



A COMMUNITY DEVELOPMENT CORPORATION

ARTICLES OF INCORPORATION

MISSION STATEMENT

NUEVA ESPERANZA, INC. AN HISPANIC COMMUNITY DEVELOPMENT CORPORATION IN PHILADELPHIA, PENNSYLVANIA

Nueva Esperanza, Inc. is an Hispanic not for profit community based development corporation founded to assist the low and moderate income hispanic community of Philadelphia in developing housing, and economic opportunities. We are also committed to the spiritual, educational and social development of our communities' people, particularly our youth, by seeking resources, training and experiences that strengthen and build our communities' capacities and institutions.

Revised and Approved
By the Board of Directors
November 19, 1992

NUEVA ESPERANZA, INC.
DIRECTORS & STAFF MANUAL

CHAPTER THREE
ARTICLES OF INCORPORATION

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ARTICLES OF INCORPORATION

INTRODUCTION

This chapter is designed to inform current board and staff of the legal mission of Nueva Esperanza and the thinking of the founders of the corporation by providing an understanding of Nueva Esperanza's primary historical and legal document. The articles of incorporation are described first from the perspective as a legal document then as the precursor to our mission statement. A copy of the Articles of Incorporation as approved by the State of Pennsylvania is provided. We will share why the articles were written in the manner in which they were filed and accepted by the state by the founders.

A DEFINITION OF ARTICLES OF INCORPORATION

The articles of incorporation or charter is generally a rather simple document that includes: the name of the corporation; the address of the corporation's registered office; the purpose for which the corporation is organized; the period of duration, which may be perpetual; the number and names of the initial directors; and the names and addresses of each incorporator.

Smith, Mann and Roberts:
Business Law and the Regulation of Business,
West Publications, 1990.

The articles then clearly define what the name of the corporation will be, the corporations initial address, **its purpose**, how long it will exist, who are the directors and incorporators. This information is then sent to the Pennsylvania State Attorney General's office who either approves or disapproves the petition for the establishment of a corporation. In the case of Nueva Esperanza the founders petitioned for the formation of a not-for-profit or nonprofit corporation Under Title 15, Pa. Consolidated Statutes Annotated Section 5101. a. This shall be known and may be cited as the Non-profit Corporation Law of 1988. A nonprofit corporation may make a profit, but the profit may not be distributed to its members, directors, or offices but must be used **exclusively** for the charitable, educational or scientific purpose for which it was organized.

The articles of incorporation are the reason for the existence of the corporation. It is a legally binding document that outlines in the case of a nonprofit the nature and direction of its work.

NUEVA ESPERANZA'S ARTICLES

COMMONWEALTH OF PENNSYLVANIA DEPARTMENT OF STATE CORPORATION BUREAU

In compliance with the requirements of the Nonprofit Corporation Law of 1972, 15 P.S. 7316 (relating to Articles of Incorporation), the undersigned, who are of full age, desiring to be incorporated as a non-profit Corporation, do hereby certify:

1. The name of the Corporation is **Nueva Esperanza, Inc.**
2. The address is its initial registered office in this Commonwealth is 645 West Hunting Park Avenue, Philadelphia, Pennsylvania 19140. (51)
3. The Corporation is incorporated under the Non-profit Corporation Law of the Commonwealth of Pennsylvania exclusively for charitable, educational, and scientific purposes, including, for such purposes, the making of distributions to or for the benefit of other organizations that qualify as exempt organizations under Section 501c3 of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue law). Without limiting the generality of the foregoing, the purposes of the Corporation are to:
 - a. Raise the economic, educational and social levels of poor, distressed, displaced and underprivileged Hispanic and other individuals underemployed or whose income is below established poverty guidelines; to foster and promote community wide interest and concern for the problems of said Hispanic and other individuals and families to the end that (1) sickness, poverty, crime, spiritual and environmental degradation may be lessened; (2) educational, vocational and economic opportunities may be expanded; and (3) racial and ethnic tensions, prejudice and discrimination, social, economic and otherwise, may be eliminated;
 - b. To raise the economic, educational, spiritual and social levels of said Hispanic and other individuals, families and groups by expanding their opportunities to own, manage and operate local and/or neighborhood enterprises by providing assistance and other related support to said Hispanic and other individuals and groups in developing entrepreneurial and management skills necessary for the successful operation of business enterprises and by providing assistance to said Hispanic and other residents and groups in obtaining financial, managerial and developmental support to achieve these ends;
 - c. To construct, repair, rehabilitate and otherwise improve residential units and commercial facilities in the community which impact on the quality of life,

safety and well being of said residents and groups. To make such housing available to low and moderate income Hispanic and other individuals and families through rental, ownership and corporate and cooperative ownership programs;

- d. To develop specific programs of community involvement and service delivery to Hispanic and other elderly, single parent households, youth, homeless, distressed and other special sector groups which are designed to improve their quality of life, safety and general well being;
 - e. To coordinate, facilitate and cooperate with agencies of local, state and Federal government, as well as private agencies and groups to improve the quality and scope of services, care and protection offered to the above mentioned disadvantaged and distressed Hispanic and other individuals, families and groups;
 - f. To conduct educational and other efforts to inform the general community about the corporation and its purposes and programs, to eliminate prejudice and discrimination in the general community impacting on the above mentioned Hispanic and other individuals, families and groups, and to expand economic and educational opportunities for such Hispanic individuals, families and groups; and,
 - g. To have and exercise all powers necessary or convenient to effect any or all of the purposes for which the corporation is organized included in 15 Pennsylvania C.S. Chapter 75.
4. The period of duration for this Corporation is perpetual.
5. The Corporation does not contemplate pecuniary gain or profit, incidental or otherwise.

No part of the net earnings of the corporation shall inure to the benefit of or be distributable to its members, directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distribution in furtherance of the purposes set forth in these Articles.

No substantial part of the activities of the corporation shall be to carry on propaganda, or to otherwise attempt to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of these Articles, the corporation shall not carry

on any other activities not permitted to be carried on by a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue law).

If and so long as the corporation is a private foundation as defined in Section 509(a) of the Internal Revenue Code of 1954 (or the corresponding provision of any subsequent Federal tax law):

- a. The corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue code of 1954 (or the corresponding provision of any subsequent Federal tax laws);
- b. The corporation shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue code of 1954 (or the corresponding provision of any subsequent Federal tax laws);
- c. The corporation shall not retain any excess holdings from business as defined in Section 4932(c) of the Internal Revenue Code of 1954 (or the corresponding provision of any subsequent Federal tax law);
- d. The corporation shall not make any investments in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1954 (or the corresponding Provision of any subsequent Federal tax laws); and,
- e. The corporation shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code of 1954 (or the corresponding provision of any subsequent Federal tax laws).

The remaining assets of the corporation, in the event of dissolution or final liquidation, shall be applied and distributed as follows: All liabilities and obligations of the corporation shall be paid, satisfied, and discharged, or provision shall be made therefore; any assets held on the condition they be returned, transferred or conveyed upon dissolution shall be disposed of in accordance with such requirements; all remaining assets of every nature and description whatsoever, shall be distributed to one or more corporations, funds or foundations, qualified for exemption from tax as an exclusively charitable or educational corporation, fund or foundation under the Internal Revenue Code of 1954, as amended (or the corresponding provision of any future United States Internal Revenue law).

6. The Corporation shall have no membership. All the rights and powers of the corporation and the entire control and management of its affairs shall be vested and exercised by the Board of Directors.

The number of Board members, qualifications for membership in the Board of Directors the designation of Officers shall be prescribed in the Bylaws. Each director on the Board shall be elected or appointed in the manner and for the term as provided in the Bylaws.

The Board of Directors shall approve such Bylaws for the conduct of business and carrying out of its purposes as they may deem necessary from time to time.

The Board of Directors may amend these Articles of Incorporation at a special meeting of the Board of Directors called for that purpose, by a two-thirds vote of those Board members present, provided a quorum of the Board of Directors is present.

7. The Corporation is to be organized on a non-stock basis.
8. The names and addresses of the incorporators are"

Luis Cortes
5750 N. 6th Street
Philadelphia, PA 19120

Floyd Naters Gamarra
6309 Cresentville Road
Philadelphia, PA 19120

Danny Cortes
5808 N. American Street
Philadelphia, PA 19120

IN TESTIMONY WHEREOF, THE INCORPORATORS HAVE SIGNED AND SEALED
THE ARTICLES OF INCORPORATION THIS _____ DAY OF _____ 1988.

A copy of the original cover page and of the signatures of the incorporators is in the appendix.

SECTION III - HISTORICAL BACKGROUND AND EXPLANATION

The founding incorporators and board members chose the name of the nonprofit developmental corporation to be Nueva Esperanza, for they felt that the corporation would provide new hope to our community and its institutions as it would address their developmental needs. The initial address of 645 West Hunting Park Avenue was the site of the Iglesia Metodista La Resurrecion which provided a free space for about sixteen months at Nueva Esperanza's inception. The purposes of the corporation is clearly spelled out under number three, letters a-f.

The first letter describes Nueva Esperanza's role in raising the economic, educational, spiritual and social levels of the Hispanic community and others by providing educational, vocation and economic opportunities and seeking to end racial, and ethnic tensions, prejudice and discrimination. The second letter addresses the raising of economic, educational, spiritual and social levels by providing for the ownership or opportunity for successful business ownership or operation. Letter c, describes Nueva Esperanza's work in providing housing for low and moderate income people. The fourth paragraph (d) delineates specific programming to the elderly, single parents, youth, and other groups with special needs. The fifth paragraph (e), expresses our task to advocate before Federal, state and local government as well as the private sector on behalf of the people we serve. Letter f describes our right to promote educational forums, newsletters etc. that describe our communities reality and our role of service.

