

POLICY STATEMENT

Subject: Executive Compensation

Authority to Amend/Repeal: Board of Directors

Date Approved: October 23, 2008

Reference: California Nonprofit Integrity Act of 2004, § 7(2)(g); CARF, §1.J.6(a-e)

Policy Statement

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It is a policy of the Board of Directors to establish and maintain an executive compensation program for the President/CEO and Chief Financial Officer which:

- (1) Enables the Board to attract and retain the executives needed to effectively carry out the mission of the organization and the policies of the Board.
- (2) Responds to market trends.
- (3) Reflects the value of the functional demands of executive work.
- (4) Rewards performance results.
- (5) Is based on factors that provide for just and reasonable compensation as defined by law, comparability data and best corporate governance practice.

Total compensation mix may include:

- (1) Base pay.
- (2) Incentive plans.
- (3) Benefit plans.
- (4) Perquisites.

Compensation actions approved by the Executive Committee must be documented, and such documentation shall include the bases of the Committee's actions and the names of the Committee members involved in the actions. The documented process for determining executive compensation shall include:

- (1) Terms of the compensation arrangements.
- (2) Approval date.

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- (3) Names of board members who approved the compensation decisions.
- (4) Data used in the compensation decision.
- (5) Disclosures of conflict of interest, if any.
- (6) Annual review of compensation records.
- (7) Authority of board members to exercise executive compensation actions.

The Board of Directors authorizes the Executive Committee to approve compensation decisions for the President/CEO and the Chief Financial Officer. Such decisions are reported to and subject to review by the full Board of Directors

Guidelines for Determining Proposed Compensation of the President/CEO and the Chief Financial Officer

- A. A review and approval of the officer's compensation shall occur initially upon hire of the officer, whenever the term of employment of the officer, if any, is renewed or extended, and whenever the officer's compensation is modified.
- B. Annually, or as directed by the Executive Committee of the Board of Directors, the President/CEO shall submit to the Committee a proposal for the compensation of the officers, indentifying the factors examined in arriving at a proposed compensation and the outside sources of comparable compensation data examined.
- C. Information gathered and used in this proposal might include:
 1. Compensation paid by similar organizations, regardless of their tax status.
 2. The availability of similar services in the geographic service area.
 3. Current compensation surveys compiled by independent organizations.
 4. Industry standards.
 5. Reference to functionally comparable positions.
- D. Annually, the Executive Committee of the Board of Directors shall establish performance standards for the President/CEO which shall be used in determining compensation actions.
- E. Annually, the President/CEO shall establish performance standards for the Chief Financial Officer which shall be used in determining compensation actions.

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- F. The Executive Committee of the Board of Directors shall have authority to review the performance of the President/CEO and approve a compensation adjustment, if warranted in the judgment of the Committee.
- G. The President/CEO shall have the authority to review the performance of the Chief Financial Officer and propose a compensation adjustment, if warranted in the judgment of the President/CEO, to the Executive Committee for approval.
- H. Separate review and approval shall not be required if a similar modification of compensation extends to substantially all employee, e.g., a cost of living adjustment provided all employees.