# POLICY
# CORPORATE GOVERNANCE

## Core Belief

Organizations with the best governance and most active, informed, engaged boards produce the best client outcomes and serve as the best stewards of time, financial resources, and opportunity.

## Goal

MRM has proactively initiated the steps necessary to allow Mission Road Ministries to become a best practice organization in the area of corporate governance, positioning it to use corporate governance to make it special, different, and unique in the eyes of its various stakeholders.

MRM seeks to avoid the need for government regulation by proactively implementing governance standards that will use self-regulation to preempt the need for government regulation.

MRM has created a corporate culture characterized by openness, candor, honesty, transparency and full disclosure.

MRM encourages independence, independent-mindedness, and loyal dissent to avoid the trap of "group think" decision-making.

## Board Selection

1. The Chairman of the Board of Directors shall appoint annually a Committee on Directors of not less than three (3) members. The Committee on Directors shall nominate to the Board of Directors at or prior to its last meeting of the fiscal year a slate of officers and a slate of directors for the ensuing year; provided, however, no member of the Committee on Directors shall be eligible to be nominated as an officer. The Committee on Directors shall also make nominations to fill unexpired terms as requested by the Chairman. The Committee on Directors shall ascertain the availability and willingness to serve of the prospective nominees before making the nominations to the Board.

2. There shall be no conflict of interest between the personal interest (direct or indirect) of a director and the interests of the corporation to authorize the transaction or activity which would give rise to such a conflict. Without limiting the foregoing prohibition (and any

authorized exceptions thereto), any possible conflict of interest on the part of a director shall be disclosed to the other directors and made a matter of record. When any such interest becomes relevant to any matter requiring actions by the Board of Directors or any of its committees, the director having such possible conflicts shall call it to the attention to the Board of Directors or committee and such director shall not vote on the matter, use personal influence in connection therewith or be counted in determining the quorum for the meeting. The minutes of the meeting shall reflect that a disclosure was made1 that the interested director abstained from voting and that such director was not counted in determining the quorum for the meeting.

## Board Term Limits

The Board of Directors shall consist of not less than twenty (20) or more than thirty-one (31) members, as determined from time to time by resolution of the Board of Directors or the provisions of these By-Laws. Directors shall serve for terms of three (3) years unless otherwise specified. This term shall begin July 1st. A director shall be eligible for re-election. After serving two consecutive full terms, a director shall not be eligible for re-election for a period of one (1) year after his/her second term of office expires. Insofar as possible, the terms of one- third of the members of the Board will expire each year. Notwithstanding any provision of these By-Laws, neither the Chairman nor Immediate Past Chairman shall rotate off the Board until his or her term as Immediate Past Chairman expires.

## Finance Committee Charter

Finance Committee Role

The finance committee's role is to act on behalf of the Board of Trustees and oversee all material aspects of the organization's financial reporting, internal control, and audit functions. The finance committee's role includes a particular focus on the qualitative aspects of financial reporting and on organizational processes for the management of risk and for compliance with significant applicable tax, legal, ethical, and regulatory compliance. The role includes coordination and collaboration with other board committees and maintenance of strong, positive working relationships with management, external and internal auditors, counsel, and other committee advisors. The committee shall take appropriate actions to set the overall organizational "tone" for quality and transparent financial reporting, sound business risk practices, ethical behavior, and independence in board governance.

Committee Membership

The committee shall consist of no less than three, and nor more than seven, independent, non-executive board members. Committee members shall have: (1) knowledge of the primary activities of the organization; (2) the ability to read and understand nonprofit financial statements, including a statement of financial position, statement of activities and changes in net assets, statement of cash flows, and key performance indicators; and (3) the ability to understand key operational and financial risks and related controls and control processes. The committee shall have access to its own counsel and other advisors at the committee's sole discretion. At least one member, preferably the chair, should be literate in nonprofit financial reporting and control, including knowledge of tax and regulatory requirements, and should have past or current employment experience in finance or accounting, or other comparable experience or background. Committee appointments shall be approved annually by the full board upon recommendation of the Chairperson.