Nueva Esperanza's statement of purpose in the articles of incorporation was designed to assist us in focusing our energies as a corporation yet they are broad enough that they would not bind us or lock us out of any opportunity that would arise to serve our community. The founding board and incorporators all wanted to be clear of our one overriding mission, to be of service to the Hispanic community and those who Hispanic or not live within its geographical borders. Our prophetic role to combat racism, prejudice and to advocate on Hispanic peoples behalf before the structures of authority is clear. So is our calling to inform our community of the ways in which the structures of the government and private sector exclude and discriminate against our communities development. Also clear are the broad ways we are called to serve, through the development of housing, economic enterprise and education. We serve all people in the Hispanic community but we are to take special note of the elderly, the single parent and the youth. The articles were developed by our founders to clearly give Nueva Esperanza's mission direction into the next century.

Under number four of the articles we find that the corporation is perpetual. This means the corporation has no set termination date. The following paragraph, number five, describes the responsibilities the directors, officers and others have as participants in the corporation. Among those responsibilities board members are to insure that none of their colleagues derive income, or personally benefit economically as a result of their service on the board. To insure that we not participate in, or intervene in any political campaign on behalf of any particular candidate. It also outlines the boards responsibilities to the Internal Revenue Service. The last part of number five describes what Nueva Esperanza is to do if the board of directors were to chose to terminate the corporation. The sixth point of the articles delineate the power of the board of directors. In Nueva Esperanza's case, the board of directors has all power to control and direct the corporation, including the establishment of corporate by-laws. It also states that the articles of incorporation can be changed only in a meeting called especially for that purpose, and that two-thirds of the board members attending the meeting (there must be a quorum) must agree. Finally, numbers seven and eight point out that there is no stock in the corporation and who the original incorporators are.

**NUEVA ESPERANZA, INC.
DIRECTORS & STAFF MANUAL**

CHAPTER FIVE

BOARD AND PERSONNEL POLICIES

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SECTION I - POLICIES OF THE BOARD

INTRODUCTION

This chapter provides Nueva Esperanza, Inc. (NE) with the policies and procedures with which we govern ourselves and the staff. The policies of the Board listed in this chapter make our intention to comply with federal, state and city law clear. They also clearly declare our intention to be a caring community. The policies of our board define our intention to follow affirmative action guidelines, to be an equal opportunity employer, and to not tolerate sexual harassment. We point out how we care for our staff and clients by providing clear guidelines for health and safety, accidents and injuries. We provide for a drug, alcohol and smokefree workplace. We attempt to make clear what AIDS is and to protect the rights of a person with AIDS (PWA). We attempt to provide staff with clear guidelines in employment benefits, conflict of interests, work expectations, grievance procedures, record maintenance, job performance, supervision and evaluation.

AFFIRMATIVE ACTION

Nueva Esperanza is committed to living out its values and insights about justice and fairness in employment. It seeks to model these values in the way it hires, compensates, and promotes staff. Those insights speak of maintaining the personhood of individuals. They view the workplace as one of the communities to which person belong.

Justice and fairness, as well as quality combined with productivity, are values to be upheld. These values recognize that persons should be allowed to grow into their jobs with support from the employing organization.

Further, justice and fairness recognize the fact that minorities and women have been denied equality in the work force at professional and executive levels. Because of this reality, women and minorities have not viewed training in professional and executive areas of work as a practical direction in which to move. As a result, there is an inadequate work force pool of minorities and women in the professional and executive roles of community development in this country.

Affirmative action goes beyond equal employment opportunity in that it takes seriously the employment potential of those target groups who have been denied entry into professional and executive positions on an equal basis. Equal opportunity implies that persons who have the needed professional and executive training and experience will be hired without regard to race, gender, age, or physical handicap. Affirmative action says that where targeted minorities and women lack full professional and executive training and experience, but have the potential for gaining such and growing into the position, they will still be considered for such jobs. Affirmative action further states that organizations will intentionally commit themselves to adding women and minorities.

Hiring high-potential people from the targeted groups further implies that the organization will provide for such persons to gain the training and experience levels required by the positions they fill.

Finally, affirmative action implies that minorities and women will become visible throughout all the levels, including Executive Director. In order to accomplish this goal, the organization will have to be aware of those in the targeted groups who are promotable, as well as following guidelines for hiring from outside the organization.

Affirmative action in Nueva Esperanza is to be accomplished without jeopardizing the jobs of present staff. Justice and fairness must be shown to people who have committed themselves to working for Nueva Esperanza. Neither does it imply a temporary moratorium in the employment of over-represented groups in the labor force.

EQUAL EMPLOYMENT POLICY

It is the policy of the Board of Nueva Esperanza to assure that employment compensation, promotion and training and all other conditions of employment will be undertaken without regard to race, color, religion, sex, national origin, age, marital status or physical handicap, when these are unrelated to a person's capacity to perform the job and to forward the work of Nueva Esperanza.

SEXUAL HARASSMENT

Harassment on the basis of sex is a violation of Section 703 Title VII of the Civil Right Act. Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when

1. Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment.
2. Submission to or rejection of such conduct by an individual is used as the basis for employment decision affecting such individual, or
3. Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

Nueva Esperanza will continually strive to maintain an atmosphere in which the personhood of women and men is affirmed, and in which they will be valued as human beings, not as objects.

Therefore, it is Nueva Esperanza's policy to take immediate and appropriate corrective action, including suspension or dismissal, in the event of sexual harassment.

Nueva Esperanza will use the definition of sexual harassment as contained in "Guidelines of Equal Employment Opportunity Commission" 1604.11 which clarify Title VII of the 1964 Civil Rights Act.

"1604.11 Sexual Harassment--'Harassment on the basis of sex is a violation of Section 703 Title VII. Unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when (1) submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, (2) submission to or rejection of such conduct by an individual is used as the basis for employment decision affecting such individual, or (3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment. . . ."

Examples of conduct which may constitute sexual harassment are:

- * unwelcome sexual propositions
- * graphic comments about a person's body
- * sexually suggestive objects or pictures in the workplace
- * sexually degrading words to describe a person
- * derogatory or sexually explicit statements about an actual or supposed sexual relationship.
- * unwelcome touching, patting, pinching or leering
- * derogatory gender-based humor

Such conduct whether intended or not constitutes sexual harassment and is illegal under both State and Federal Law. Violations of this policy will not be permitted. Any staff who violates this policy will be subject to disciplinary action up to and including dismissal.

DRUG/ALCOHOL/SMOKE FREE WORKPLACE

Nueva Esperanza is a community development corporation whose mission includes the development of its employees in a number of interpersonal growth areas. Recognizing this, the agency is committed to providing an environment which is supportive of a developmental sequence. Within this environment certain rules and regulations regarding substance use have been set forth which the entire community is expected to abide by.

Drug-free workplace act of 1988

In accordance with Federal law, NE abides by the Drug-free Workplace Act of 1988 (Title V-D of P.L. No. 100-690, 5151-5160). The Act states that it is unlawful to manufacture, distribute, dispense, possess or use a controlled substance in the workplace. Failure to comply with this policy and the Drug-Free Workplace Act of 1988 constitutes grounds for disciplinary action, referral to civil authorities, and/or immediate discharge.

All Federal grants, regardless of dollar amount, are subject to the requirements of the Act. The term "grant" is defined to include a cooperative agreement. Contracts are subject to the Act only if (a) they have a value of \$25,000 or more or (b) they constitute procurement contracts (including purchase orders) awarded pursuant to provisions of the Federal

Acquisition Regulations (FAR). Grants and Contracts are not covered if they are to be performed entirely outside the territorial limits of the United States.

As a condition of employment under a Federal grant or contract, which includes Federal allocations, an employee must abide by the terms of the above statement, and notify the Executive Director of any criminal drug statute conviction for any drug-related violation occurring in the workplace no later than five (5) days after that conviction.

The modeling of appropriate behaviors, as listed below, will ensure that all community members' individual rights and needs will be supported by the institution. The institution recognizes that a community is more fundamentally a group of persons who understand and support the standards which are held within its culture.

In accordance with this concept, the following behaviors are set forth as NE policy:

Alcoholic beverages are not permitted in the office or other areas owned or leased by NE. Violation of any of the above stated behaviors will result in disciplinary action initiated by the appropriate personnel.

Illegal drug use, which includes possession of a substance and/or paraphernalia, is prohibited. This agency abides by all appropriate State laws regarding use and possession.

All employees are prohibited from the possession or use of any illegal controlled substance while in any part of any building of NE or while performing any work for NE, anywhere at anytime.

Any employee with a criminal drug statute conviction or entry into an Drug or Alcohol Rehabilitation (DAR) program arising from the same shall so inform NE in writing within five (5) days of such conviction whether appealed or not, or upon entry into an DAR program or face immediate suspension.

NE within thirty (30) calendar days of receipt of notice of a criminal drug statute conviction of an employee in the workplace, or entry into an DAR program in lieu of conviction, shall take either of the following actions:

1. Take appropriate disciplinary action consistent with its Personnel Policies up to and including termination of employment.
2. Require the offending employee to participate in an approved drug abuse assistance or rehabilitation program, with the employees return to employment to be conditioned upon successful completion of the approved program and future adherence to this Policy.

This Policy shall similarly extend to the prohibition of the possession and/or consumption of alcoholic beverages by employees of NE at their workplace.

In addition to providing a drug free workplace NE has as its Policy to encourage and assist employees to secure whatever professional help and treatment an employee may require to deal with a drug or alcohol problem.

Smoke Free Workplace

Consistent with a desire to create a totally drug free workplace, NE reserves the right to prohibit the use of or consumption of tobacco products in any form to a portion of in all of any of its facilities.

