

POLICY MANUAL

of the
Jubilee House Community, Inc.
Board of Directors

The purpose of this manual is to consolidate current policies and operating procedures.

This information is available to the public,
and is drawn from the Constitution & By-Laws,
updated with subsequent Board actions.

2 December 2008
Updated July 2009

THE JUBILEE HOUSE COMMUNITY, INC.

Policies of the Board of Directors

Previous Board policies reaffirmed 2 December 2008:

1. The Board operates under the guidelines set forth in the Constitution & By-Laws as Revised March 1997.
2. The latest notification of major changes submitted to the IRS and the State of North Carolina were the legal address change in April 2007, from Spicewood Dr, Winston-Salem, NC, to 820 Kensford Ct, Lewisville, NC. The Form 8822 document was filed appropriately.
3. The Jubilee House Community, Inc., will not discriminate on the basis of race, creed, nationality, sexual orientation, or gender. (see also newly adopted Non-discrimination & Anti-harassment Policy)
4. Service on the JHC, Inc.'s Board of Directors is voluntary. It is not a paid position.
5. Staff personnel may also serve as volunteers on the Board of Directors. (see also newly adopted Conflict of Interest Policy.) The Board reaffirmed that any exceptions to the policy of not hiring additional family members as staff must be approved by the whole Board and reviewed in light of our Conflict of Interest Policy.
6. Board members may be re-elected at the end of their five-year terms.
7. The Board of Directors reviews and approves all compensation decisions. Staff supervisors are to complete annual evaluations of employees in their departments, copies of which are provided to each employee and maintained in their employment record.
8. For the convenience of the JHC, Inc., staff living and working on-site for program service continuity are provided minimal volunteer stipends in lieu of salaries, and housing & board.
9. Staff are to be provided access to health care.
10. The Friends of CDCA is a separate non-profit organization which operates independently of the Jubilee House Community, Inc. Its goal is to help raise awareness and support for the work of the JHC, Inc. As such it is related in purpose, but not affiliated in any legal way.
11. The Advisory Board of the Jubilee House Community, Inc. is an organization of knowledgeable individuals who stay apprised of the work of the JHC, Inc., and who offer their expertise, representing various program services areas.
12. The Board of Directors of the JHC receives the 990 Form for review before its annual submission, and approves all financial reports.

13. The current membership of the Board is divided into five year terms as follows:

2009	2010	2011	2012	2013
Sarah Junkin Woodard	Katherine Lynn Floerke	Kathleen Murdock	Rebecca Mohally Renk	Margo Patricia Floerke
Paul Mohally Renk	Michael Cory Murdock	Rebecca Trowell	Michael Earl Woodard	Nora Lynn Laws
N/A	Alex Francisco	N/A	Jim Brown	N/A

14. As expressly stated in Article III, Section III of the Constitution, the Board primarily functions in a consensus mode of decision-making. Because the budget and financial reports are also approved by the Board as a whole, this combination of financial transparency and consensus decision-making provides an automatic forum for any irregularities that might need review, including whistle-blowing, deciding compensation levels of all staff/directors, questions of discrimination, conflicts of interest, etc.

15. The database / mailing list of the Jubilee House Community, Inc., shall only be used by the JHC, Inc., for its work and shall not be distributed or sold to others.

**Expanded and New Policies
adopted by the JHC, Inc. Board of Directors
2 December 2008**

1. Non-discrimination & Anti-harassment Policy:

The Jubilee House Community, Inc., is committed to equal opportunity for all persons without regard to gender, age, race, color, religion, creed, national origin, marital status, disability, or sexual orientation. It is the policy of the Jubilee House Community, Inc., to comply with all federal, state and local laws and regulations regarding equal opportunity. In keeping with that policy, and its constitutional purpose of promoting reconciliation, the JHC, Inc., is committed to maintaining a work environment that is free of unlawful discrimination and harassment. Accordingly, the JHC, Inc., will not tolerate unlawful discrimination against or harassment of any of our employees or others present at our facilities by anyone, including any supervisor, co-worker, board member, or volunteer of the Jubilee House Community, Inc.