Committee Operating Principles
The committee shall fulfill its responsibilities within the context of the following overriding principles:

Principle: Communications
The chair and others on the committee shall, to the extent appropriate, maintain an open avenue of contact throughout the year with senior management, other committee chairs, and other key committee advisors such as internal and external auditors to strengthen the committee's knowledge of relevant current and prospective organizational issues.

Principle: Education/Orientation
The committee, with management, shall develop and participate in a process for review of important financial and operating topics that present potential significant risk to the organization. Additionally, individual committee members are encouraged to participate in relevant and appropriate self-study education to ensure understanding of the organization's activities and risks.

Principle: Meeting Agenda
Committee meeting agendas shall be the responsibility of the committee chair, with input from committee members. It is expected that the chair would also ask management and key committee advisors to participate in this process.

Principle: Expectations and Information Needs
The committee shall communicate committee expectations and the nature, timing, and extent of committee information needs to management, internal and external auditors, and other external parties. Written materials, including key performance indicators and measures related to key operational and financial risks, shall be received from management, auditors, and others at least one week in advance of meeting dates. Meeting conduct will assume committee members have reviewed written materials in sufficient depth to participate in committee/board dialogue.

Principle: External Resources
The committee shall be authorized to access internal and external resources, as the committee requires, fulfilling its responsibilities.

Principle: Meeting Attendees
The committee shall request members of management, counsel, and internal and external auditors, as applicable, to participate in committee meetings, as necessary, to fulfill the committee's responsibilities. Periodically, and in no event less frequently than annually, the committee shall meet in private session with only the committee members. It shall be understood that either internal or external auditors, or counsel, may, at any time, request a meeting with the

finance committee or committee chair with or without management's attendance. In any case, the committee shall meet in executive session separately with internal and external auditors, at least annually.

Principle: Meeting Frequency
The committee shall meet at least four times per year. Additional meetings shall be scheduled as considered necessary by the board, the committee, or the chair.

Principle: Minutes and Reporting to the Board of Trustees
The committee chair shall designate a person to record the proceedings of the committee's meetings and to distribute such record as directed by the board chair. The records of the committee meetings shall be confidential, but shall be distributed to all board members at least seven (7) days prior to subsequent meetings of the board of trustees. The committee minutes shall be retained as directed by the board chair for a period of at least ten (10) years.

**Committee Responsibilities**

Responsibility: Financial Reporting

- Review and assess interim and audited financial statements before they are released to the board, the public or filed with donors and/or regulators.

- Review any management letter submitted as part of the annual audit that calls attention to reportable conditions, material weaknesses, or non-material weaknesses in the internal controls or other accounting operations of the organization.

- Review and assess the key financial statement issues and risks, their impact or potential effect on reported financial information, the processes used by management to address such matters, related auditors' views, and the basis for audit conclusions.

- Approve changes in important accounting principles and the application thereof in both interim and annual financial reports.

- Advise financial management and external auditors that they are expected to provide a timely analysis of significant current financial reporting issues and practices.

Responsibility: Controls

- Review and assess the organization's operating and financial risk management process, including the adequacy of the overall control environment and controls in special areas representing significant risk.

- Review and assess the organization's system of internal controls for detecting accounting and financial reporting errors, fraud, defalcations, legal and tax code violations, and noncompliance with the organization's conflict of interest policy and code of conduct. In that regard, review the related findings and recommendations of the external and internal auditors, together with management's responses.

- Review with legal counsel any matters that may have a material impact on the financial statements.

- Review the results of the annual audits of directors and officers' expense account and management prerequisites prepared by the external or internal auditors.

<u>Responsibility: Business Risks</u>

- Review, analyze, and recommend for approval by the full board of directors, management's plans regarding:

    - Addition or deletion of contracts, services, or ministries; and
    - Capital expenditure plans; and
    - Business risk management, including credit risks, control risks, asset/liability management risks, regulatory risks, operations risks, and management risks; and
    - Review annually the adequacy and costs of the company's various insurance coverages; and
    - Review, at least semi-annually, all litigation and claims against the organization.

<u>Reponsibility: External and Internal Auditors</u>

- Recommend the selection of external auditors for approval by the board of trustees after reviewing the proposed external auditors audit fees and considering the result of the external auditor's last peer review, litigation status, and disciplinary actions, if any.