For the safety and health of all concerned, it is the policy of Nueva Esperanza, Inc. to minimize the effects of smoking in the workplace in accordance with the State of Pennsylvania legislation.

Smoking is prohibited in the following areas:

All work areas. "Work areas" are defined as any location, permanent or temporary, where staff perform any work-related duty.

The consumption of tobacco products are prohibited in the workplace.

A copy of this Policy shall be posted conspicuously in each office of NE. A copy of the Policy shall be given to each employee and the employee shall acknowledge the receipt of a copy of this Policy, which shall be placed in their Personnel file.

This Policy shall be effective immediately and may be altered or amended by the Board of Directors of NE. Any changes in the Policy shall not be effective retroactively nor shall any changes be effective until communicated to the employees of NE.

AIDS (Adult Immune Deficiency Syndrome)

General Information:

AIDS is an infection of the human immune system. The infection is caused by human immunodeficiency virus (HIV) which attacks the T-cells in an otherwise healthy immune system. Infected persons (carriers of the virus) are capable of transmitting the virus to others for life. The incubation period is known to be from one month to nine years. Persons at risk for contracting HIV are heterosexuals who have sexual contact with an infected person, gay or bisexual men and women, intravenous drug users, hemophiliacs, persons who receive infected blood through transfusion, and children born to infected mothers. Prevailing medical opinion holds that AIDS is not communicated through casual

contact but requires intimate sexual contact, direct exchange of body fluids, the sharing of intravenous injection needles, or the transfusion of the blood products of an infected individual. Furthermore, there is no evidence that AIDS may be contracted from normal contact in the community or in the work place.

The Center for Disease Control (CDC) reports that no family members associated with persons with AIDS (PWA) have become infected through household contact. (The sexual partners of infected individuals and infants born to infected mothers are family members at risk.) Based upon current epidemiological evidence, non-sexual contact among colleagues, clients and staff in a work setting poses no risk of transmission.

Nueva Esperanza, Inc. shall not discriminate in employment against any employee infected with AIDS. In the event, that an employee is diagnosed as having AIDS, Aids-related complex (ARC), or has a positive antibody test for the HIV I or II virus, s/he shall retain his/her right of access to programs and activities as specified below.

Research indicates that, except in cases of accident or injury, AIDS is not transmissible by casual contact. Thus, all individuals diagnosed as having AIDS or ARC will be permitted to carry out normal work functions.

However, each case is subject to review, in light of current medical knowledge, by the board of directors and the director of Nueva Esperanza and the private physician. Nueva Esperanza reserves the right to exclude a person with AIDS from its facilities and from employment when a medically based determination is made that the restriction is necessary either for the welfare of the person with AIDS and/or other members of the work place.

Responsibility of Nueva Esperanza

Persons with AIDS should always be treated with dignity and compassion. Similarly, Nueva Esperanza needs to be cognizant of the concern of persons who live, learn and work with persons who have AIDS. The Agency will sponsor and promote educational and informational programs on AIDS prevention and awareness for all board and staff members in accordance with City of Philadelphia Bill #369.

Nueva Esperanza, Inc. shall comply with all pertinent statutes and regulations which protect the privacy of persons in the work place who suffer from AIDS. The Agency shall ensure that procedural safeguards are sufficient to maintain the strictest confidence about AIDS victims are in effect in all offices of the Agency. Information identifying persons with AIDS shall be divulged, (in compliance the Family education Rights & Privacy Act of 1974) to other members of the administration only on a clearly "need to know" basis for the purpose of protecting members of the work place.

If the agency learns that an employee has AIDS, it shall provide information for the person on the nature of the disease and the necessity of refraining from behavior covered in the

next paragraph that could transmit it to others and where qualified medical opinion concerning the individuals particular case so dictates, insulating the AIDS carrier from close contact with other members of the workplace where the PWA's condition may be worsened as a result of exposure to the routinely infectious diseases of others.

The agency will provide person/s with competent knowledge who shall assess the individual's knowledge about the transmission of AIDS and his or her understanding of the need to attend to the disease through medical care, personal hygiene, educational counseling, and the avoidance of high risk behavior. Where needed, the Director will take steps to supplement the person's knowledge of these matters.

An individual suffering from AIDS must govern his or her behavior in light of the risks of transmission of AIDS recognized by competent medical authorities. A person who fails to so control his or her conduct and thereby creates an unreasonable risk of communication of AIDS to other persons may be prohibited from utilizing the agency's facilities, and/or be isolated or their employment may be terminated. The decision to restrict the activities of a person infected with AIDS or to dismiss an employee shall be made by the Director on a case-by-case basis taking into account sound medical judgments as well as the need to ensure the health and welfare of the general staff and the individual infected with AIDS.

The Individual:

Nueva Esperanza, Inc. does not condone promiscuity or the illicit use of intravenous or other controlled drugs.

A copy of safe sex guidelines can be obtained from the Center for Disease Control (CDC).

A person who learns that he or she has contracted AIDS, ARC or positive HIV I or HIV II antibody has the personal responsibility to notify the director of the agency. The director shall in turn notify the proper authorities if warranted.

An individual who has AIDS or suspects the presence of an AIDS infection bears the personal responsibility of obtaining an examination by a competent health professional and, if necessary, adequate medical and psychological care. The agency will arrange for a qualified AIDS screening for any employee who requests such assistance.

Any member of the staff who knows that he or she has AIDS has a personal responsibility to notify those persons who, on the basis of prevailing medical opinion are in foreseeable danger of contracting the AIDS infection.

The Employees:

Employees have a responsibility to learn the facts about AIDS to combat panic and fear. Furthermore employees are expected to take responsibility for protecting the rights of

persons with AIDS in the workplace.

Agency Members Shall:

1. Not participate in transmitting rumors;
2. Not interfere with a Person with AIDS' (PWA) right to his/her employment or there involvements on the basis of the individual's status a PWA, or for any other reason;
3. Report factual information to the Director should a PWA pose a clear and present danger to the other staff members. (e.g. unprotected sex).
4. Not harass a PWA, or injure individuals in any way based on that individual's status as a PWA.

This policy will be reviewed from time to time as changes in medical knowledge and/or legal requirements occur.

HEALTH AND SAFETY, ACCIDENTS AND INJURIES

Nueva Esperanza carries Workers' compensation and various other liability insurance to cover claims arising from injury to staff members and other individuals. It is very important that any accident or injury which may occur to staff members or to other persons, while they are on the agency's premises be reported to both the supervisor and to the Director immediately.

The personal health and safety of each employee in the Nueva Esperanza workplace is a responsibility shared by the Agency and each employee. The employee has the responsibility to perform his or her job in a safe and responsible manner, always using good judgement to be aware of the health and safety of self and others. NE strives to provide mechanical and physical facilities which meet safety standards and practices.

To ensure the advancement of a healthy and safe work environment requires the commitment of both the individual employee and the agency. All must recognize proper attitudes toward injury and illness prevention and a spirit of cooperation. Only through such efforts can our excellent safety and health record be established and preserved. The objective of all our combined efforts is to reduce injuries and illnesses to a minimum with the ultimate goal being the eradication of accidents and injuries.

Safety depends upon the continued vigilance of all to identify problems and seek to correct them. Therefore, all employees are asked to report suspected problems or ways to improve situations to the Director. This is the responsibility of all.

Employees are expected to recognize normal safety procedures and to take care that any unsafe conditions are immediately reported to the Director or appropriate personnel. Horseplay and practical joking can result in serious injuries or death, and will be subject to severe disciplinary measures. Normal housekeeping procedures which contribute to the

greater safety of all individuals are expected to be appropriate to the task being performed in order that all safety measures may be duly recognized. Individuals offering suggestions on improving safety in the work place may contact the Executive Director or appropriate personnel.

Firearms or other dangerous weapons are not permitted in the workplace without prior approval of the Director. On-duty, full-time law enforcement officers, while in performance of their duties or attending meetings or classes while on duty, are excluded from this requirement.

DRESS CODE

Nueva Esperanza expects all employees to dress in a manner appropriate to a professional workplace. Staff are expected to report to work in a clean and appropriate manner. Dirty or deshelled clothing, tank tops, cut off and "short" shorts are deemed inappropriate attire. It is expected staff will have their hair, bodies and clothing in a presentable manner whenever in the General Public.

CONFLICT OF INTEREST

In order to avoid potential conflicts of interest, staff members shall not receive compensation for services rendered to or income from investment made in an enterprise in which Nueva Esperanza or a cooperating, affiliating or subsidiary corporation is invested, where the staff member knows or should have knowledge of such investment, except upon the expressed approval of Nueva Esperanza. Nor should employees use the knowledge or contacts they have acquired through their employment. Nor should they use that knowledge or contact for personal, family or familiar gain without the written consent of the Executive Director.

Honoraria

Because staff are expected to speak, provide expertise and leadership while employed by Nueva Esperanza, honoraria received while in performance of Nueva Esperanza assignments will be turned over to the treasurer of NE. Nueva Esperanza staff may retain honoraria earned on four Sundays of the year, providing these Sundays are not direct assignments from Nueva Esperanza exceptions.

Royalties

In order to prevent conflict of interest, royalties for books, articles, films and other media presentations produced for Nueva Esperanza on Nueva Esperanza's time and using the resources of Nueva Esperanza belong to Nueva Esperanza. Royalties for books, articles, films and other media presentation done on the staff person's time and using resources other than Nueva Esperanza's resources belong to the staff person. Exceptions to this policy must be negotiated with the Executive Director.

