

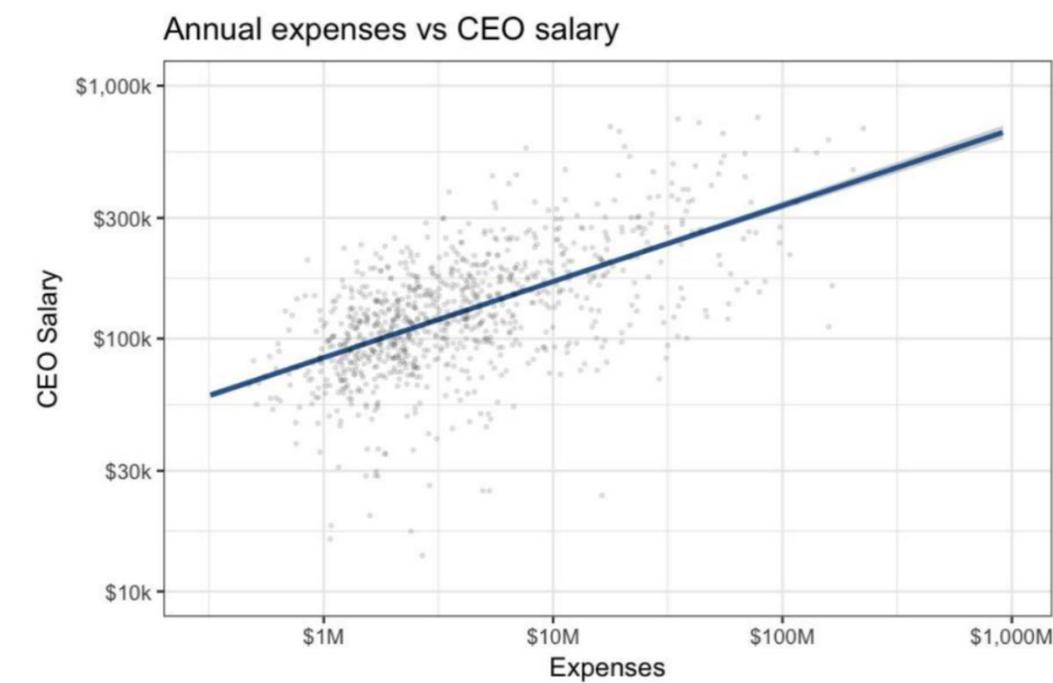
## Noah's Ark Animal Sanctuary CEO Compensation Policy and Market Analysis

### Non-Profit CEO Compensation Market Analysis

Charity Navigator, Payscale, and Excellence in Giving have reported that average non-profit CEO compensation in their most recent studies ranges from \$108,000 to \$138,815. There are many factors that influence the market compensation for non-profit CEOs. The most influential of these factors include the size of the organization (measured in total annual expense base) and the experience level of the CEO, with other factors affecting CEO pay to a lesser degree.

#### Organizational Size:

According to Excellence In Giving's 2016-2017 Non-Profit CEO compensation study, organizational size is the highest contributing factor influencing nonprofit executive compensation. Their research findings show that in most parts of the nonprofit world you will find a base rate of pay that increases in direct proportion to every \$1000 of operating expenses.



Nonprofit Quarterly tested three possible competing explanations for rate of nonprofit executive pay: size of the organization, pay-for-financial-performance, and liquidity. They found that pay-for-financial performance and liquidity were not central factors in CEO pay. However, according to their research findings, in most parts of the nonprofit world you will find a base rate of pay that increases in proportion (in most cases) to every \$1000 of operating expenses.

February 4, 2019

<i>Expense Total</i>	<i>Comp</i>	<i>Sample</i>
<b>Under \$500K</b>	<b>\$62,847</b>	<b>57</b>
<b>\$500K-\$1 million</b>	<b>\$78,256</b>	<b>54</b>
<b>\$1-\$2 million</b>	<b>\$103,824</b>	<b>64</b>
<b>\$2-\$5 million</b>	<b>\$125,353</b>	<b>59</b>
<b>\$5-\$10 million</b>	<b>\$156,655</b>	<b>48</b>
<b>\$10-\$50 million</b>	<b>\$223,553</b>	<b>66</b>
<b>\$50+ million</b>	<b>\$313,150</b>	<b>24</b>

Experience Level:

Based on a study of 1570 participants by PayScale, pay for experience for a CEO of a Non-Profit Organization has a positive trend. An entry-level CEO with less than 5 years of experience can expect to earn an average total compensation of \$77,000. A CEO with mid-career experience which includes employees with 5 to 10 years of experience can expect to earn an average total compensation of \$97,000. An experienced CEO which includes employees with 10 to 20 years of experience can expect to earn an average total compensation of \$113,000. A CEO with late-career experience which includes employees with greater than 20 years of experience can expect to earn an average total compensation of \$130,000.

