

EXECUTIVE COMPENSATION POLICY

Program Philosophy and Objectives

Breakthrough Urban Ministries provides a reasonable and competitive executive total compensation opportunity consistent with market-based compensation practices for individuals possessing the experience and skills needed to improve the overall performance of the organization.

The organization's executive compensation program is designed to

- Encourage the attraction and retention of high-caliber executives.
- Provide a competitive total compensation package, including benefits.
- Reinforce the goals of the organization by supporting teamwork and collaboration.
- Ensure that pay is perceived to be fair and equitable.
- Be flexible to reward individual accomplishments as well as organizational success.
- Ensure that the program is easy to explain, understand, and administer.
- Balance the need to be competitive with the limits of available financial resources.
- Ensure that the program complies with state and federal legislation.

Program Market Position

While Breakthrough focuses on comparable nonprofit organizations in our area to benchmark pay; we also understand that the market for executive talent may be broader than this group. Market information from two additional market segments, private foundations, and published not-for-profit compensation surveys may be used as a supplement.

In addition, Breakthrough may also collect other published survey data, when appropriate, for for-profit organizations for specific functional competencies such as finance and human resources.

Together with data from the comparable local organizations, data from these market segments are used to form a "market composite" to assess the competitiveness of compensation.

In general, Breakthrough positions total compensation, including benefits, at the median of the market. Programs are designed to be flexible so that compensation can be above or below the median based on experience, performance, and business need to attract and retain specific talent.

Governance and Procedures

Breakthrough's executive compensation program is administered by the Human Resources Committee of the Board of Directors. The committee is responsible for establishing and maintaining a competitive compensation program for the key executives of the organization. The committee meets as needed to review the compensation program and make recommendations for any changes to the board, as appropriate.

The committee annually reviews and evaluates the organization's executive compensation program against the competitive market. The evaluation is reviewed in the spring of each year and is intended to ensure that the compensation program falls within a reasonable range of competitive practices for comparable positions among similarly situated organizations.

Following this review, the committee reviews and approves, for selected key executives, base salaries and annual incentive opportunity adjustments, and objectives and goals for the upcoming year's annual incentive plan. The committee reviews and recommends to the board salary approval and incentive awards for the executive director.