2. Conflict of Interest Policy

Employees and board members have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This policy establishes the framework within which the Jubilee House Community, Inc., wishes to operate. The purpose of these guidelines is to provide general direction so that staff / board members / and directors can seek further clarification on issues related to the subject of acceptable standards of operation.

An actual or potential conflict of interest occurs when a staffperson / board member / director is in a position to influence a decision that may result in a personal gain for that person or for a relative as the result of the Jubilee House Community, Inc.'s business dealings. For the purpose of this policy, a relative is any person whose relationship with the staffperson / board member / director is similar to that of persons who are related by blood or marriage.

No presumption of guilt is created by the mere existence of a relationship with outside firms. However, if a person has any influence on transactions involving purchases, contracts, or leases, it is imperative that s/he disclose to an officer of the Board of Directors, as soon as possible, the existence of any actual or potential conflict of interest so that safeguards can be established to protect all parties. This disclosure is to be updated annually and reviewed by the Board of Directors.

Personal gain may also result when a staffperson / board member / director / or relative receives any kickback, bribe, substantial gift, or special consideration as a result of any transaction of business dealings involving the JHC, Inc.

The materials, products, designs, plans, ideas, and data of the Jubilee House Community, Inc., are the property of the JHC, Inc., and should never be given to an outside firm or individual except through normal channels and with appropriate authorization. Any improper transfer of material or disclosure of information, even though it is not apparent that a staffperson / board member / director has personally gained by such action, constitutes unacceptable conduct. Any person who participates in such practice shall be subject to disciplinary action by the Board of Directors, up to and including discharge.

3. Whistleblower Policy

If any employee reasonably believes that some policy, practice, or activity of the Jubilee House Community, Inc., is in violation of the law, a written complaint must be filed by that employee with an Executive Director or the Board President.

It is the intention of the JHC, Inc., to adhere to all laws and regulations that apply to it and the underlying purpose of this policy is to support the organization's goal of legal compliance through the assistance of all employees. The JHC, Inc., will not retaliate against an employee

who in good faith, has made a protest or raised a complaint against some practice of the JHC, Inc., on the basis of a reasonable belief that the practice is in violation of law, or a clear mandate of public policy, including public policy concerning the health, safety, welfare, or protection of the environment.

An employee is protected from retaliation only if the employee brings the alleged unlawful activity, policy, or practice to the attention of the JHC, Inc., and provides the JHC, Inc., with a reasonable opportunity to investigate and correct the alleged unlawful activity. The protection described above is only available to employees that comply with this requirement.

All employees are to acknowledge receipt and understanding of this policy.

4. Document Retention / Destruction Policy

Understanding that The Sarbanes-Oxley Act addresses the destruction of business records and documents and turns intentional document destruction into a process that must be carefully monitored, the following table provides the minimum guidelines for document retention by the Jubilee House Community, Inc. Destruction of records older than the requirements listed below will be done by shredding or otherwise destroying the records so that they may not enter public domain. The purpose of this policy is to eliminate accidental or innocent destruction and to comply with legal requirements.

Jubilee House Community, Inc. document retention minimum requirements.