Political

Staff are encouraged to participate as citizen in the electoral process. Yet in order to protect Nueva Esperanza's non-partisan prophetic community based reputation, NE does expect that its staff refrain from running for electoral office and or refrain from serving on behalf of partisan political appointments. Any exception to this policy must be approved first by the Executive Director then by the Board of Directors.

Competitors

In order to preserve the integrity of our community development corporation full or part-time staff cannot serve as staff or boardmembers to other community development corporations in the city or state. Staff and/or boardmembers have a fiduciary and legal responsibility to divulge any and or all information that can have an effect on said CDC. As a result there will be a constant conflict between serving on a board or staff of a CDC while doing the same for another. The exception to this is if the person is to be considered a consultant and not an employee of the organization. Any exception to this policy must be first approved by the Executive Director and then the Board of Directors.

Secondary Employment

Because full-time executive staff of Nueva Esperanza are recruited, employed and commissioned (when desired) to fulfill specific program assignments and administrative assignments, they may not be engaged in secondary part-time employment, or engage in other part-time management positions, etc., without the approval of the Executive Director and Board of Nueva Esperanza.

SECTION II - MANAGEMENT AND EMPLOYMENT**MANAGEMENT RIGHTS**

All the rights and responsibilities of Nueva Esperanza which have not been specifically provided for in the Handbook are retained in the sole discretion of NE and, subject only to specific limitations in this agreement, shall include but not be limited to the following:

1. The right to direct employees, to determine qualifications, promotion and appointment renewal, hiring criteria, standards for work and curriculum; to grant sabbatical and other leaves, and to hire, promote, transfer, assign retain employees in positions, and award reappointments.
2. The right to relieve an employee from duty because of lack of work or other legitimate reasons.
3. The right to determine the means, methods budgetary and financial procedures, and personnel by which NE's operations are to be conducted.

4. The right to take such actions as may be necessary to carry out the mission of NE in case of emergencies.
5. The right to make rules, regulations, and policies not inconsistent with the provisions of this Handbook and to require compliance therewith.
6. Shall not arbitrarily suspend, demote, discharge or take other disciplinary actions against an employee.

EMPLOYMENT

Affirmative Action Goals

Affirmative Action Goals will be carefully considered. Nueva Esperanza's Affirmative Action Officer is to be notified of any pending search for new staff and is to review the position description noting in particular education and experience requirements.

Equal Employment Opportunity Guidelines

Equal Employment Opportunity Guidelines will be followed in the hiring of all staff.

Process To Secure Nueva Esperanza Staff

A Search Process which includes the appointment of a Search Committee by the Executive Director of Nueva Esperanza is the normative way Nueva Esperanza secures executive staff. The process applies to all vacancies and open positions. Any changes in the process guidelines must be approved by the Executive Director. Even though there is a search process, the hiring of Nueva Esperanza executive staff is the prerogative of the Executive Director.

The search process normally does not apply when there is a promotion or an upgrading of a position. The process does not apply in the selection of an executive director. (There is a separate process to secure an executive director.)

Criteria For Employment of Executive Staff

The employee must be a person with training, skill and experience required for a particular specialized task or program or have the potential for filling the position.

The employee must be committed to the purpose, goals and priorities of Nueva Esperanza.

The employee must be compatible in working style with the current administrative, management and organization mode of operation.

Executive Employment Agreement

An employment contract is the basis for employment in Nueva Esperanza. Each executive staff person will participate in a formal working agreement with Nueva Esperanza and will sign an Executive Employment Agreement.

The term of this agreement will be one year. Occasionally an agreement will be for a shorter term or for part-time employment. In this case, the agreement will reflect the stated length of time of the position.

The Employment Agreement is designed to set a frame of reference for a staff person's work and to spell out the mutual responsibilities of the employer and employee. For the employee it is the framework by which all compensation and benefits are provided by the organization and the process by which policies and practices can be changed by the organization. It allows both the staff person and Nueva Esperanza a stated time for reviewing the relationship. It is a point where either party may decide or mutually agree to either extend or end the relationship. The Employment Agreement (contract) is signed by the Executive Director of Nueva Esperanza and the staff person.

Renewal of the Executive Employment Agreement (contract)

1. Normative

- i. The renewal of the Agreement will not be assumed to be automatic by either party.
- ii. An appraisal (see Section III, Job Performance, Supervision and Evaluation) will be conducted and will include an in-depth review of the employee's work during the contract period.

The review will give the employee and the organization an opportunity to assess the relationship and determine if a renewal is indicated.

- iii. Should all parties directly involved in the review agree that a new contract will best serve the purposes of Nueva Esperanza and the staff person, a new contract will be offered.

2. Prior to Retirement

- i. Age sixty-five (65) shall be the normal retirement age for employees of Nueva Esperanza and its Board. However, no employee shall be required to retire prior to age seventy (70) for reasons of age, except where age is a bonafide occupational qualification reasonably
- ii. The normal procedures will be followed in the renewing of this agreements.

Non-renewal of Employment Agreements

1. Mutual or Independent Decision

There may be mutual agreement not to renew the employment agreement or the staff person or Nueva Esperanza may decide not to renew the employment agreement. Thirty days notice must be given by the staff person and/or Nueva Esperanza that the employment relationship will terminate at the conclusion of the current employment agreement unless the termination is due to fiscal crisis or program termination.

2. Early Retirement

A staff person may wish to take "early retirement" between the ages of sixty-two (62) and sixty-five (65). Sixty days notice must be given by the staff person that he/she will not renew the employment agreement.

Canceling Employment Agreements

1. Resignation

A staff person may submit in writing a letter of resignation to the Executive Director or designee prior to the end of the contract. The Executive Employment Agreement may be terminated by a staff person upon thirty (30) days notice. Resignation is effective on "date-certain" (the date on which the thirty (30) day notice ends) unless another date is determined by the Executive Director or designee.

2. Mutual Agreement

Nueva Esperanza and the staff person may mutually agree on termination. The reasons may include but not be limited to: personal illness, family situation or other extenuating circumstances. Date of termination may be mutually agreed upon or determined by the Executive Director or designee.

3. Suspension With/Without Pay and Probation

An employee may be suspended pending verification and evaluation of the circumstances involved. The order for suspension will come from the Executive Director of Nueva Esperanza. Depending on circumstances, suspension may be with pay. An employee may be placed on probation for 30 days but no more than 60 days for cause, see Section IV - Termination for Cause, paragraph 2.

4. Termination for cause

A staff person may be terminated for cause prior to the end of the contract. A written

notice giving specific reasons for termination will come from the Executive Director or President. Written documentation is required prior to dismissal unless immediate dismissal is considered to be necessary for the safety of persons or property.

The reasons for termination for cause will include but not be limited to: unsatisfactory performance, illegal, dishonest or unethical conduct and repeated failure or refusal to observe Nueva Esperanza policies.

5. Death

SECTION III - JOB PERFORMANCE, SUPERVISION, AND EVALUATION

POLICY:

Consistent, objective evaluation of employee performance is essential to employee's professional growth and integral to our accountability to the community and to funding sources. All employees will be reviewed annually each June. All new employees will be evaluated at the end of their three month period of probation. In addition, any employee placed on probation for unsatisfactory performance will be reviewed at the end of that probationary period.

All evaluations will be in writing with copies being given to the employees. All evaluations will be signed by the employee to indicate his/her concurrence or will have an addendum added by the employee to indicate areas of disagreement.

Evaluations are to be carried out in a manner which supports the professional growth of the employee being reviewed and which allows for that person's active participation in the evaluation.

Procedure:

1. Job Performance

- i. Employees are expected to perform the duties outlined in their job description in a timely, professional manner.
- ii. Employees are responsible for reviewing NE policies and procedures manual and for bringing any questions to their supervisor.

2. Supervisor

The three primary functions of supervisor are:

- i. Administration - the structuring and implementation of organizational objective,

including the monitoring and evaluating of job performance.

- ii. Education - individualized, task- related teaching.
- iii. Supportive - helping the worker deal with job related stress, and developing attitudes and feelings to maximize performance.

The role of a supervisor is not to be personal counselor. Should an employee need assistance, he or she may be referred to an appropriate system.

- i. Areas of concern regarding an employee's job performance should be put in writing by the supervisor and shared promptly with the employee concerned. Such memorandum should a) state specific area(s) of concern, b) be specific regarding expectation of changes sought in performance, and c) states a time frame within which the employee's performance will be reviewed.
- ii. Records of supervisory conference will be kept in personnel files and are confidential.

3. Evaluation Following Probationary Period

All new employees will be reviewed at the end of their first three months of employment. Responsibilities listed in their job description and personnel policies will be the basis of that review.

Employees being placed on probation for unsatisfactory performance will receive a letter at the onset of the probation specifying:

- i. area of concern
- ii. expectations for the type of change in performance
- iii. a time frame within which the employee's performance will be reviewed. That letter of probation will serve as the basis for evaluation the employee's performance.

For further information about employee-initiated probation see Probation and Termination of Employment.

The items included in Section III, Job Performance, Supervision and Evaluation of these personnel policies are to be followed for all probationary reviews.

The evaluation is written by the Executive Director or appropriate staff or a board member following the evaluation conference. Both supervisor and employee sign the evaluation.

The employee receives a copy and a copy is placed in the employee's permanent personnel file.

4. Annual Evaluations

All employees receive an Annual Evaluation in June in accordance with "Guidelines for Employee Evaluations" (see page 19). In preparation for the evaluation conference the supervisor outlines in detail the main points which she/he intends to discuss with the employee in the conference and reviews these with the Program Director for his/her input. This review with the Program Director will take place prior to the meeting with the employee.

The evaluation is written by the supervisor within one week following the evaluation conference. It is given to the Program Director for review and following that given to the employee for his/her review. Both supervisor and employee sign the evaluation. The employee receives a copy and a copy is placed in the employee's permanent personnel file.

