



Friendship Home

Effective 09/2009

Last 09/2022

Approved

Next Review 09/2023

Department **Finance**

References **Board Policy,
Peer Review
Doc**

Board of Director's Conflict of Interest Policy

Article I

Purpose

The purpose of this policy is to protect Friendship Home's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Member of the Board of Directors of Friendship Home or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II

Definitions

1. **Interested Person**

Any Member of the Board or Directors, or member of committee with governing board-delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. **Financial Interest**

A person has a financial interest if the person has directly or indirectly, through business, investment or family:

- a. An ownership or investment interest in any entity with which Friendship Home has a transaction or arrangement.
- b. A compensation agreement with Friendship Home or with any entity or individual with which Friendship Home has a transaction or arrangement.
- c. A potential ownership or investment interest in, or compensation arrangement with,

any entity or individual with which Friendship Home has a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Article III

Procedures

1. **Duty to Disclose**

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Board of Directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. **Determining Whether a Conflict of Interest Exists**

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board or committee meeting while the determination of a conflict of interest is discussed and voted upon. He/she should not be counted in determining the quorum for the meeting. The remaining Board or committee members shall decide if a conflict of interest exists.

3. **Procedures for Addressing a Conflict of Interest**

An interested person may make a presentation at the Board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

- a. The President of the Board of Directors or chairperson of the committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- b. After exercising due diligence, the Board of Directors or committee shall determine whether Friendship Home can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- c. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or committee shall determine by a majority vote of the disinterested Board Members whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

4. **Violations of the Conflict of Interest Policy**

If the Board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis of such belief and afford the member an opportunity to explain the alleged failure to disclose.

If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV

Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

- a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether the conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the quorum situation, the abstention from voting, the content of discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V

Compensation

- a. A voting member of the Board of Directors who receives compensation, directly or indirectly, from Friendship Home for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Friendship Home for services is precluded from voting on matters pertaining to that member's compensation.
- c. No voting member of the Board of Directors or committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Friendship Home either individually or collectively is prohibited from providing information to any committee regarding compensation.

Article VI

Annual Statements

This policy shall be reviewed annually at a meeting of the Board of Directors. Each Member of the Board and member of a committee with governing board-delegated powers shall annually sign a statement that affirms such person:

- a. Has received copy of the conflict of interest policy;

- b. Has read and understands the policy;
 - c. Has agreed to comply with the policy; and
 - d. Understands Friendship Home is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.
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Department **Finance**

Records Retention Schedule

Type of Document	Minimum Best Practice Requirement
Accounts receivable & payable ledgers, schedules and other similar documents	5 years & 7 years for Grants
Affirmative Action Plan* (EO 11246, Vietnam Era Veterans Readjustment Act and the Rehabilitation Act of 1973).	Updated annually then 1 year after expiration of plan
Annual Reports	Permanently
Articles of Incorporation, charter, bylaws, minutes and other incorporation records	Permanently
Audit reports, Financial Statements (year end): general/private ledgers, trial balance, journals	Permanently
Bank Reconciliation	3 years
Bank statements, deposit records, electronic fund transfer documents, & canceled checks, other similar documents	7 years
Chart of accounts	Permanently
Checks (for important payments & purchases)	Permanently
Contracts, mortgages, notes and leases (expired)	7 years
Contracts (still in effect)	Permanently
Correspondence (general)	3 years
Correspondence (legal and important matters)	Permanently
Request for information, notice or demand letters, notices of violation/citations/complaints.	5 years
Correspondence (with customers and vendors)	2 years
Deeds, mortgages, and bills of sale	Permanently
Depreciation schedules	Permanently
Donations (original mailing)	2 years

EEOC reports	Permanently
Employee demographic info & compensation records* (Davis-Bacon Act, Service Contract Act & Walsh-Healy Public Contracts Act)	3 years
Employment applications* (depending on the # of employees, employers must retain applications & other personnel records relating to hires, rehires, tests, promotions, transfers, demotions, selection for training, layoff, recall, termination or discharge) (Civil Rights Act of 1964, Title VII, ADA, ADEA)	3 year from making the record or taking the personnel action
Expense Analyses/expense distribution schedules	7 years
Garnishments	7 years
Grants (un-funded)	1 year
Grants (funded)	5 years after closure
I-9's*	3 years after date of hire or 1 year after termination
Insurance Policies (expired)	3 years
Insurance records, current accident reports, claims, policies, etc.	Permanently
Internal audit reports	3 years
Invoices (to customers, from vendors)	6 years
Inventory records	7 years
Loan documents and notes	Permanently
Management Reports, and Treasurer's Reports both year-end and monthly	Permanently
Minutes and resolutions of the Board of Directors and standing committees or other committees.	Permanently
OSHA logs* (Records related to medical exams – 30 years after termination)	5 years
Patents and related papers	Permanently
Payroll records & summaries including records related to employee's leave* (Equal Pay Act, FLSA)	7 years
Personnel files (terminated employees) (Title VII, ADA, ADEA)	7 years after termination
Training Manual, education materials, posted legal notices	Until superseded
Polygraph test results and records* (Employee Polygraph Protection Act)	3 years
Purchase orders	5 years
Retirement and pension records including Summary Plan Descriptions* (ERISA)	Permanently