Type of Document	Minimum Requirement
Accounts payable ledgers and schedules	7 years
Audit reports	Permanently
Bank Reconciliations	2 years
Bank statements	3 years
Checks (for important payments and purchases)	Permanently
Contracts, mortgages, notes and leases (expired)	7 years
Contracts (still in effect)	Permanently
Correspondence (general)	2 years
Correspondence (legal and important matters)	Permanently
Correspondence (with customers and vendors)	2 years
Deeds, mortgages, and bills of sale	Permanently
Depreciation Schedules	Permanently
Duplicate deposit slips	2 years
Employment applications	3 years
Expense Analyses/expense distribution schedules	7 years
Year End Financial Statements	Permanently
Insurance Policies (expired)	3 years
Insurance records, accident reports, claims, policies, etc.	Permanently
Internal audit reports	3 years
Inventories of products, materials, and supplies	7 years
Invoices (to customers, from vendors)	7 years
Minute books, bylaws and charter	Permanently
Patents and related Papers	Permanently
Payroll records and summaries	7 years
Personnel files (terminated employees)	7 years
Retirement and pension records	Permanently
Tax returns and worksheets	Permanently
Timesheets	7 years
Trademark registrations and copyrights	Permanently
Withholding tax statements	7 years

5. Policy Manual.

The Policy Manual of the JHC, Inc. Board of Directors shall contain the most current form of the Constitution & By-Laws, as well as Board policies. It shall be available for public inspection, and notice of its availability shall be included in the Annual Year End Report.

New Policy adopted July 2009:

The Vida Fund will be established as a quasi-endowment fund, subject to the operational guidelines (attached) approved by the Board.

Jubilee House Community
Center for Development in Central America
820 Kensford Ct, Lewisville NC 27023
www.jhc-cdca.org



Building Lives Through Livelihood



The [Center for Development in Central America's](#) (CDCA) [work in Nicaragua](#) focuses on working with communities to improve the lives of the poor. The work centers on Ciudad Sandino, an urban area outside Managua with an effective unemployment rate of 80%. Without jobs and without any social welfare system, the people of Ciudad Sandino are living without the basic necessities of life: decent housing, clean water, latrines, food, clothing, and medical care for their families.

What is the CDCA doing to help?

Since 1994, the CDCA has been making **microenterprise loans** to small businesses. After 15 years' experience in this area, we believe that micro-lending is **essential**, but **insufficient**: individuals and small businesses need access to capital in the form of small low- or no-interest loans in order to succeed and improve their lives, but *they remain poor*. Micro-lending can move people within the scope of poverty, but in order to really lift themselves **out of poverty**, the poor need a more serious investment under a different model. So we now also partner with worker-owned cooperatives with **The Vida Fund**.

Initially, the CDCA had a **revolving loan fund** to finance larger creative initiatives. Now this fund is expanding into **The Vida Fund**, a [shared risk investment fund](#) that partners with the poor to build lives through livelihood. Together with the cooperatives we work to ensure that their businesses succeed. We help them learn business management, cooperativism, accounting, efficient production practices, quality control, import/export, niche marketing, organic and fair trade certification and other issues relevant to their co-ops. In this way we maintain a formal yet dynamic partnership with the cooperative groups receiving loans and ensure the co-op members have the tools necessary to run their business successfully.

The purpose of The Vida Fund is to bring investors interested in promoting economic fairness and opportunity together with the poor, who have no money to invest, but do have their time and labor which becomes their "sweat equity." In Nicaragua, the cooperative is the legal company form established specifically to enable poor people to create an enterprise. The Vida Fund is being used by the CDCA to provide long-term financing of partner cooperatives for asset acquisition such as building or equipping a factory. (The purpose is not to provide funds to cover operating expenses.)

How does The Vida Fund work? The CDCA carefully chooses partner co-ops and invests capital through The Vida Fund, which is financed by donations and investments. Each partner cooperative invests through the sweat equity of its members. Estimated income for



partner co-ops is carefully calculated to be sure a project is viable *before* investment (to see "Financial Projections Genesis" for a sample at www.jhc-cdca.org/microent.html). Once a partner co-op is approved, The Vida Fund loans funds for initial start-up and expansion through construction and equipment purchase. Then the co-op repays its loan to The Vida Fund with its income, and The Vida Fund repays investments to investors. An annual auditors' report of The Vida Fund will be available from 2010 onward.