The purpose of the evaluation is to provide the supervisor and the employee an opportunity to step back from the pressures of day-to-day operations and to assess the employee's performance relative to the expectations of the job. The evaluation is carried out on the assumption that the employee is committed to his/her own professional/vocational growth and that the agency, through the supervisor, has a responsibility to help the employee develop his/her potential.

Given that the purposes of the evaluation are to insure quality services to clients and to assess, encourage and support an employee's professional development, the following guidelines are to be applied to the completing of an evaluation.

- i. It is carried out at a time specifically set for that purpose, and the evaluation is the only agenda of that meeting.
- ii. An adequate amount of time is scheduled to ensure that the evaluation is not rushed.
- iii. The format of the evaluation (points to be reviewed) is made available to the employee a week prior to the evaluation conference.
- iv. The employee and supervisor are both expected to be active participants in the process. Therefore, each comes to the conference with their thoughts organized and ready to share relative to each of the points on the evaluation format.
- v. There is affirmation of what the employee does well, as well as identification of areas for further growth and continuing education. Identification of areas of further growth should be specific and objective. A definite part of any discussion of areas

for further growth is not only the expectation of the employee, but also an agreement as to the role of the supervisor and agency in helping the employee meet the expectation.

- vi. The annual evaluation is constructive only if it occurs within the context of an ongoing supervisory process. Employee and supervisor should review their working relationship and be candid in examining ways in which it could be even more effective. If significant difficulties exist within the working relationship which cannot be resolved through discussion, the assistance of another administrative staff person should be sought (see Employee and Volunteer Grievance Procedure).
- vii. In general, an employee should anticipate that an evaluation will include review of the concrete aspects of the job such as management of time use/abuse of sick leave etc.; quality of work performance; relationships with clients, collateral, co-workers, and supervisor. Each evaluation should include specific areas of growth to be worked toward over the next several months.
- viii. The final draft of the evaluation is written after evaluation conference in which supervisor and employee share their views.

GUIDELINES FOR EMPLOYEE EVALUATIONS

- 1. Each employee will have a written narrative evaluation performed by her/his supervisor based on the employee's performance during the past year based on the written job description.
- 2. All employee evaluations are due annually in the month of June.
- 3. The narrative will include, but not be limited to, comments on the following areas:
 - i. Knowledge of Work - consider how well equipped with the knowledge essential to the performance of the work and how well that knowledge is applied to the job.
 - ii. Quality/Quantity of Work - consider accuracy, volume, thoroughness, and the effectiveness of the decision process.
 - iii. Problem Solving - consider thoroughness in analyzing, planning and decision making and the ability to think through problem situations, particularly unanticipated ones.
 - iv. Communications - consider ability to write and speak clearly and effectively and whether employee consistently communicates all important information up, down and across the organization.

- v. **Interpersonal Skills/Team Work** - consider ability to maintain effective working relationships inside (subordinates, peers and supervisors) and outside the agency.
 - vi. **Flexibility** - consider the receptivity to change and the ability to develop or utilize new approaches for increasing the effectiveness of operations and performance.
 - vii. **Initiative/Independence** - consider the extent to which individual is a self-starter and can work independently, consulting with supervisor when appropriate.
 - viii **Managerial/Supervisory Skills** - (complete as appropriate) consider ability to accomplish work effectively through the selection, motivation, development and general supervision of others.
4. The narrative evaluation should contain a description of goals and objectives for the coming year.
 5. The conclusion of each employee evaluation should contain the following statement:

"Overall, this employee has performed at the following level during the period covered by this evaluation:"

- _____ **OUTSTANDING** - performance measured over the evaluation period substantially exceeds goals and standards established for all responsibilities. General performance is so exceptional that any knowledgeable observer would recognize the overall high quality of the results.
- _____ **VERY GOOD** - performance measured over the evaluation period exceeds many goals and established standards and is highly acceptable in all other responsibilities.
- _____ **FULLY SATISFACTORY** - performance measured over the evaluation period consistently meets the responsibilities, goals and associated standards established for the position. This is solid dependable performance, characteristic of a fully qualified experience employee.
- _____ **NEEDS IMPROVEMENT** - performance measured over the evaluation period usually meets minimum requirements, indicating less than satisfactory performance for the responsibilities and associated goals. Further effort, training and/or development is needed before a higher level can be achieved.
- _____ **UNSATISFACTORY** - performance fails to meet the minimum acceptable level. Specific action/development is necessary to bring the employee to a higher performance level.

6. All supervisors (or other evaluators) should fully consult with their own supervisor (usually Executive Director) prior to the evaluation conference with the employee.
7. No mention of salary increments or recommendation should be made (either written or verbally) within the evaluation process.
8. All evaluations should be signed by the evaluator and the employee being evaluated, with opportunity and space given to the employee to agree/disagree with the evaluation.
9. Each year the staff salary are to be reviewed by the executive director who will make salary recommendations to the Personnel Committee, Executive Committee or the board of directors for new contractual year . The recommended salaries should include any merit increases determined by Executive Director.

Executive Director compensation to be reviewed by Board President and personnel or Executive Committee prior to presentation to the board of directors.

SECTION IV - EMPLOYEE BENEFITS

Employment Classifications

Regular Full-Time - an employee regularly scheduled to work at least thirty-five (35) or more per week.

Regular full-time hourly and salary paid employees may participate fully in Nueva Esperanza's benefit programs.

Regular Part-time - an employee regularly scheduled to work at least twenty (20) hours but less than thirty-five (35) hours per week.

Regular part-time employees are eligible for limited benefits. Part-time employees who are scheduled to work less than twenty (20) hours per week are eligible to participate in Nueva Esperanza's benefit programs.

EMPLOYEE PRIVILEGES AND RESPONSIBILITIES

Holidays

Holidays to be observed by Nueva Esperanza staff are as follows:

New Year's Day	Independence Day
Martin Luther King Day	Labor Day
Birthday	Thanksgiving Day

Good Friday
Memorial Day

Christmas Day

Full-time staff will be paid for such designated holidays.

If an approved holiday occurs within the employee's vacation period, the employee is entitled to another day. And if an employee's birthday falls on Saturday or Sunday, they will be compensated with another day.

Employees who are on work related travel and must work on a designated holiday may take another day as the holiday.

If staff person is on an unpaid leave of absence on a designated holiday, no pay is received for that day.

Vacation Leave

All full-time employees will receive ten (10) working days per calendar year for vacation. Vacation cannot be carried over from year to year. Vacation must be requested at least two weeks in advance and must be approved by the Executive Director.

Personal Days

Staff receives three (3) personal days per year as a provision to deal with family illness, children medical visits, staff's regular doctor or dental visits as well as items of a personal nature. These days are provided to assist staff in not dipping into vacation time and should not be taken unless needed. Personal days should be requested 48 hours in writing prior to use. Also Personal Days must be taken during the calendar year and may not be carried over to the following year.

Sick Leave

Long Term Illness

Salary payments during sick leave for the first ninety (90) calendar days of illness will be administered by the Executive Director or his/her delegated representative on an individual basis. When the period of illness exceeds ninety (90) calendar days, the sick leave will be administered within state disability benefits.

Maternity/Paternity Leave

Maternal/Paternal leave will be two (2) weeks with pay.

Additional leave of up to six (6) weeks or longer will be granted without pay with prior approval from the Executive Director.

One day of sick leave is accumulated for every month worked.

Medical Leave

Should an employee become medically disabled and needing to discontinue work, a medical leave of absence may be granted.

An employee must present to the supervisor a medical statement from a physician that the employee is unable to perform his/her duties. The statement should also contain an expected date of return.

Upon receipt of the physician's statement, any accrued sick leave, up to the 48 day maximum, can be paid to the employee.

Before the medical leave begins or soon thereafter, the employee must submit a letter requesting leave.

All other procedures outlined in Section VII of this policy on Leaves of Absence apply.

Military Leave

During the period when it is necessary for an employee to be on short term military leave (usually two or three weeks), he/she will be compensated by the Agency on the basis of his/her regularly scheduled work less the amount received in compensation for the military service.

Death in Family

Up to three days absence with pay may be granted when there is a death in an employee's immediate family. Immediate family for this purpose includes spouse, children, parent, grandparent, mother-in-law, father-in-law, brother or sister.

Jury Duty

Staff are encouraged to serve as jurors when summoned to do so. Staff will receive their normal compensation from Nueva Esperanza and are expected to turn over to Nueva Esperanza pay received for jury duty. The amount repaid is not to include reimbursement for expense incurred while serving e.g. mileage, food, lodging, etc.

Other

Other leaves are considered on an individual basis and can be granted only by the Executive Director.

Compensatory Time

Staff who travel more than twenty percent (20%) of the time, not only work during the week, but often work away from home at conference, etc. on weekends.

In order to maintain and encourage good mental and physical health, Nueva Esperanza makes it possible for such staff to take compensatory time with the following guidelines.

1. One day of compensatory time may be taken for two consecutive weekends or parts of weekends away from home.
2. The compensatory time must be taken within a two-week period following the extended time away or it is forfeited.
3. The day must be negotiated with the Executive Director.
4. In unusual situations not covered by above guidelines, the staff person may negotiate a day of compensatory time with Executive Director.

Social Security for Staff

As required by federal statute Nueva Esperanza pays one-half of the FICA tax at the rates established by Congress for the Social Security benefits of all non-ordained employees.

Ongoing benefits for full time Nueva Esperanza Executive Staff

Workers' Compensation

Nueva Esperanza complies with the law and provides benefits to all employees in the event of an occupational accident. Benefits include medical, disability and death payments and vary according to the statutes of Pennsylvania.