- Instruct the external auditors that they are responsible to the board of trustees and the finance committee as representatives of the organization. In that regard, confirm that the external auditors will report all relevant issues to the finance committee in response to agreed-upon expectations.

- Review the performance of the external auditor including, but not limited to, reviewing and evaluating the engagement partner and coordinating partner as well as the performance of the internal auditor.

- Obtain a formal written statement from the external auditors as to their independence. Additionally, discuss with the auditors any relationships or non audit services that may affect their objectivity or independence.

- Consider, in consultation with the external and internal auditors, their audit scopes and plans to ensure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.

- Review and approve requests for any consulting services to be performed by the external auditors, and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter.

- Review with management and the external auditors the results of the annual audit and related comments in consultation with other committees as deemed appropriate, including any difficulties or disputes with management, any significant changes in the audit plans, the rationale behind adoptions of and changes in accounting principles, and accounting estimates requiring significant judgments.

- Provide a medium for the external auditors to discuss with the finance committee their judgments about quality, not just the acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the organization.

- Approve changes in the personnel and operating plans of the internal audit function.

- Instruct the internal auditors and chief financial officer that they are responsible and accountable to the board of trustees through the finance committee.

- Review with the internal auditors the results of their monitoring of compliance with the organization's conflict of interest policy and code of conduct.

<u>Responsibility: Other</u>

- Review and update the finance committee's charter.

- Review and suggest changes to the board of trustees to the organizations' conflict of interest policy and code of conduct.

- Review and approve conflicts of interest and related party transactions.

- Review and approve any recommendation from management to discharge the external auditor or to reassign or dismiss any internal auditor or the Chief Financial Officer.

- Insure compliance with all regulations, including but not limited to Treasury Regulation 53.4958, pertaining to compensation of the Chief Executive Officer and Senior Staff of the organization.

- Conduct or authorize investigations into any matters within the finance committee's scope of responsibilities. The committee will be empowered to retain independent counsel and other professionals to assist in conducting any investigation.

- Review the job performance of the Chief Financial Officer on at least an annual frequency.

**MRM Audit Planning Meeting Agenda**

Meeting Objective

To review the external auditor's audit plan and anticipated non-audit services. To review the activities, if any, of the internal auditors during the past year.

Risks and Internal Controls

- Management overview
- Operational and financial risks identified by management
- Operational and financial risks identified by external auditors
- Non-profit business sector conditions and MRM
- Status of activities addressing most recent management letter
- Problem areas, if any, from previous year's audit
- Report, if any, on the activities of the internal auditor
- Sensitive matters
    - Implementation of the "whistleblower policy"
    - Implementation of conflict of interest policy
    - Compliance with treasury regulation 53.4958 regarding compensation of CEO and Senior Staff

Audit Scope in Light of Current Circumstances

- Accounting and auditing developments
- Significant changes in organization activities
- Changes in accounting policies
- Audit timing, including locations to be visited
- Personnel being assigned to the audit
- Consider results of audit firm's most recent peer review, pending litigation, and disciplinary actions, if any
- Work, if any, to be done by the internal auditors
- Planned reliance on internal accounting controls, including computer security programs
- Use of computer aided auditing techniques
- Areas of special procedures
    - Audit of officers' expense accounts and perks
- Review for fraud or other improprieties
- Rotation of audit engagement partner
- Confirmation of estimated audit services and how they will be billed
- Review of current un-audited financial results

Audit Plan

Agree to audit plan that includes scope, roles, responsibilities, accountabilities, and time table.

Report Audit Planning Meeting to the Board of Directors

- Discuss problems, if any, carried over from prior year
- Provide status report on current management letter
- Describe scope and time table of the audit
- Highlight drivers of financial performance for current year
- Describe any non-profit services being provided by external auditor and whether providing such services could impair auditor's independence

**MRM Pre-Audit Meeting Sample Minutes**

*Agenda*
*Mission Road Ministries, Audit Planning Meeting, May _, 20__*

*Finance Committee Members Attending:* ________________________________

*MRM Staff Attending: David Davis, CFO; Bobby Howell, Controller*

*Guests Attending: Frank Burke, Carneiro, Chumney & Co.; Priscilla Soto, Carneiro, Chumney & Co.*

*The meeting commenced at* __________________________ *with an opening prayer.*

*Jack Hebdon recognized Frank Burke and Priscilla Soto of Carneiro, Chumney & Co. noting that an engagement letter with the firm was approved by the Board of MRM at its last meeting on* _____________.

