



Progressive Steps Inc.

Employee Handbook

SECTION 1 – INTRODUCTION

Welcome to Progressive Steps, Inc. (referred to in this Handbook as “the Company”).

A large and important part of our lives is spent on the job. Our employees have been the basis of our success and are the foundation of our future. We expect your best efforts in the performance of your job and becoming a member of our team.

This Employee Handbook applies to all of our employees. The purpose of this Employee Handbook is to help you get acquainted with Progressive Steps and to become familiar with our policies, employee benefits and operating procedures.

This Employee Handbook supersedes and replaces any previously issued Handbook. It summarizes the programs and key policies currently in effect at the Company, and it also explains your responsibilities and obligations as an employee. This Handbook does not cover every aspect of your employment with the Company, and it is not intended to provide in detail all policies, practices and procedures. The Company retains the right to amend, add, suspend, interpret, or discontinue at its sole discretion any of its personnel policies, procedures, practices, work rules or benefits that are stated in this Handbook. Any change to this Handbook will be communicated to you through a memo or Handbook update.

Many of the guidelines and benefits contained in this Handbook have been summarized from policy statements, insurance contracts, and legal plan documents. Should there be a difference between what this Handbook contains and a more current provision of a policy, contract or plan document, the current policy, contract or plan document will prevail. When questions arise, which are not answered in this Handbook, please do not hesitate to ask your Supervisor or other members of the management staff for assistance.

Again, welcome to Progressive Steps. We trust you will be a successful member of our organization.

1.1 CONTRACT DISCLAIMER

This Employee Handbook is not a contract of employment. Accordingly, this Handbook should not be interpreted to create any expressed or implied contractual rights between the Company and any employee. Thus, this Handbook should not be construed as a guarantee of continued employment; rather, your employment with us is on an at-will basis. This means that your employment relationship may be terminated at any time either by you or the Company for any or for no reason not expressly prohibited by law, with or without any advanced notice.

1.2 TRANSLATION OF HANDBOOK

The Company expects all employees to understand and comply with the provisions in this Handbook. Employees who do not understand any provision in this Handbook because of an inability to read and comprehend English are expected to immediately notify their Supervisor.

This will help all such employees understand the Handbook's provisions and what is expected from everyone.

Employees who fail to request assistance will be considered to have a complete understanding of all of the provisions in this Handbook.

1.3 ABOUT THE COMPANY

Progressive Steps has provided therapy services to families in the San Fernando Valley, Santa Clarita Valley, and Antelope Valley since 1992. It is our desire to assist families in facilitating their child's development which includes parent education and developmental therapies.

SECTION 2 – EMPLOYMENT

2.1 EQUAL EMPLOYMENT OPPORTUNITY

The Company is committed to a policy of equal employment opportunity for applicants and employees. Employment decisions and practices will comply with all applicable laws prohibiting discrimination in employment, including Title VII of the Civil Rights Act of 1964, the age discrimination in employment act of 1967, the Americans with Disabilities Act of 1990, the Immigration & Nationality Act, and any applicable state or federal laws.

This policy applies to all employment terms and conditions including hiring, compensation decisions, benefits, discipline, training, promotions, transfers, and terminations.

Any employee with questions or concerns about any type of discrimination in the workplace should bring these issues to the attention of Management. Employees can raise concerns, report problems, or make complaints without fear of reprisal. Anyone found to be

engaging in any type of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

2.2 DISABLED EMPLOYEES AND JOB APPLICANTS

The employment-related provisions of the Americans With Disabilities Act (ADA) as well as the California Fair Employment & Housing Act (FEHA) apply to all employees and job applicants seeking employment with Progressive Steps. The Company will attempt to provide reasonable accommodation for known physical or mental limitations, if a job applicant or employee is otherwise qualified, unless undue hardship would result.

An applicant or employee who requires accommodation in order to perform the essential functions of the job should inform the Company, and request such an accommodation. The Company would engage in a timely, interactive process with the applicant or employee to determine effective reasonable accommodations, if any, in response to a request for reasonable accommodation by an applicant or employee with a known physical or mental disability, or medical condition.