Medical/Dental Insurance

Medical and Dental Insurance is provided to full-time staff of Nueva Esperanza.

If the staff person states she/he is the "primary wage earner" the spouse and eligible children are covered by Nueva Esperanza without cost. If the staff person is not the "primary wage earner" only the employee and eligible children will be covered by Nueva Esperanza

without cost. If the "primary wage earner" is not employed by Nueva Esperanza and has health insurance which covers dependent children, the Nueva Esperanza employee may have coverage for the eligible children by paying for it her/himself. If the spouse is the "primary wage earner" and has no health insurance, he/she can be covered by the Nueva Esperanza medical plan with the premiums paid by the employee. The Board of Nueva Esperanza wishes to provide full medical and dental insurance to all full-time employees. Due to skyrocketing insurance costs it is unclear if the agency will be able to continue this benefit to all employees in the coming years.

Housing Allowance

Eligibility and Procedure

Because Nueva Esperanza was founded by a religious organization an ordained staff member employed by Nueva Esperanza may estimate the cost to rent or maintain her/his principal place of residence. This figure is subtracted from the gross figure paid to the staff person by Nueva Esperanza to arrive at the income which is taxable under federal tax laws and regulations.

The Internal Revenue Service requires a staff person to be able to document the excluded amount. If the actual expense is less than the estimated, the difference is taxed.

The staff person is responsible for requesting the necessary forms and information.

Staff Development

Nueva Esperanza has limited funds to be used for job-related educational experiences. NE will attempt to provide staff development dollars to its staff on a yearly basis.

Educational Assistance Program

Nueva Esperanza will, within budgetary constraints and the conditions outlined below, provide tuition reimbursement to employees taking any courses which are job related.

This policy applies to all Nueva Esperanza employees who have been employed by the agency for at least 6 months and who, at the time of applying for tuition reimbursement, are working a regular schedule of 30 hours or more hours per week. Four hours per week of the scheduled working time will be donated to the employee. There is no guarantees that all tuition requests will be approved.

For the sake of this policy "job related" is understood to refer to courses which will enhance the employee's skills in his/her present job or in an area which is a logical next vocational step building on their present expertise.

1. Eligible employees may apply for up to \$300.00 per year.
2. Reimbursement will be made at the time of completion of the course. To be eligible the employee must still be working the specific 30 hours or more per week.
3. A grade of "C" or higher or equivalent certification what have been attained.
4. Proof of grade(s) or evidence of successful completion of course in situations in which grades are not given and receipts for all tuition costs for which reimbursement is requested must be submitted.

Procedure

1. Prior to registration an employee seeking tuition assistance must complete the Tuition Reimbursement Request Form (available in the office) and Statement of Agreement.
2. The employee will forward the Request Form to the Executive Director who will approve (or disapprove) it in relation to the job relatedness of the course(s).
3. Upon completion of the course the employee must submit to the Administrative Assistant with proof of grade(s) or equivalent verification of successful course completion and receipts for all tuition costs for which reimbursement is requested.

NUEVA ESPERANZA, INC.
TUITION REIMBURSEMENT REQUEST FORM

Name _____ Date _____

Job Title _____ Position _____

Date of Employment _____ Full-time ____ Part-time ____

Name of Course(s) _____ School _____

Cost of Course(s) _____

Are these course(s) in conjunction with a degree? Yes _____ No _____

If yes, what major? _____

Course(s) begins _____ ends _____

How does this course(s) relates to your professional growth and development?

Employee's Signature

Date

Executive Director's Signature

Date

Board President's Signature

Date

Reimbursement Paid: _____ Date _____

Reimbursement Denied: Date _____

Signature _____

Reason: _____

TUITION REIMBURSEMENT

STATEMENT OF AGREEMENT

I understand that Nueva Esperanza, Inc. will reimburse me for up to \$300.00 per calendar year, providing the following conditions are met:

1. Reimbursement must be approved by the Executive Director and President Board.
2. I will have been employed for a minimum on six months at Nueva Esperanza, Inc. and am working at least 30 hours per week at the time I apply for tuition assistance.
3. I must still be employed, working at least 30 hours per week at Nueva Esperanza, Inc. upon completion of the course(s).
4. I must attain a grade of "C" or higher in the course(s) where applicable, or equivalent verification of successful course completion in courses in which grades are not given.
5. I must present proof of grade(s) or equivalent and receipts of all tuition costs for which I am requesting reimbursement.

Signature

Date

Please fill in the attached Tuition Reimbursement Form in duplicate.

Professional Development Leave (PDL) Sabbatical

The purpose of the Professional Development Leave is to give executive staff opportunity for study which will contribute to the work of Nueva Esperanza and to their own professional development. In addition to salary and benefits, up to \$1,000. will be awarded for costs related to the leave. The funds needed must be requested and documented.

The following guidelines are applicable:

1. The employee must have completed six years of service with Nueva Esperanza.
2. At least five years must have elapsed since any previous PDL.
3. The ongoing work of the particular position, the work of the unit and the total functions of the organization will be primary factors in considering the granting of the PDL.
4. A detailed written plan of study with clearly identified goals and expected end-results and anticipated costs must be approved by the Executive Director one year prior to leave and then presented to Board for approval.
5. The length of the PDL will be three (3) months. It may be taken in conjunction with earned vacation within a particular year.
6. Persons receiving PDL shall be expected to continue in the employ of Nueva Esperanza for at least one year following the leave. If the staff person leaves Nueva Esperanza prior to one year following the leave, the education funds expended will be prorated for repayment by the staff person to Nueva Esperanza based on the percentage of the year the person stayed in the employ of Nueva Esperanza.
7. Within one month after completion of the leave, the staff member will prepare a report on learnings to be submitted to the Executive Director and Board of Directors in relation to agreed upon goals.
8. Exceptions to the above must be approved by the Executive Director and Board.

Absences and Lateness

Employees will be considered late for work if they arrive after the time set by one's supervisor. Late arrival may be excused by the supervisor when appropriate or documented in the employee's personnel file. Grievances will be handled according to the grievance procedures. Compensatory time arrangements, when used as justification for late arrival, must be agreed upon with the supervisor within the guidelines established (see Comp Time). Compensatory time is not to be used by any office to bypass the normal workday schedule or the accepted procedures for amending that schedule as outlined above.

Reasons for absences must be reported to one's supervisor in advance if possible, or at the time they occur. In emergencies, information should be called into the supervisor who, in the case of hourly employees, will record the necessary information and report it on the time card submitted. Vacations, holidays, emergency leave, sick leave, leave of absence etc., are dealt with in other paragraphs.

All employees and their supervisors must keep an accurate record of their absences of whatever reason.

BENEFITS AT CANCELLATION OF EMPLOYMENT AGREEMENT

Termination for Cause

If the employee is terminated for cause, the only benefit the employee will receive is reimbursement for unused earned vacation days. That amount will be added to the employee's final pay check. Any variance in the benefit provided for persons terminated for cause is by order of the Executive Director.

Resignation and Termination by Mutual Agreement

1. Vacation Days
2. Remain on medical up to 6 months at discretion of Executive Director and President.

Reduction in Force

Reduction in Force resulting from job elimination due to reorganization or financial consideration determined by management. Any employee so affected will be given a month's notice. Termination of the grant under which an employee was hired cancels Nueva Esperanza's obligation to retain the employee. Employee is due vacation days and may remain on medical up to four months at discretion of Executive Director and President.

Unsatisfactory Performance

Failure of an employee to meet performance standards including poor interpersonal relationships; disloyalty; failure to complete tasks in a timely, competent way; or failure to maintain an adequate attendance record. The employee must be given written notice that continued employment is in jeopardy and be told what must be done to improve the situation. With this notice, the person will be placed on a 30 to 60 day probationary status. If performance is not satisfactory at the end of this period, termination notice will be given.

Misconduct

Misconduct involving gross employee misbehavior on job, refusal to do work reasonably expected, wrongful use or taking of Nueva Esperanza's property, or conviction of a felony

will not be tolerated. Termination for misconduct requires no notice.

Retirement

Retirement at whatever age an employee begins to draw income benefits from a retirement plan. Although normal retirement age is 65, staff can retire between the ages of 62 and 70. At retirement staff receive an additional months pay. Medical for six months and accrued vacation.

Layoff retrenchment and Severance Pay

Lay-off is separation from the Agency when a position is abolished because of reorganization of program or retrenchment due to lack of funds or decreased need for services.

The Program needs of the agency, the qualification for the position and the evaluated capacity of staff members to fulfill these needs takes precedence over staff seniority. Other things being equal, seniority shall prevail.

The staff member laid off shall be considered for other available positions within the Agency if qualifications of such positions are met or exceeded. If difference in opinion exists between the staff member laid off and the staff member responsible for filling an open position, the Executive Director will make the final decision needed to resolve this.

Staff members laid off shall have a right to special consideration regarding reemployment within the year following the lay-off. In such instances, the staff member's experience, qualifications and performance history shall be taken into account.

If the layoff is due to a planned retrenchment of reorganization, the staff member shall be entitled to reasonable written notice.

Severance Pay is granted in consideration of length of employment and represents a form of insurance. The amount shall be one week' pay for each year of service. This shall be in addition to the period of notice of layoff and accrued vacation.

Scope: This policy applies to all permanent employees of agency. Excluded from this policy are those situations in which employment was designated as being for a specified time period from the outset and when the time limitation is specified in the original letter of employment.