*David Davis distributed copies of the interim financial statements for the period ending March 31, 20__ which represents Eleven (11) months of the current fiscal year. These will be considered at length at the next Finance Committee meeting on ____________.David discussed the status of various initiatives pertaining to the matters contained in the management letter dated* _______________.

*The remainder of the meeting addressed the upcoming audit for the fiscal year ending June 30, 20___. Topics discussed were:*

- *Commencement date of audit, July __, 20__*
- *Draft of audit presented to Finance Committee on September _____, 20__.*
- *Personnel assigned to audit will be* _______ *and* __________.
- *Engagement Partner will be* _________________.

- *Discussion of non-audit services provided by Carneiro, Chumney,: - Preparation of the Form 990*
- *Preparation of the bi-annual State of Texas cost reports for five shelter and foster care entitities.*

- *Special audit attention to be directed to Journal Entries, Smoothing Entries, Deferral of Income, Accrual of Expenses, and Prepaid Item Balances.*

- *Audit of expense reimbursements and perks of senior staff including ____________________.*

*The finance committee members present met in executive session with ___________ and ___________ to discuss the audits risks that relate to SAS 99 dealing with Financial Statement Fraud and Misappropriation of Assets.*

*The meeting adjourned at _______________.*

## MRM Executive Compensation Policy

This policy addresses the establishment of compensation of the senior staff of Mission Road Ministries, Mission Road Developmental Center, and Unicorn Centers, Inc.

Program Philosophy and Objective
Mission Road Ministries' primary objective is to provide a reasonable and competitive executive total compensation opportunity consistent with market-based compensation practices for individuals possessing the experience and skills needed to improve the overall performance of the organization.

The organization's executive compensation program is designed to
- Encourage the attraction and retention of high-caliber executives.
- Provide a competitive total compensation package, including benefits.
- Strongly support and further transition to a "pay for performance" culture through the use of incentives for key employees.
- Reinforce the goals of the organization by supporting teamwork and collaboration.
- Ensure that pay is perceived to be fair and equitable.
- Be flexible to reward individual accomplishments as well as organizational success.
- Ensure that the program is easy to explain, understand, and administer.
- Balance the need to be competitive with the limits of available financial resources.
- Ensure that the program complies with state and federal legislation.

POLICY
It is the policy of Mission Road Ministries, Mission Road Developmental Center and Unicorn Centers, Inc. to comply with all applicable Internal Revenue Code provisions and regulations,

and all corresponding and subsequent provisions of the United States tax laws, when establishing compensation, including salary, benefits, and incentive compensation of its senior staff. As used in this policy, the term "senior staff" shall mean the President and the five (5) Vice President Level positions responsible for MRDC programming, Unicorn Centers programming, Finance and Administration, Human Resources, and Development/Public Relations.

PROCEDURE

It is the responsibility of the Executive Committee of Mission Road Ministries to establish the appropriate compensation for the senior staff of Mission Road Ministries, Mission Road Developmental Center, and Unicorn Centers, Inc.

In determining the appropriate compensation of the senior staff, the Executive Committee shall:

(a) Gather sufficient information to determine whether the compensation arrangement considered will result in the payment of reasonable compensation. Relevant information includes, but is not limited to: (i) Compensation levels paid by other similarly situated organizations; (ii) Availability of similar services in the area; (iii) Independent Compensation Surveys; (iv) Written offers from similar institutions competing for services of the person or persons.

(b) Adequately document the basis for its determination. The records of the Executive Committee shall note: (i) The terms of the compensation arrangement and the date it was approved; (ii) The members of the Executive Committee who approved the arrangement; (iii) The comparability data obtained and relied upon and how the data was obtained; (iv) The actions taken with respect to consideration of the transaction by anyone who is otherwise a member of the Executive Committee but who had a conflict of interest with respect to the arrangement; and (v) The basis of any deviation from the range of the comparable data obtained.