What is the risk of the partner co-ops? **Sweat equity** is the unpaid work that co-op members contribute during the formation stage of the co-op. The co-op members decide what value to put on those hours. In the case of the Genesis spinning co-op, members' work is valued at \$0.50/hour and each member has worked 1,000 hours and built up \$500 equity. By Nicaraguan law, when members leave the co-op or the co-op is dissolved, members are entitled to assets they brought to the co-op – i.e. their initial sweat equity – **plus** any profit sharing and interest.

What interest rate does the CDCA charge partner co-ops? No more than **6%** annual interest, calculated on the balance. That can be compared to commercial banks in Nicaragua which lend at 18-25%, and microfinance institutions which *on average* lend at 36%. Start-up loans through **The Vida**

Fund are long-term on order to allow co-ops to begin earning before payments come due, and co-ops working with the CDCA are **always** allowed to pre-pay loans.

What are the risks to investors? We have a 15 year track record. Since 1994, the CDCA has received investments of more than \$352,000 and has maintained 100% repayment to its investors, *even* after Hurricane Mitch, when all the farmers' crops were destroyed.

Still, there are risks. Political instability, natural disasters and economic slowdowns could inhibit the co-ops' ability to repay. At the same time, the marginalized populations who benefit from The Vida Fund loans typically have no collateral to offer in case of default.

Therefore, the CDCA has introduced several safeguards in its lending procedures to help ensure repayment in spite of such risks. (See below.)

How does the CDCA mitigate these risks?

1. *Maintaining sufficient equity.* The Vida Fund's equity is money that the CDCA owes to no one; this money could be used in case of emergency to repay investors. Therefore, the CDCA strives to maintain The Vida Fund's equity at a level equivalent to 15% of its outstanding portfolio. For example, if The Vida Fund has \$45,000 in equity, then the CDCA allows The Vida Fund to lend out \$300,000.
2. *Maintaining a loan loss reserve.* In addition to equity, the CDCA keeps a loan loss reserve (which is counted as a liability). Whenever The Vida Fund makes a loan, the US dollar equivalent of 3% of that loan is set aside in a commercial bank. The CDCA cannot touch that reserve money unless there is an emergency or the loan is repaid.
3. *Maintaining sufficient liquidity.* Default is not the only risk a lender faces. If many investments happen to mature around the same date, The Vida Fund might not have enough cash on hand to repay everyone at the same time. Therefore, the CDCA keeps 10% of the fund in commercial bank accounts.
4. *Assuring sufficient assets.* The Vida Fund will never loan more than 70% of full value of the total assets of the project.
5. *In case of co-op dissolution.* Since those investing in The Vida Fund are not investing *directly* in any cooperative, their investments are not at risk due to a co-op failure. In the case of a total dissolution of a partner cooperative, the co-op sells assets to **first pay jointly** its debt to The Vida Fund and pay its members the assets they brought to the co-op – i.e. their initial sweat equity. In the very unlikely case that sale of assets does not generate enough capital to repay The Vida Fund loans *and* pay co-op members' investment, then the co-op members will be paid their sweat equity investment first. Any assets remaining after paying all debt will be divided equally among all co-op members.
6. *Lending in US dollars.* The Vida Fund lends to its partner co-ops in US dollars and they repay loans in US dollars. Since the US dollar is relatively stable, this practice avoids problems related to rapid inflation.
7. *Paying interest annually.* Interest to investors will be paid by check on an annual basis, lowering the total amount to be paid when the loan comes due.
8. *Carefully selecting partner co-ops.* The Vida Fund works with cooperatives that have been identified as having exceptional market potential and that fit into the overall development scheme of the CDCA, but lack access to the capital to take full advantage of the existing opportunities. Partner co-ops must create a minimum of 10 jobs in the local community.
9. *Diligently monitoring and working with partner co-ops.* On a regular basis, the CDCA meets with the leadership of partner co-ops, reviews financial statements, attends all general meetings and works with the co-ops on budgeting and long-term planning.