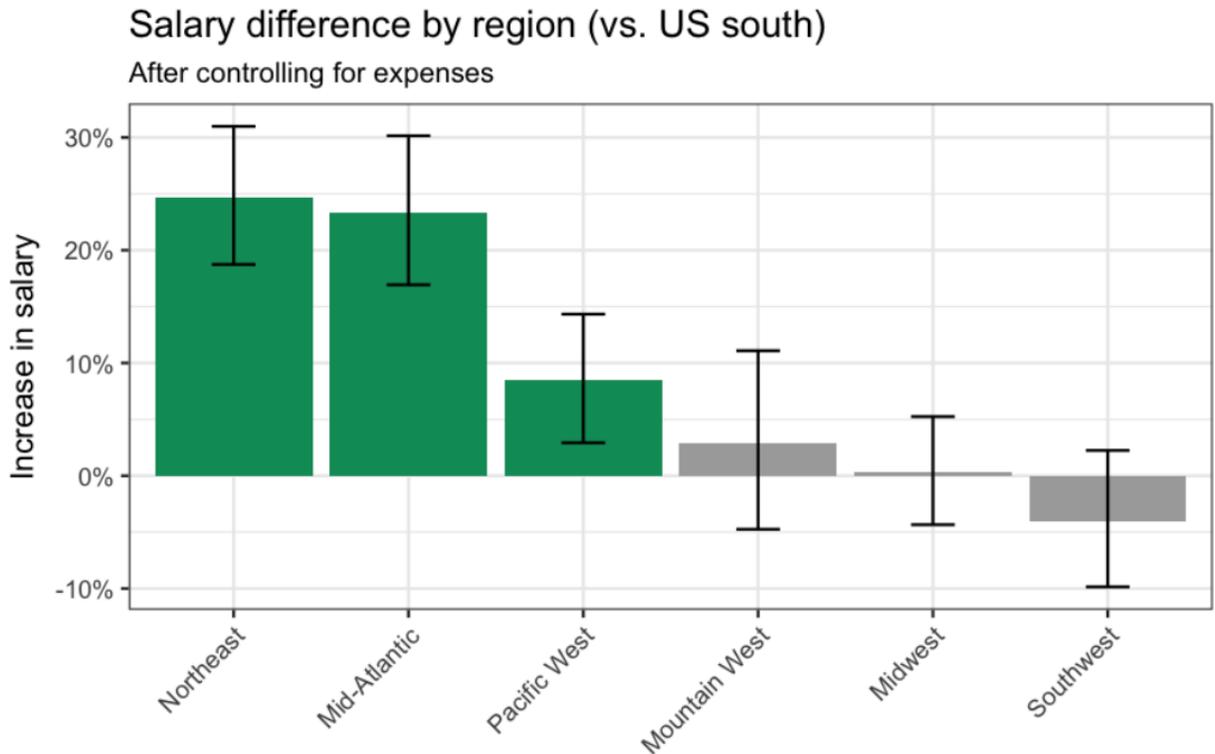
**Pay by Experience Level for Chief Executive Officer (CEO), Non-Profit Organization**



Geographic Location:

February 4, 2019

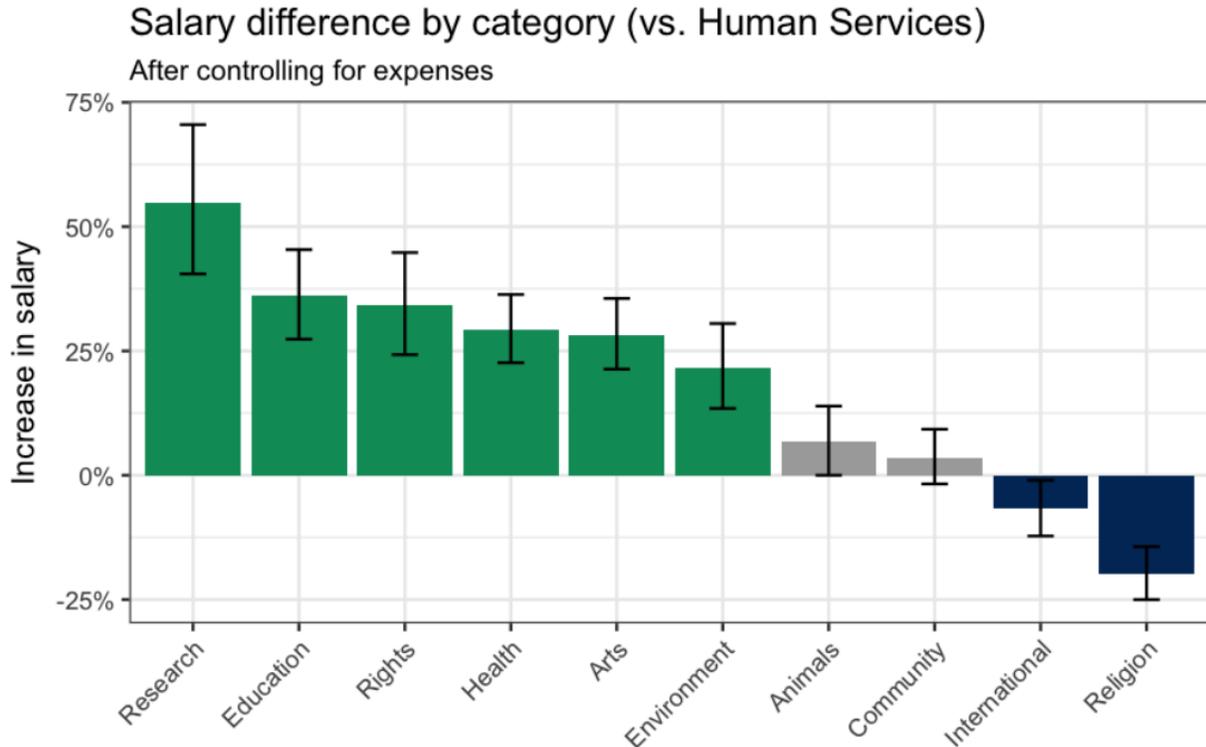
Just like the for-profit sector, salaries at nonprofits differ based on where the organization is located. The following chart holds total expenses constant and compares expected compensation in each region to an expected compensation in the South, with the black bars representing 95% confidence intervals.



A nonprofit in the South would pay a CEO significantly lower than nonprofits located in the Northeast and Mid-Atlantic; only the Southwest would have a lower pay rate. As a result of this effect, one would expect CEO pay for a nonprofit based in the South to be 10-15% lower than the national average.

#### Charitable Mission:

The mission or types of programs and services offered by the charity also has an effect on compensation. The following chart holds total expenses constant and compares expected compensation in each category to an expected compensation in Human Services. This demonstrates that a charity in the Animals category would be expected to compensate its CEO roughly 8% more than a charity with similar expenses in the Human Services category, but roughly 10% less than the overall average.



Conclusion:

Noah’s Ark had an average annual expense over the past four fiscal years of approximately \$2 million. Based on this factor, given that organizational size holds the greatest influence on CEO comp, a market value total compensation package would be in the in the range of approximately \$95,000 - \$110,000. The CEO’s level of experience would influence this number upwards by approximately \$10,000 - \$15,000. Offsetting factors of the geographic location and animal based mission of the non-profit, would influence the target amount down by approximately \$20,000 - \$25,000.

This analysis concludes that a market rate total compensation for the CEO position at Noah’s Ark would be in the range of \$85,000 - \$100,000.

**CEO Compensation Policy**

***Compensation of the Executive Director and key staff members is discussed and approved by the board of directors at least every three years, based upon data from comparable industry sources and current budget restraints. If a board member is currently a key staff member or Executive Director, they are not to be present or involved in the discussion and approval process of their own compensation.***

February 4, 2019

*References:*

1. *Charity Navigator 2016 CEO Compensation Study*
2. *“What Drives Nonprofit Executive Compensation?”*, Elizabeth K. Keating and Peter Frumkin, *Nonprofit Quarterly*, November 30, 2018
3. *PayScale, Chief Executive Officer (CEO), Non-Profit Organization website data*
4. *“2016-2017 Nonprofit CEO Compensation Study”*, *Excellence in Giving Nonprofit Analytics*, January 15, 2018