At the May Board meeting each year, the Executive Committee, functioning as the Compensation Committee, shall recommend annual base compensation for the President and five (5) Vice Presidents of MRM and such recommendation shall be acted upon by vote of the full MRM Board of Directors at such meeting.

## MRM Nepotism Policy

Favoritism based on family or close personal relationships is unfair to other employees and vendors. The appearance of favoritism is often perceived, even if unjustified. It is widely accepted that employment of relatives in the same area of an organization can cause serious conflicts and problems with favoritism and employee morale. In these circumstances, all parties, including supervisors, leave themselves open to charges of inequitable consideration in decisions concerning work assignments, transfer opportunities, performance evaluations, promotions, demotions, disciplinary actions, and discharge. In addition to claims of partiality in treatment at work, personal conflicts from outside the work environment can be carried into day-to-day working relationships. Similarly, the staff of MRM may also not influence the award of contract or other business relationships with vendors and suppliers with whom they have a familial or personal relationship.

For this reason, relatives of persons currently employed by MRM may be hired only if they will not be working directly for or supervising a relative. If already employed, they cannot be transferred into such a reporting relationship. If the relative relationship is established after employment, management shall decide who is to be transferred. Likewise, relatives of board members may only be hired upon recommendation made to the Board and favorably acted on by a majority vote of the board without participation in the discussions or vote by the affected board member.

In other cases where a conflict or the potential for conflict arises, even if there is no supervisory relationship involved, the parties may be separated by reassignment or terminated from employment.

For purposes of this policy, a “relative” includes spouses, parents, children, brothers, sisters, cousins, brothers- and sisters-in-law, fathers- and mothers-in-law, step-parents, step-brothers, step-sisters, and step-children. This policy also applies to individuals who are not legally related but who reside with another employee.

## Conflict of Interest Policy

Those entrusted with overseeing the charitable operations of Mission Road Ministries (the “Corporation”) must maintain the highest ethical standards and avoid actual or apparent conflicts between their personal interests and those of the Corporation.  This policy statement is intended to provide specific guidance to all directors, committee members, officers and employees of the Corporation in maintaining the foregoing standards.  This statement, as may be amended or supplemented from time to time by the Board of Directors, applies and shall be disseminated to all directors, committee members, officers and employees (hereinafter collectively referred to as “Corporation Representatives”) as the official statement of the Corporation’s general policy.

Article I: Purpose

The purpose of the conflict-of-interest policy is to protect this tax-exempt organization’s (organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the organization 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 director, principal officer, or member of a 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 the organization has a transaction or arrangement,
b. A compensation arrangement with the organization or with any entity or individual with which the organization has a transaction or arrangement, or
c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the organization is negotiating 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.

3. Acceptance of gifts, entertainment or personal favors Acceptance of any gift, entertainment, or other personal favors (except for ordinary and customary tokens of nominal value, participation in a business lunch or other meal paid for by another party on an appropriate occasion and under appropriate circumstances, or inclusion in entertainment for a group of persons where the presence of a Corporation Representative is clearly appropriate and consistent with the Corporation's objectives) from any party that does or seeks to do business with the Corporation may present an undesirable appearance of impropriety or may be inappropriate under specific circumstances. If in doubt about any such matter, a Corporation Representative should seek the advice of the Board of Directors.

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 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 or she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he or she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
b. The chair of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
c. After exercising due diligence, the governing board or committee shall determine whether the organization 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.
d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the organization's best interest, for its own benefit, and 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 Conflicts-of-Interest Policy
a. If the governing 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 for such belief and afford the member an opportunity to explain the alleged failure to disclose.
b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing 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.

