



Living Hope International, Inc. Policy for Board Review of Compensation

In compliance with Internal Revenue Service guidelines for approval of senior management compensation, the Board of Directors of Living Hope International Inc. ("LHI") will follow the following review and approval guidelines.

Section 1.

Individuals Subject To This Policy (Defined As "Covered Individuals"):

- 1A. Chief Employed Executives: The individual or individuals who have the ultimate responsibility for implementing the decisions of LHI's governing body or for supervising the management, administration, or operations of LHI, including LHI's top management official and top financial official. If this ultimate responsibility resides with two or more individuals who may exercise such responsibility in concert or individually, then each individual should be included.
- 1B. Officers: A person elected or appointed to manage LHI's daily operations, such as a president, vice-president, secretary, or treasurer. The officers of an organization are determined by reference to its organizing document, bylaws, and include, at a minimum, those officers required by applicable state law.
- 1C. Key Employees: Individuals who are not a Chief Employed Executive or an Officer of LHI, but who meet all of the following criteria:
 - i. \$150,000 Threshold. The individual receives reportable compensation¹ from LHI and all related organizations² in excess of \$150,000 for the calendar year ending with or within LHI's tax year;
 - ii. Responsibility Criteria. The individual: a) has responsibilities, power or influence over LHI as a whole that is similar to those of officers, directors, or trustees; b) manages a discrete segment or activity of LHI that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole; or c) has or shares authority to control or determine 10% or more of LHI's capital expenditures, operating budget, or compensation for employees.
 - iii. Top 20 Limitation. In addition to meeting the \$150,000 threshold and the Responsibility Criteria, the individual is one of the top 20 most highly compensated employees (including all income from LHI and related organizations) for the calendar year ending with or within LHI's calendar year.

¹Compensation that is reported on Form W-2, Box 5, or in Box 1 if the employee's compensation is not reported in Box 5, or Form 1099-MISC, Box 7, filed for the calendar year ending with or within the organization's tax year.

²An organization that stands in one or more of the following relationships to the filing organization: (1) Parent – an organization that controls the filing organization; (2) Subsidiary – an organization controlled by the filing organization; (3) Supporting/Supported – an organization that is (or claims to be) at any time during the organization's tax year (i) a supporting organization of the filing organization within the meaning of Section 509(a)(3), if the filing organization is a supported organization within the meaning of Section 509(f)(3), or (ii) a supported organization, if the filing organization is a supporting organization.



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Section 2.

Procedure for Approving Compensation

In reviewing and approving the compensation of any Covered Individuals, the LHI Board of Directors, or a delegated committee of the Board (referred to as the "Approval Body" below), will utilize the following process:

- 2A. Impartial Decision Makers. The compensation arrangement must be approved in advance (before any payment is made) by the Approval Body of LHI composed entirely of individuals who do not have a conflict of interest with respect to the compensation arrangement (example: neither the executive whose compensation is being determined nor any of his/her family members may be present during the discussion/debate or participate in the vote).
- 2B. Data. When the Approval Body is considering compensation to Covered Individuals, it must rely on comparability data that demonstrate the fair market value of the compensation in question. For example, when crafting compensation packages, the Approval Body must secure data that documents compensation levels for similarly qualified individuals in like positions at like organizations. This data may include the following: a) expert compensation studies by independent firms; b) written job offers for positions at similar organizations; c) documented telephone calls about similar positions at both nonprofit and for-profit organizations; and d) information obtained from the IRS Form 990 filings of similar organizations.
- 2C. Concurrent Documentation. The Approval Body must document how it reached its decisions, including the data on which it relied. To qualify as concurrent documentation, written or electronic records of the Approval Body (such as meeting minutes) must note: a) the terms of the compensation and the date it was approved; b) the members of the Approval Body who were present during the debate on the compensation that was approved and those who voted on it; c) the comparability data obtained and relied upon and how the data were obtained; and d) any actions taken with respect to consideration of the compensation by anyone who is otherwise a member of the Approval Body but who had a conflict of interest with respect to the decision on the compensation.



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Living Hope International, Inc. (LHI) is a registered 501c3 non-profit organization. All donations to LHI are tax-deductible in full or in part within the United States.