We believe these safeguards help to make The Vida Fund a safe and reliable investment opportunity. Still, no investment is completely free of risk. Therefore, we strongly encourage everyone to read the above information on The Vida Fund carefully prior to investing.

What interest rate does The Vida Fund pay investors? Investors commit a minimum of \$5,000 for a minimum of five years at an interest rate of 0-5%. Once you have read the above information, including the statement of risk, send us an email at jhc@jhc-cdca.org telling us the investment amount (min. \$5,000), the length of time (min. 5 years) and the interest rate (0-5%) that you wish to invest. Then the CDCA will send you an Investment Agreement for you to sign. That Investment Agreement notes the terms and conditions that you stipulated. You sign and return one copy of the Investment Agreement along with a check (made out to the CDCA) for your investment. The day that we receive the check, your investment begins accruing interest. The CDCA will send you an annual report. Final interest and the maturity are paid in full by check on the day the investment reaches maturity. In many cases, investors choose to re-invest upon maturity.

Mail to: CDCA, c/o 352 Carly Ln, Rock Hill, SC 29732

Donations are also accepted for The Vida Fund

You can make a donation of any size to The Vida Fund as a charitable gift through the CDCA which is a 501 (c)(3) tax exempt organization.

Online Donations: www.jhc-cdca.org/credit.html

Mail Donation Checks to: CDCA, c/o 352 Carly Ln, Rock Hill, SC 29732



CONSTITUTION AND BY-LAWS
OF
THE JUBILEE HOUSE COMMUNITY

Article I NAME: The name of this corporation shall be THE JUBILEE HOUSE COMMUNITY, INC., herein referred to as “The Jubilee House Community”.

Article II PURPOSE: The Jubilee House Community is a faith-based organization. It is committed to following the basic principles of serving the poor and promoting reconciliation. It seeks to serve the poor and oppressed by meeting human needs not being met by other agencies, and by accompanying communities in their efforts to become self-sufficient, sustainable, democratic entities. It seeks to promote reconciliation by being a living example of reconciliation between estranged peoples (people of various races, women and men, poor and rich, etc.) and by educating others to the plight of the poor. The Jubilee House Community will cooperate with, challenge, and be challenged by other reconciling and helping organizations.

Article III BOARD OF DIRECTORS:

Section I - Composition: The Board of Directors shall be composed of no less than five and no more than twelve members which shall be elected by the Board.

Section II - Duties: The Board of Directors shall be responsible for the over-all operations and ministries of the Jubilee House Community. It shall elect officers of the Board, elect future Board members, appoint the executive director(s) of the Jubilee House community, approve the annual budget, approve changes in the Constitution or By-Laws, etc. (see By-Laws).

Section III - Meetings: The Board of Directors shall have quarterly meetings. This meeting is open to the public, though only Board members shall have a vote. The Board may meet at other times, at the call of the executive director(s) or the chairperson of the Board. A simple majority of the Board shall constitute a quorum. The Board shall generally use the consensus mode of decision-making.

Article IV OFFICERS: The officers of the Board of the Jubilee House Community shall be: Chairperson, Vice-Chairperson, Secretary, and Treasurer.

1. The Chairperson shall preside at all meetings of the Board of Directors.
2. The Vice-Chairperson shall perform the duties of the Chairperson in his/her absence.
3. The Secretary shall keep minutes of all meetings of the Board of Directors, and attend to the correspondence of the Board of Directors.
4. The Treasurer shall keep records of the money incoming and outgoing.

BY-LAWS

Article I BOARD OF DIRECTORS

A. Terms.

Members of the Board shall serve staggered five-year terms on the Board with two or three members elected yearly.

B. Nominations and Elections.

1. Nominations for Board members shall be presented to the Board by a nominating committee, and shall also be received from the floor at the Fall meeting. Members shall be elected by the Board.