<u>Article IV: Records of Proceedings</u>

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 a 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 content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings

<u>Article V: Compensation</u>

a. A voting member of the governing board who receives compensation, directly or indirectly, from the organization 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 the organization for services is precluded from voting on matters pertaining to that member's compensation.
c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the

organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI: Annual Statements

Each director, principal officer, and member of a committee with governing board–delegated powers shall annually sign a statement that affirms such person

a. Has received a 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 the organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Article VII: Periodic Reviews

To ensure the organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's-length bargaining
b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes, and do not result in an inurement, impermissible private benefit, or in an excess benefit transaction

Article VIII: Use of Outside Experts

When conducting the periodic reviews as provided for in Article VII, the organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

*This comprehensive conflict-of-interest policy follows a traditional legal format and is recommended by the IRS. Part V, section 5 of IRS Form 1023 defines who and what constitute a conflict of interest, asks questions to determine if the organization has procedures on handling conflicts, and makes recommendations on creating a conflict-of-interest policy if one does not exist.*

**Conflict of Interest Disclosure Statement**

This is to certify that the undersigned, a member of the Board of Directors, committee member, officer, and/or employee of Mission Road Ministries (the "Corporation") do solemnly attest: ***(Please initial in the space at the end of Item A or complete Item B, whichever is appropriate; complete the balance of the form; sign and date the statement; and return it to the board chair.)***

A. I am not aware of any relationship or interest or situation involving my family or myself that might result in, or give the appearance of being, a conflict of interest between such family member or me on one hand and Mission Road Ministries on the other.

Initials: _____

B. The following are relationships, interests, or situations involving me or a member of my family that I consider might result in or appear to be an actual, apparent, or potential conflict of interest between such family members or myself on one hand and Mission Road Ministries on the other.

Initials: _____

Corporate (either nonprofit or for-profit) directorships, positions, and employment:

_______________________________________________________________________

Memberships in the following organizations:

_______________________________________________________________________

Contracts, business activities, and investments with or in the following organizations:

_______________________________________________________________________

Other relationships and activities:

_______________________________________________________________________

I have read and understand Mission Road Ministries' Conflict-of-Interest Policy and agree to be bound by it. I will promptly inform the board chair of Mission Road Ministries of any material change that develops in the information contained in the foregoing statement.

| | | |
|---|---|---|
| ________________________ | ________________________ | ____________ |
| Type/Print Name | Signature | Date |

**Whistleblower Policy**

Purpose
To ensure that all MRM employees understand the process for reporting illegal or other improper conduct described below by any other MRM employee or employees; and

Understand they are protected from retaliation for such reporting such activities.

Policy

MRM employees should report to their supervisor or to the Compliance Officer identified below all evidence of activity by any MRM employee that they believe is:

1. A violation of a state or federal law, rule, or regulation; or
2. Fraud; or
3. Misappropriation of agency resources; or
4. Any fiscal or financial irregularity; or
5. A significant danger to staff or client and customer health, safety, or welfare.

Employees who in good faith report such incidents shall not be retaliated against in terms and conditions of employment including discharge.

No MRM employee will be adversely affected because the employee refused to carry out a directive which constitutes a violation of state or federal law or poses a substantial specific danger to the employee/client or public health and safety. Anonymous information will be accepted and investigated in accordance with the procedures below.

MRM employee shall mean any person employed by Mission Road Ministries, Mission Road Developmental Center, Unicorn Centers Inc., Independence Square Apartments, Murray Manor Apartments, or Meadow Brook Apartments.

Procedures

Any MRM employee who has evidence or knowledge of alleged illegal or improper activity described above should contact the Human Resources Vice President who shall serve as the compliance officer under this policy. If the employee is not satisfied with the Compliance Officer's response, or is concerned about reprisal, the staff member should contact the President unless the allegation involves the President in which case the staff member should contact the Chairman of the Board of Directors. Employees should provide as much specific information as possible including names, dates, places and events that took place and the employee's understanding of why the incident(s) may be illegal or otherwise improper activities listed above. Employees who identify themselves will receive a reply to their report. Any questions regarding this policy should be directed to the Compliance Officer.

The compliance officer receiving the allegation of improper activity has the responsibility to:

1. Notify the President of the allegation; however, if the allegation involves the President, the Chairman of the Board of Directors shall be notified.
2. Investigate the matter, with the involvement of the President;
3. Develop a course of action with the collaboration of the President or Chairman of the Board of Directors if the allegation involves the President.
4. Provide the reporting MRM employee with an acknowledgement of the concern; and
5. Present findings and recommended course of action to the President or the Chairman of the Board of Directors if the allegation involves the President.