SECTION V - RECORDS MAINTENANCE

Program and Administrative Records

1. All records associated with work related to Nueva Esperanza programs, projects and administration are the property of Nueva Esperanza.
2. Work-related records are to be identified and stored in accordance with practices spelled out under Records Management Procedures. (See Filing System)
3. Working files are the property of Nueva Esperanza and may be reviewed by all appropriate Nueva Esperanza staff upon request provided such files are not judged to be confidential in nature. (A confidential file is one which may discredit a person or endanger an organization.)
4. When a staff person terminates employment, all files related to Nueva Esperanza program, projects and administration are to be relinquished to the Executive Director.

Personnel Records

1. All personnel files are confidential.
2. A staff person may review her/his personnel file upon request to the Executive Director. The file is to be reviewed in the Administrative Assistant's office.
3. Materials in personnel files obtained through agreement that they will not be available to the staff person who is the subject of the file may not be reviewed by the staff person.
4. Additions may be made to the personnel file by the staff person but corrections and deletions requested by the staff person upon review of his/her file may be made only upon the approval of the Executive Director. It is the responsibility of the Executive Director to ensure the accuracy of such changes by consulting with those persons who have entered into the file the information in question.
5. Information in personnel files is not available to organizations other than Nueva Esperanza without the written approval of the Executive Director of Nueva Esperanza and the staff person.

Personal Data

A confidential file is maintained for every employee. To keep your personnel file up-to-date, you are required to promptly notify us of any changes in your name, address, telephone number, marital status, number of dependents, and a person to contact in case of an emergency.

Privacy

Nueva Esperanza will verify others only your dates of employment and position, by telephone. Upon receipt of written authorization from you, Nueva Esperanza will disclose your rate of pay, and other information as requested.

SECTION VI - GRIEVANCE

Grievance will be defined as a dispute between employee or staff person and the employer. This more directly may take the form of a dispute between employee or staff person and the supervisor, or a dispute between the employee or staff person and the employing organization.

Nueva Esperanza has a Grievance Procedure designed to ensure individual employees, supervisors and the organization of a fair hearing when there are legitimate grievances.

Processes and Procedures for Resolving Grievances

1. Who May Initiate a Grievance Procedure?

In most cases, the procedure will be initiated by an employee with a grievance toward a supervisor and/or the organization but the procedure may be initiated by a supervisor and/or the organization toward an employee.

2. Process (Informal)

Usually work-related problems can be resolved by honest and frank discussion between the staff member or employee and the Executive Director.

3. Process (Formal)

- i. The grievance procedure may be invoked by the aggrieved party. Evidence must be given that informal processes for resolving the dispute have been exhausted.
- ii. The formal grievance must be in writing and be submitted to the Executive Director and President of the Board.
- iii. The President and the Executive Director will call a meeting within ten (10) days of receiving the written complaint. Persons invited to the meeting will be the employee or staff person, the supervisor, a staff colleague from Nueva Esperanza if the aggrieved employee or staff person wishes to serve as an advocate and the Executive Director of Nueva Esperanza who will chair the Grievance Committee unless he/she is involved, in which case the President of the Board will chair the meeting.

- iv. If the issue is not resolved after the above meeting, the President will put in writing his/her understanding of the issue including opposing positions. A neutral mediator approved by both parties and the Executive Director of Nueva Esperanza will examine the statement.
- v. Ten days after the mediator has received the written statement, he/she will call a meeting of the persons involved and offer an opinion. Should it be necessary, the mediator may call a meeting of the parties to clarify and/or discuss the written statements. Such discussions should be within the ten-day period. The opinion is the final result of the formal meeting between the aggrieved parties, and the mediator.
- vi. The mediator will prepare the agreed upon opinion and submit it in writing to the Executive Director for final approval or disapproval within five days of having received it.

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**NUEVA ESPERANZA, INC.
DIRECTORS & STAFF MANUAL**

CHAPTER SIX

PROGRAM MANAGEMENT SYSTEM

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PROGRAM MANAGEMENT SYSTEM

SECTION I - INTRODUCTION

Nueva Esperanza, Inc. is a private, non-profit (501c3) corporation which provides services to help the Hispanic Community to economically and socially compete more effectively. These services are designed to further the goals set by the Community Development Block Grant program.

Therefore the following policy statements are provided to establish a basis of understanding for the systems used within our program.

The Program Management System describes how Nueva Esperanza (NE) manages its financial responsibilities. The Program Management System is in place in order to protect the integrity of the Staff and Board of Directors of NE and to insure compliance with the Community Development Block Grant Program (CDBG). The chapter will describe how NE handles its accounting, cash, payroll, filing, and procurement procedures. This chapter will clarify the tasks involved in the fiscal management of our program and specify who is responsible for particular tasks. The chapter also specifies our program management system is complying with the Federal Government's Community Development Block Grant program (CDBG). CDBG funds are administered directly by the Federal Government or through the State of Pennsylvania and/or the City of Philadelphia.

SECTION II - ACCOUNTING PROCEDURE AND CONTROLS

Cash Disbursements:

- 1) The Administrative Assistant and/or Executive Director opens the mail on a daily basis, isolating bills which need to be paid. The bills are presented to the Executive Director for approval and allocation of expenses to appropriate funding source.
- 2) Based upon invoice date the bills are then paid by the Administrative Assistant. All invoices are stapled with a paid stamp indicating the date and check number disbursed. Invoices which are paid are then filed by expense category and locked in a secure filing cabinet. Unpaid invoices are maintained by invoice date for proper cash management and cost control.
- 3) The checkbook and register are maintained by the Administrative Assistant, the check book is maintained in a corporate safe. The checks disbursed are recorded by the Administrative Assistant in the cash disbursement journal. Balancing of the checking is done by the Administrative Assistant. All voided checks are mutilated. The Treasurer reviews all allocations of expenses to funding source. The journal contains all information and controls based on standard accounting practices of double entry bookkeeping.

- 4) At month end the Administrative Assistant summarized all cash and expense entries and posts to the general ledger. Using this information the Administrative Assistant or Bookkeeper together with journals for cash receipts, payroll and general journal prepares a trial balance. Upon final auditing of figures and other corrections, a final trial balance is prepared.
- 5) From the final trial balance, a statement of assets, liabilities and fund balance is prepared as well as a statement of revenues, expenses and changes in fund balance.
- 6) From the above documents, and analysis of actual versus budget report is prepared.

Cash receipts:

- 1) Any checks which are received in the office are recorded in the general journal due to the small number of checks coming into the office.
- 2) Checks go to the Administrative Assistant for depository into the fund account. All deposits slips are maintained in chronological order for complete audit controls.
- 3) The Administrative Assistant incorporates this revenue in the general ledger and trial balance procedures.

Payroll:

- 1) An outside contractor (Episcopal Community Services) has been retained to facilitate the automated preparation of the payroll checks and accompanying tax reports and tax liabilities.
- 2) Monthly posting to the general ledger will be provided by summary totals in the automated payroll system.
- 3) Bank reconciliation for the payroll system will be done by the Administrative Assistant.
- 4) Payroll input and submission to the payroll service will be prepared by the Administrative Assistant on a monthly basis.
- 5) All tax liabilities will be paid in accordance with the taxing jurisdiction requirements.

General:

- 1) Due to small number of employees, (three full time 1/91), total segregation of duties is difficult, but efforts have been made to reduce the possibility of collusion.
- 2) There will be no petty cash account maintained.
- 3) There will be no inventory outside of nominal supplies to maintain business.
- 4) The above principles conform to OMB Circular A-110 as revised 6/83 and A-127 as revised 12/84. (See following OMB Circular A-110 and A-127).

SECTION III - INTERNAL CONTROLS SYSTEMS

Nueva Esperanza Inc. has a limited number of employees which means each employee must perform a number of functions. To insure a system of sound and adequate controls, some of the financial functions will be handled externally. Payroll processing will be done through a private automated system, Episcopal Community Services, as well as the reconciliation of tax forms. All financial transactions will be audited or reviewed annually by a certified public accounting firm in accordance with federal, state and local guidelines.

Due to the size and type of work performed by Nueva Esperanza, Inc., its supply needs are met by very few sources which eliminated the need for standard purchase orders. All receipts for supplies are maintained however, in the administrative files, as outlined in accounts of procedures and controls.

The procurement system for Nueva Esperanza, Inc. has been designed to provide adequate control over fund disbursement to outside service providers. (See procurement).

Nueva Esperanza, Inc. internal controls were established within the guidelines of OMB's Circular No. A-123 revised 8/83. (See following pages)

1. Person in charge day-to-day

Executive Director

The Executive Director directs the day-to-day activities of the corporation under the direction of the Board of Directors. The Executive Director oversees all activity to ensure that the goals and objectives of the corporation are achieved.

2. **Persons Assigned/Delegated Major Areas of Responsibility**

Administrative Assistant

The Administrative Assistant performs administrative duties as assigned by the Executive Director and or the Board of Directors. And is also responsible for coordinating the engineering and information services provided to client companies.

Program Manager

The Program Manager is responsible for the coordination of activities to meet the goals and objectives of specific contracts.

3. **Method of transmitting information about CDBG not applicable.**

4. **Systems of Authorization**

Nueva Esperanza's Board of Directors controls the disbursements of funds by having all checks countersigned. All checks must be signed by two of the following officers: President, Treasurer or Executive Director.

Disbursements are authorized by the Executive Director:

- i. if the disbursement is eligible according to the regulations of the funding source;
- ii. if the disbursement is not determined to be unnecessary or inappropriate;
- iii. if the required documentation (i.e. the invoice) is attached; and
- iv. if the disbursement amount does not exceed the amount remaining on the contract.

5. **Accounting**

The Administrative Assistant does general entries with the assistance of a part-time bookkeeper. The Administrative Assistant is responsible for recording all financial transactions to the Corporation's books. Nueva Esperanza also employs a certified public accounting firm that audits financial functions annually in accordance with federal, state and local guidelines.