Tax-exemption application	Permanently
Information Returns (Form 990's)	Permanently
Tax returns and worksheets, documents, establishing or relevant to supporting the calculation of any federal or state taxes	Permanently
Timesheets	7 years
Trademark registrations and copyrights	Permanently
Withholding tax statements* (FICA, FUTA, Federal Income)	7 years
Workers compensation documentation	10 years after 1 st closure

requirements for organization with government contracts or subcontracts.



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Department Human Resources - Personnel
References Board Policy, Peer Review Doc

Whistleblowers

Friendship Home is committed to maintaining the highest possible standards of ethical, moral, and legal business conduct. Friendship Home is committed to maintaining open communication with all employees. Friendship Home encourages employees, directors and officers to raise serious concerns internally so that Friendship Home can address and correct inappropriate conduct and actions.

Whistleblowers, as defined by this policy, are employees, directors and officers of Friendship Home who report an activity they reasonably believe: 1) violates any state or federal law; 2) violates or amounts to noncompliance with a state or federal rule or regulation; or 3) violates fiduciary responsibilities of a nonprofit corporation.

Reportable activities may include, but are not limited to: breaches of confidentiality; billing for services not performed or for goods not delivered; fraudulent financial reporting; and other violations of federal, state or local laws.

Whistleblower protections are provided in two important areas: confidentiality and against retaliation. Every effort will be made to protect the whistleblower's identity. However, identity may have to be disclosed to conduct a thorough investigation, to comply with the law and to provide accused individuals their legal rights of defense. Friendship Home will not tolerate any retaliation against a whistleblower. Protections from retaliation include, but are not limited to: adverse employment actions such as termination, compensation decreases, or poor work assignments and threats of physical harm. Any whistleblowers who believe they are being retaliated against must contact the Human Resources Coordinator immediately. The right of a whistleblower for protection against retaliation does not include immunity for any personal wrongdoing that is alleged, investigated and substantiated.

If any employee, director or officer reasonably believes a violation has occurred, they must promptly contact the Human Resources Coordinator, who is responsible for investigating and coordinating any

necessary disciplinary or corrective action. In the event that the employee, director or officer would like to file a complaint against the Executive Director, he/she may report this to the President of the Board of Directors. The President of the Board will consult with the Chair of the Human Resources Committee to determine an appropriate process to investigate and respond to the complaint.

Whistleblowers must exercise sound judgment to avoid baseless allegations. Whistleblowers must act in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Employees with any questions regarding this policy should contact the Human Resources Coordinator or the Executive Director.



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Directors' Compensation Policy

Directors' Compensation Policy

Basis For Salary Determination

The Executive Director of Friendship Home is the person responsible for the efficient operation of the agency. It is the desire of Friendship Home to provide a reasonable and not excessive salary for the Executive Director, Program Director, Finance Director, Director of Program Development, Director of Strategic Partnerships and Development Director.

The Human Resources Committee will obtain research and information to make a recommendation for the compensation of the Executive Director and other key positions. This includes data that documents compensation and benefits for similarly qualified individuals in comparable positions at similar organizations. The primary source will be the Nonprofit Association of the Midlands (NAM) Salary Survey but may also include compensation studies by independent sources, documented telephone calls to other organizations and information obtained from the IRS Form 990 filings of similar organizations. Other factors considered include merit, longevity, and fiscal feasibility. The NAM Salary Survey provides current average salary information for non-profit positions in the Lincoln/Omaha, Nebraska area.

Review and Recommendation of Salaries

The President of the Board of Directors and/or a committee appointed by the President will review and recommend the salary for the Executive Director. The Executive Director will review and recommend the salary of other staff deemed necessary to the Human Resource Committee.

The President of the Board of Directors, who is a volunteer and not compensated by the Nonprofit, will operate independently without undue influence from the Executive Director. No member of the Human Resources Committee will be a staff member or have any relationship with staff that could present a conflict of interest.

Approval of Salaries

Upon the recommendation of the Chair of the Human Resources Committee, the Board of Directors will give final approval to the salary budget recommendations. In the event that the Friendship Home Executive Director's salary exceeds 100% of the median salary in the NAM survey (based on job experience) for the position, the Board of Directors will review and collectively vote on the salary.