

KANSAS STATE UNIVERSITY
FOUNDATION

Title	Executive Compensation Policy	Version	1
Committee	Executive Committee	Approval Date	12/16/2014
Approved By	Fred Cholick (President / Chief Executive Officer)	Approval Date	12/16/2014

Printed copies are for reference only. Please refer to the electronic copy in PolicyTech for the latest version.

Rationale

The Board of Directors (“Board”) for The Kansas State University Foundation (hereinafter the “Foundation”) has the responsibility for overseeing and annually evaluating the performance and determining the compensation of the President and CEO, the CFO, the COO, the CIO and other officers required by the bylaws (the “Officers”), Directors and Key Employees of the organization, and any other employees reporting directly to the President and CEO. To this end, the Board has appointed a subcommittee, the Executive Committee, to be responsible for reviewing data and providing information and recommendations.

Applies to

This policy applies to documenting compensation of the President and CEO, the CFO, the COO, the CIO and other officers required by the bylaws (the “Officers”), Directors and Key Employees of the organization, and any other employees reporting directly to the President and CEO of the Kansas State University Foundation.

Policy

The Internal Revenue Service encourages a charity to rely on the rebuttable presumption test of section 4958 of the Internal Revenue Code and Treasury Regulation section 53.4958-6 when determining compensation of its executives. Under this test, compensation payments are presumed to be reasonable if the compensation arrangement is approved in advance by an authorized body composed entirely of individuals who do not have a conflict of interest with respect to the arrangement, the authorized body obtained and relied upon appropriate data as to comparability prior to making its determination, and the authorized body adequately documented the basis for its determination concurrently with making the determination.

In order to avoid any conflict, the members of the Executive Committee:

- Should not review a compensated individual who is a spouse or a member of their family.

- Should not be involved in any significant financial transaction with the individual whose compensation is being reviewed.
- Should not be an employee of the Foundation

When determining reasonable compensation, the Executive Committee shall consider total compensation to include the salary and the value of all benefits provided by the Foundation to the individual in payment for services, including compensation received from other related organizations. The Executive Committee will determine appropriate compensation by looking to compensation levels paid by similarly situated organizations for functionally comparable positions. One method is to obtain compensation surveys or studies from outside compensation consultants for this purpose. Additionally, the Executive Committee will consider performance indicators as a factor for determining appropriate compensation. The Executive Committee may request to review the annual performance appraisals. When determining appropriate compensation, the Committee may consider additional performance-based compensation

The Internal Revenue Service will look to the independence of any compensation consultant used, and the quality of any study, survey, or other data used to establish executive compensation. Once that test is met, the Internal Revenue Service may rebut the presumption that an amount of compensation is reasonable only if it develops sufficient contrary evidence to rebut the probative value of the comparability data relied upon by the authorized governing body.

The Executive Committee will use contemporaneous documentation and recordkeeping with respect to deliberations and decisions regarding the compensation arrangement.

The Executive Committee will use practices described herein in the review and establishment of compensation for all Officers, Directors, Trustees, and Key Employees as is defined and reported in Part VII of the IRS Form 990.

The Executive Committee will record its action in written minutes and provide a written report to the Board for their ratification with regard to annual compensation of all persons covered under this policy.

It will be the policy of the Executive Committee to utilize the services of a third party compensation consultant in those years when a new Chairman of the Board of Directors takes office, and when a new Officer is hired. In the interim, the Committee may utilize appropriate surveys, studies and analysis provided by the Human Resources department and from such other sources as they deem appropriate.

Definitions

Term	Definition
Director or Trustee	A Director or Trustee is a member of the organization’s governing body, but only if the member has voting rights.
Key Employee	<p>A Key Employee is an employee of the Foundation (other than an officer, director or trustee) who meets all three of the following tests, applied in the following order:</p> <ul style="list-style-type: none"> • Receives reportable compensation from the organization and all related organizations in excess of \$150,000 for the calendar year ending with or within the organization’s tax year. • Responsibility Test <ul style="list-style-type: none"> ○ Has responsibilities, powers, or influence over the organization as a whole that is similar to those of officers, directors or trustees; ○ Manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income, or expenses; ○ Has or shares authority to control or determine 10% or more of the organization’s capital expenditures, operating budget or compensation for employees. • And is one of the 20 employees (that satisfy the \$150,000 Test and Responsibility Test) with the highest reportable compensation from the organization and related organizations for the calendar year ending with or within the organization’s tax year.
Officer	An Officer is a person elected or appointed to manage the organization’s daily operations, such as a President, CEO, , COO, CFO, and CIO: and the other officers required by the bylaws of the organization. All of these referenced officers are covered by this policy with no minimum compensation threshold

Procedures

Procedures to be developed.

References & Links

[Executive Committee Charter](#)

IRS Form 990 Instructions - <http://www.irs.gov/pub/irs-pdf/i990.pdf>

Contact

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