Payroll processing is done through a private automated system, Episcopal Community Services Payroll. They are responsible for the reconciliation of the tax forms.

6. Segregation of Duties

Due to the limited number of employees, there is not perfect segregation of duties.

- i. All receipts are received by the Director.
- ii. Deposits are made by the Administrative Assistant, Treasurer or assigned employee.
- iii. Entries into the book of the corporation are done by the Administrative Assistant/Bookkeeper and retained by the corporation.

7. Documentation

Documentation is essential to any internal control system. The type of documentation required varies with the kind of transaction. Some of the documentation used by Nueva Esperanza are:

- i. invoices
- ii. contracts
- iii. checks
- iv. bank statements
- v. time sheets
- vi. payroll register

All of the above are essential in the system and are relied upon to support/justify any transaction recorded to the accounting records.

8. Protective Measures

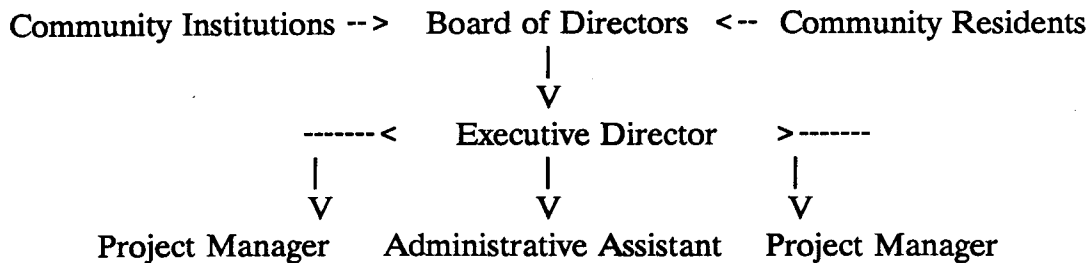
The protective measures used by Nueva Esperanza include:

- i. Access - checks and original vendor bills are secured in the corporate safe. The Executive Director, Administrative Assistant and the President are the only individuals with access.
- ii. Defacing - all voided checks are defaced and accounted for in the regular sequence of checks.

9. Internal Verification

Unless some aspect of a particular transaction appears questionable, Nueva Esperanza relies upon the system of authorization in place and the abilities and integrity of the persons involved in each transaction. In the event that anything unusual arises, the authorized signatory verified details of the transaction with appropriate management/staff.

SECTION IV - ORGANIZATIONAL CHART



SECTION V - FILING SYSTEMS

Nueva Esperanza maintains four sets of files: the client files; the project files; organizational and correspondence files; the administrative files; and the grantors files.

Client file:

Each client contacted by Nueva Esperanza has its own file which includes all documents and correspondence pertaining to that client.

Files are arranged alphabetically by name.

Project, Organization and Correspondence Files:

All documents, project correspondence and memos are filed according to project, organization or correspondence status in alphabetical order.

Administrative Files:

All documentation pertaining to the administration of Nueva esperanza, including forms used, is filed alphabetically in the Administrative File.

Grantors Files:

A separate file is maintained for each grantor or contractor; private, corporate, or federal state or city; who supports the programs of Nueva Esperanza.

All files will be maintained for at least three years in accordance with CDBG regulations.

Contract Files:

All sole source contracts exceeding \$2,000 will be contained in the contract files, accurate records stating justification for use of negotiation in lieu of advertisement, contractor selection justification and the basis for the cost negotiated. All contracts exceeding \$2,000 under CDBG Year XII include the provision that Nueva Esperanza, the Controller of the City of Philadelphia, or a duly authorized representative will have access to any of the contractors records pertinent to the Nueva Esperanza projects.

All Contracts contain a deadline provision, plus a performance clause giving the Executive Director the legal right to terminate contractors' service who are in violation.

All policies above are within guidelines established by OMB-Attachment O Circular No. A-112 (See following).

SECTION VI - PROCUREMENT POLICIES

Nueva Esperanza code of conduct governing the performance of its officers, employees or agents is contained in both its Personnel Policies and its Conflict of Interest Policies.

All procurement transactions are reviewed by the Executive Director to insure non-duplication and economical and practical procurement.

Under CDBG, Year XII, Nueva Esperanza's only procurement is for professional services, including engineering, accounting and legal, under costs reimbursable contracts.

All proposed contracts in excess of \$10,000 include a requirement of compliance with Executive Order 11246, "Equal Employment Opportunity", as amended by Executive Order 11375, as supplemented in Department of Labor Regulations 41 CFR, Part 60. In addition, proposed contracts exceeding \$10,000 will be advertised in major local newspapers with an RFP stating all requirements for evaluation.

When, due to lack of time, or the unique service available from a specific firm, Nueva Esperanza negotiates a sole source contract and such contract exceeds \$5,000 of CDBG Year XII funds, Nueva Esperanza will refer to the Philadelphia Office of Housing and Community Development (OHCD) for prior approval.

Section VII - PERSONAL PROPERTY CONTROL

All real, expendable and non-expendable property used for programs conducted by Nueva Esperanza is the property of Nueva Esperanza, Inc.

As such, property used in the conduct of CDBG Year XII business will be leased to the grant on a cost allocation basis within the guidelines established by the City of Philadelphia's Office of Housing. (See following)

SECTION VIII - CONFLICT OF INTEREST POLICIES

In order to insure the highest standards of conduct for all Nueva Esperanza officers and employees, all CDBG regulations governing conflict on interest are incorporated into Nueva Esperanza program management system. Those regulations are included in the following document.

CONFLICT OF INTEREST

I. Overview, Community Development Block Grant (CDBG) regulations: 24 CFR 570.611

1. Persons covered

Persons who exercise or have exercised any functions or responsibilities with respect to CDBG activities or persons who are in a position to participate in a decision making process or gain inside information with regard to such activities.

- i. "Person" - Employees, agents, consultants, officers or elected officials or appointed officials of the City, or of any designated public agencies or subrecipients who receive CDBG funds.

Business and family relationships of those persons described at A.1. above.

Applies during the covered person's employment and for one year thereafter.

- i. UDAG Program - Same as all above but applies during, or at any time after, a person's tenure.
- 2. Conduct prohibited: Covered persons may not obtain a personal or financial interest or benefit from the (CDBG) activity, or have an interest in any contract, subcontract or agreement with respect to it.
 - 3. The City must apply for and receive an exception from HUD before a person who falls within the provision described above can participate in a CDBG-assisted housing program.

II. APPLICABLE REGULATIONS

1. Procurement - Current CDBG regulations provide that in the procurement of supplies, equipment, construction and services by the City and by subrecipients, the conflict of interest provisions in Attachment O of OMB Circulars A-102 and A-110 shall apply. 24 CFR 570.611(a).

OMB Circular A-102, Attachment O provides, in pertinent part, as follows:

...No employee, officer or agent of the grantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when the employee, officer or agent, any member of his immediate family, his or her partner, or an organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award... The City's officer, employees or agents shall neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors or parties to subagreements. (emphasis added)

OMB Circular A-102, Attachment O also provides that the City shall maintain standards of conduct which govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by federal funds and that such standards shall provide for penalties, sanctions or other disciplinary actions for violations of such standards to the extent permitted by State or local law.

2. Acquisition/Disposition/Assistance - CDBG regulations provide that in situations which involve the acquisition and disposition of real property and the provision of assistance by the recipient, by its subrecipients, or to individuals, business and other private entities under eligible activities which authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties of facilities pursuant to 24 CFR 570.202, or grants, loans and other assistance to businesses, individuals and other private entities pursuant to 24 CFR 570.203, 507.204 or 507.455), the following conflict of interest rule shall govern:

Except for approved eligible administrative or personnel cost, the general rule is that no persons described (below) who exercises or have exercised any functions assisted under this Part or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit

from the activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, whether for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter. For the UDAG program, the above restrictions shall apply to all activities that are a part of the UDAG program, and shall cover any such interest or benefit during, or at any time after, such person's tenure. 24 CFR 570.611(b). (emphasis added)

The persons included within the scope of this provision include anyone who is an employee, agent, consultant, officer, or elected official or appointed official of the City, or of any designated public agencies, or subrecipients, which are receiving funds under 24 CFR Part 570.

3. Exceptions to the Regulations - The regulations further provide that HUD may grant an exception to this general provision on a case-by-case basis only after the City has provided (1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and (2) An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law. 24 CFR 570.611(D). HUD will consider granting an exception based on the cumulative effect of the following factors, where applicable.
 - i. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
 - ii. Whether an opportunity was provided for open competitive bidding or negotiation;
 - iii. Whether the person affected is a member of a group or class of low or moderate income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
 - iv. Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision-making process with respect to the specific assisted activity in question;
 - v. Whether the interest or benefit was present before the affected person was in a position as described in paragraph (B) of this section;

- vi. Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and
- vii. Any other relevant considerations.

SECTION IX - COST ALLOCATION PLANS

Nueva Esperanza, Inc. cost principles consist of two basic elements:

1. Whenever possible, costs are directly charged to particular projects. This includes such items as salaries, benefits, travel, reproduction, etc.
2. For items that cannot be allocated to individual projects, such as leasing of equipment and general administrative expenses. Nueva Esperanza has established a simple and effective cost allocation plan. This plan charges projects for non-direct costs based on the amount of time (in terms of salary expenditures) that staff have devoted to each individual activity and charges them on a pro-rated basis.

Nueva Esperanza is in conformance with and follows the regulations established by Handbook 1300.20 OMB Circular A-122 and the City of Philadelphia's Central Services Cost Allocation Plan (2/21/86) which are in the appendix.

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Approved by Board on November 19, 1992