conflict of interest with respect to the compensation arrangement at issue are not involved. Anyone who is being compensated for their services, cannot vote on his/her own compensation. The President-Minister is allowed to participate in the discussions concerning his/her salary; however, he/she is not entitled to vote on his/her own compensation. Members of the Governing Body do not have a conflict of interest if they (a) are not benefitting from or participating in the compensation arrangement; (b) are not in an employment relationship subject to the direction or control of any person benefitting from or participating in the compensation arrangement; (c) do not receive compensation or other payments subject to the approval of any person benefitting from or participating in the compensation arrangement; (d) have no material financial interest affected by the compensation arrangement; and (e) do not approve a transaction providing economic benefits to any person participating in the compensation arrangement, who in turn has or will approve a transaction providing economic benefits to the member.
  - b. In its review and approval of compensation, the Governing Body shall affirmatively determine that compensation is reasonable to the organization based upon information sufficient to determine whether the value of services is the amount that would ordinarily be paid for like services by like enterprises, whether taxable or tax exempt, under like circumstances. Relevant information includes, but is not limited to, compensation levels paid by similarly situated organizations, both taxable and tax exempt, for functionally comparable positions; the availability of similar services in the geographic area of the organization; current compensation surveys compiled by independent firms; and actual written offers from similar institutions competing for the services of the compensated person. If AT has average

annual gross receipts of less than \$1 million for the prior three tax years, the Governing Body will have appropriate comparability information if it has information on compensation paid by three comparable organizations in the same or similar communities for similar services.

- c. The Governing Body's review and approval of compensation shall be promptly recorded in the minutes of its meetings and contain: (a) the terms of the compensation and the date approved; (b) the names of the members of the Governing Body who were present during the discussion and those who voted on the approved compensation; (c) the comparability data obtained and relied upon, and how it was obtained; (d) any action taken with respect to consideration of the compensation by a member of the Governing Body who had a conflict of interest with respect to the compensation; and (e) if the reasonable compensation is higher or lower than the range of comparability data obtained, the basis for the decision. Such minutes shall be reviewed and approved by the Governing Body as reasonable, accurate and complete within 60 days after the review and approval of the compensation.

Procedure II: Bonuses. Goal-based bonuses are not a part of AT's compensation philosophy since service to the assembly is a matter of heart-motivation (verses financial motivation). However, whenever an employee's normal compensation package is below that of similar employees in other organizations and similar geographic areas, the Board of Directors may provide a discretionary bonus to the employee within the limits of this policy.

- A. The Board of Directors may decide to pay a discretionary bonus to compensate an employee for service to the assembly that is above and beyond expectations based on that employee's job description, for extreme work hours in service to the assembly that further the assembly's mission and purpose, or for innovation and implementation of ideas that further the assembly's mission and purpose.
- B. Bonuses shall not be paid based on the assembly's earnings or profit, although budget consideration is a crucial part of the Board's decision to award a discretionary bonus. (Reference II.D below.)
- C. The amount paid to an employee as discretionary bonus may not increase the employee's total compensation package beyond a reasonable amount when compared to similar positions in other organizations and similar geographic locations.
- D. When making a bonus determination, the Board must consider the following criteria:
  - a. Bonus payments shall not have the potential to reduce the charitable services or benefits the assembly would otherwise provide.
  - b. The assembly will remain within its budget without charging more for services as a result of bonus payments.
  - c. The bonus payment will not transform the principal activity of the assembly into a joint venture between it and the employee.
  - d. The bonus is paid in such a way that it cannot be interpreted as a distribution of all or a portion of the assembly's profits to persons in control of the organization

Procedure III: Job descriptions. Employee compensation decisions including decisions about initial compensation, raises in compensation and discretionary bonuses must be made based on the criteria in Procedures I - II above and overall performance based on the employee's job description.

Procedure IV: Housing allowance. Compensation paid to the President-Minister, Vice-President minister or any other employee who is in a position that requires AT ordination and who is not living in a home provided by AT may include a housing allowance according to IRS Guidelines. The Board of Directors will determine the amount of the housing allowance. The housing allowance must adhere to the following requirements:

- A. If the ordained minister rents a home, the housing allowance approved by the Board of Directors may not exceed the amount actually used to pay rent and utilities.
- B. If the ordained minister owns a home, the housing allowance approved by the Board of Directors may not exceed the amount actually used to provide a home including mortgage or fair rental value of the home, utilities and repairs.
- C. A minister's housing allowance shall be reviewed and updated annually.

Procedure V: AT does not have religious or philosophical objections to federal or state laws regarding income tax, Social Security tax or Medicare tax. Therefore, AT will withhold taxes from employee's pay according to IRS regulations.

Procedure VI: Contract Labor. The assembly may pay individuals who are not employees for service provided to the assembly ("contract labor") when the service is necessary to the mission of the assembly and when a qualified volunteer is not readily available to provide the service.

- A. An exempt (salaried) employee of Awakening Together may not receive additional compensation for service performed but not specifically listed in his/her job description since he/she is generally compensated by the assembly. This provision does not prevent an employee from receiving a bonus under Procedure II above.
- B. The President-Minister will determine compensation paid to contract labor, except when reasonable payment for service exceeds the President-Minister's budget authority.
- C. When reasonable payment for contract labor exceeds the President-Minister's budget authority, the appropriate budget authority as designated in the bylaws will make the compensation determination.
- D. Contract Labor who are paid for service to AT will be provided with IRS Form 1099-MISC when required by IRS Guidelines.