**Document Retention and Destruction Policy**

The corporate records of Mission Road Ministries and its subsidiaries (hereafter the "organization") are important assets. Corporate records include essentially all records you produce as an employee, whether paper or electronic. A record may be as obvious as a memorandum, an e-mail, a contract, or a case study, or, something not as obvious, such as a computerized desk calendar, an appointment book, or an expense record.

The law requires the organization to maintain certain types of corporate records, usually for a specified period of time. Failure to retain those records for those minimum periods could subject you and the organization to penalties and fines, cause the loss of rights, obstruct justice, spoil potential evidence in a lawsuit, place the organization in contempt of court, or seriously disadvantage the organization in litigation.

The organization expects all employees to fully comply with any published records retention or destruction policies and schedules, provided that all employees should note the following general exception to any stated destruction schedule: If you believe, or the organization informs you, that organization records are relevant to litigation, or potential litigation (i.e., a dispute that could result in litigation), then you must preserve those records until the legal department determines the records are no longer needed. That exception supersedes any previously or subsequently established destruction schedule for those records. If you believe that exception may apply, or have any question regarding the possible applicability of that exception, please contact the legal department.

From time to time the organization establishes retention or destruction policies or schedules for specific categories of records in order to ensure legal compliance, and also to accomplish other objectives, such as preserving intellectual property and cost management. Several categories of documents that bear special consideration are identified below. While minimum retention periods are suggested, the retention of the documents identified below and of documents not included in the identified categories should be determined primarily by the application of the general guidelines affecting document retention identified above, as well as any other pertinent factors.

(a) Tax Records. Tax records include, but may not be limited to, documents concerning payroll, expenses, proof of deductions, business costs, accounting procedures, and other documents concerning the organization's revenues. Tax records should be retained for at least **seven years** from the date of filing the applicable return.

(b) Employment Records/Personnel Records. State and federal statutes require the organization to keep certain recruitment, employment, and personnel information. The organization should also keep personnel files that reflect performance reviews and any complaints brought against the organization or individual employees under applicable state and federal statutes. The organization should also keep all final memoranda and correspondence reflecting performance reviews and actions taken by or against personnel in the employee's personnel file. Employment and personnel records should be retained for **seven years**.

(c) Board and Board Committee Materials. Meeting minutes should be retained in perpetuity in the organization's minute book. A clean copy of all board and board committee materials should be kept for no less than **three years** by the organization.

(d) Press Releases/Public Filings. The organization should retain permanent copies of all press releases and publicly filed documents under the theory that the organization should have its own copy to test the accuracy of any document a member of the public can theoretically produce against that organization.

(e) Legal Files. Legal counsel should be consulted to determine the retention period of particular documents, but legal documents should generally be maintained for a period of **ten years**.

(f) Marketing and Sales Documents. The organization should keep final copies of marketing and sales documents for the same period of time it keeps other corporate files, generally **three years**.

An exception to the three-year policy may be sales invoices, contracts, leases, licenses, and other legal documentation. These documents should be kept for at least seven years beyond the life of the agreement.

(g) Development/Intellectual Property and Trade Secrets. Development documents are often subject to intellectual property protection in their final form (e.g., patents and copyrights). The documents detailing the development process are often also of value to the organization and are protected as a trade secret where the organization

(i) Derives independent economic value from the secrecy of the information; and

(ii) The organization has taken affirmative steps to keep the information confidential.

The organization should keep all documents designated as containing trade secret information for at least the life of the trade secret.

(h) Contracts. Final, execution copies of all contracts entered into by the organization should be retained. The organization should retain copies of the final contracts for at least **three** years beyond the life of the agreement, and longer in the case of publicly filed contracts.

(i) Electronic Mail. E-mail that needs to be saved should be either

(ii) Printed in hard copy and kept in the appropriate file; or

(ii) Downloaded to a computer file and kept electronically or on disk as a separate file.

The retention period depends upon the subject matter of the e-mail, as covered elsewhere in this policy.

Failure to comply with this Document Retention Policy may result in disciplinary action against the employee, including suspension or termination. Questions about this policy should be referred to Chief Executive Officer and Chief Financial Officer who are in charge of administering, enforcing, and updating this policy.

**<u>Selected Employee Acknowledgement</u>**

**Read, understood, and agreed:**

_________________________________________
Employee's Signature

_________________________________________
Date