2. Nominations for officers shall be presented to the Board by a nominating committee, and shall also be received from the floor at the annual meeting. Officers shall be elected by the Board of Directors. Officers shall serve for one year, and may be re-elected.

C. Duties.

1. The Board of Directors shall determine policies.

2. It shall be ultimately responsible for the general operations of the Jubilee House Community, Inc.

3. It shall appoint the executive director(s).

4. It shall approve the annual budget.

5. It shall approve changes in the Constitution and By-Laws.

6. It shall decide which new ministries and activities to undertake.

7. It shall decide upon strategies for fund raising.

D. The Executive Committee.

1. It shall consist of the officers.

2. It shall have the power to act between meetings of the Board, subject to the Board's subsequent approval.

E. Meetings.

1. The Board of Directors shall meet at regularly stated intervals, not less than quarterly.

2. The meetings shall be open to the public.

3. Additional meetings shall be called by the Chairperson of the Board of Directors on his/her volition, or by the request of three Board members or the executive director(s).

Article II DUTIES OF OFFICERS

A. Chairperson.

1. The Chairperson shall preside at meetings of the Board of Directors and the Executive Committee.

2. The Chairperson shall appoint committees.

3. The Chairperson shall serve as advisor to committees.

B. Vice-Chairperson.

The Vice-Chairperson shall perform the duties of the Chairperson in his/her absence.

C. Secretary.

1. The Secretary shall keep minutes of all meetings of the Board of Directors and the Executive Committee, and shall distribute copies to the Board members.

2. The secretary shall attend to all correspondence for the Board of Directors.

3. The Secretary shall notify members of meetings.

D. Treasurer.

1. The Treasurer shall keep a record of monies incoming and outgoing through requisitions and accompanying receipts.

2. The Treasurer shall report to each stated Board meeting a balanced statement and a list of sources of income.

3. The Treasurer shall review and approve all checks and requisition forms.

4. The Treasurer shall keep a record of properties owned by the corporation.

5. All persons who handle funds for the corporation shall be bonded.

Article III EXECUTIVE DIRECTOR(S)

A. Appointment.

The Executive Director(s) of the Jubilee House Community shall be appointed by the Board.

B. Duties.

1. The Executive Director(s) shall implement the policies and ministries and activities adopted by the Board of Directors.

2. The Executive Director(s) shall provide a written report to each stated meeting of the Board of Directors.

3. The Executive Director(s) shall write and distribute the newsletter, which may include editorial privileges for a statement which is personally ascribed.

4. The Executive Director(s) are responsible for the maintenance of all properties.

5. The Executive Director(s) shall be bonded.
6. He/she shall deposit and disburse all monies, as directed.
7. He/she shall sign checks and countersign requisition forms.
8. He/she shall supervise volunteer workers.
9. Vacation for the Executive Director(s) is a month in length and he/she shall notify the Board of the dates chosen.
10. He/she shall keep a record of program services provided.
11. He/she, if ordained, shall attend meetings of his/her governing bodies.
12. He/she shall present programs concerning the work to interested groups.
13. He/she shall acknowledge all contributions, and shall keep a record of them.

Article IV PARLIAMENTARY PROCEDURE

In situations not covered by the Constitution and By-Laws, *Robert's Rules of Order Revised* shall be followed in conducting the meetings of the Board of Directors.

Article V DISBURSEMENT OF ASSETS

In event that the Jubilee House Community shall be dissolved, its assets, if any, shall be disbursed to any 501(c)(3) charitable organization by the Board of Directors at its final meeting.

Article VI AMENDMENTS

The Constitution and By-Laws may be amended at any regular or called meeting of the Board of Directors, by a vote of two-thirds of the members present and voting; provided that the purport of the amendment and notice of the date, time, and place of meeting at which the amendment is to be considered, be given each member of the Board of Directors at least ten (10) days prior to the meeting.

Revised March 1997
JHC Board of Directors