

Ogemaw Hills Sportsmen Association

West Branch, MI 48661

COMPENSATION POLICY

FOR OFFICERS, DIRECTORS, TOP MANAGEMENT OFFICIALS AND KEY EMPLOYEES

1. Policy and Purposes

This is the policy of OGEMAW HILLS SPORTSMEN ASSOCIATION with respect to the review and approval of compensation of its board of directors, officers, and employees.

It is the policy of OGEMAW HILLS SPORTSMEN ASSOCIATION (the "organization") that all compensation paid by the organization is reasonable based upon a review of comparability information.

This policy provides a procedure for the review and approval of the compensation of the board of directors, officers, top management, and key employees of the organization ("Compensated Individuals") consistent with applicable federal tax law and Michigan law.

2. Procedure for Approval of Compensation

A. General. The board of directors or authorized committee ("Governing Body") shall review and approve the compensation of Compensated Individuals.

B. Specific Requirements. The Governing Body reviewing and approving compensation for Compensated Individuals shall satisfy the following requirements or procedures:

(1) Approval by Persons Without a Conflict of Interest. 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. 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.

(2) Use of Comparability Data. 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.

(3) Recording Compensation Deliberations. 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 a reasonable time after the review and approval of the compensation.

(4) Review and Approval for Certain Executive Officers. In addition to the requirements of this policy applicable to all Compensated Individuals, any compensation set for the CEO or president, and CFO or treasurer, (or individuals with equivalent powers, duties or responsibilities comparable to these positions), must be determined to be just and reasonable. The Governing Body's review and approval shall occur initially upon hiring, whenever the term of employment, if any, is renewed or extended, and whenever the compensation is modified. Separate review and approval shall not be required if a modification of compensation extends to substantially all employees.

3. Current Compensation

As of the date of approval for this compensation policy the following individuals will receive no compensation. Should compensation be offered for any of the following positions the Governing Body shall adhere to this policy.

- A. Board of Directors
- B. Officers; President, Vice-President, Secretary, Treasurer
- C. Top Management Officials
- D. Key Employees

APPENDIX

DEFINITIONS¹

Director. A “director” is a member of the organization’s **governing body**, but only if the member has voting rights. A director that served at any time during the organization’s **tax year** is deemed a current director. Members of advisory boards or committees that do not exercise any governance authority over the organization are not considered directors.

Officer. An “officer” is a person elected or appointed to manage the organization’s daily operations. An officer that served at any time during the organization’s **tax year** is deemed a current officer. The officers of an organization are determined by reference to its organizing document, bylaws, or resolutions of its **governing body**, or as otherwise designated consistent with state law, but, at a minimum, include those officers required by applicable state law. Officers can include a president, vice-president, secretary, treasurer.

1. *Top management official.* The person who has ultimate responsibility for implementing the decisions of the governing body or for supervising the management, administration, finances, or operation of the organization.

If ultimate responsibility resides with two or more individuals (for example, co-presidents or co-treasurers), who can exercise such responsibility in concert or individually, then treat all such individuals as officers.

Key Employee. A current **key employee** is an **employee** of the organization (other than a **director** or **officer**) who meets both of the following tests, applied in the following order:

1. *\$50,000 Test:* Receives **reportable compensation** from the organization and all **related organizations** in excess of \$50,000 for the **calendar year** ending with or within the organization’s **tax year**.

2. *Responsibility Test:* At any time during the calendar year ending with or within the organization’s **tax year**:

a. Has responsibilities, powers, or influence over the organization as a whole that is similar to those of officers, directors, or trustees; or

b. Manages a discrete segment or activity of the organization that represents 20% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole.

¹ The definitions in this Appendix are taken from the IRS 2009 Instructions for Form 990.