2.3 POLICY AGAINST HARASSMENT

The Company is committed to a work environment in which all individuals are treated with respect and dignity. Each individual has the right to work in a professional atmosphere that promotes equal employment opportunities and prohibits unlawful discriminatory practices, including harassment. Therefore, The Company expects that all relationships among its employees will be business-like and free of bias, prejudice and harassment.

The Company has developed this policy to ensure that all its employees can work in an environment free from unlawful harassment, discrimination and retaliation. The Company will make every reasonable effort to ensure that all concerned are familiar with these policies and are aware that any complaint in violation of such policies will be investigated and resolved appropriately.

Any employee who has questions or concerns about these policies should talk with their direct supervisor.

These policies should not, and may not, be used as a basis for excluding or separating individuals of a particular gender, or any other protected characteristic, from participating in business or work-related social activities or discussions. In other words, no one should make the mistake of engaging in discrimination or exclusion to avoid allegations of harassment. The law and the policies of The Company prohibit disparate treatment on the basis of sex or any other

protected characteristic, with regard to terms, conditions, privileges and perquisites of employment. The prohibitions against harassment, discrimination and retaliation are intended to complement and further those policies, not to form the basis of an exception to them.

Equal Employment Opportunity

The Company is an equal opportunity employer and makes employment decisions on the basis of merit. We want to have the best available people in every job. Therefore, the Company does not discriminate, and does not permit its employees to discriminate against other employees or applicants because of ancestry, race, color, religious creed (including dress and grooming practices), sex (which includes pregnancy, childbirth, breastfeeding and medical conditions related to pregnancy, childbirth or breastfeeding), sexual orientation, gender, gender identity and gender expression, marital status, national origin (including language use restrictions), citizenship, military and veteran status, ancestry, age (40 or over), physical or mental disability (an impairment that limits a major life activity including HIV and AIDS), medical condition (cancer and genetic characteristics), including the perception that a person has any of those characteristics or that the person is associated with a person who has, or is perceived to have, any of those characteristics, or any other consideration made unlawful by applicable laws. Equal employment opportunity will be extended to all persons in all aspects of the employer-employee relationship, including recruitment, hiring, upgrading, training, promotion, transfer, compensation, benefits, discipline, layoff, recall and termination. The Company prohibits any such discrimination or harassment.

Retaliation

The Company encourages reporting of all perceived incidents of discrimination or harassment. It is the policy of The Company to promptly and thoroughly investigate such reports. The Company prohibits retaliation against any individual who reports discrimination or harassment or participates in an investigation of such reports.

Sexual Harassment

Sexual harassment constitutes discrimination that violates federal, state and local laws. For the purposes of this policy, “sexual harassment” is defined, as in the Equal Employment Opportunity Commission Guidelines, as unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature when, for example: a) submission to such conduct is made either explicitly or implicitly a term or condition of an individual’s employment, or b) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual, or c) 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.

Title VII of the Civil Rights Act of 1964 recognizes two types of sexual harassment: a) quid pro quo and b) hostile work environment. Sexual harassment may include a range of subtle and not-so-subtle behaviors and may involve individuals of the same or different gender. Depending on the circumstances, these behaviors may include unwanted sexual advances or requests for sexual favors; sexual jokes and innuendo; verbal abuse of a sexual nature; commentary about an individual's body, sexual prowess or sexual deficiencies; leering, whistling or touching; insulting or obscene comments or gestures; display in the workplace of sexually suggestive objects or pictures; and other physical, verbal or visual conduct of a sexual nature.

Harassment

Harassment on the basis of any other protected characteristic is also strictly prohibited. Under this policy, harassment is verbal, written or physical conduct that denigrates or shows hostility or aversion toward an individual because of his or her race, color, religion, sex, sexual orientation, gender identity or expression, national origin, age, disability, marital status, citizenship, genetic information, or any other characteristic protected by law, or that of his or her relatives, friends or associates, and that: a) has the purpose or effect of creating an intimidating, hostile or offensive work environment, b) has the purpose or effect of unreasonably interfering with an individual's work performance, or c) otherwise adversely affects an individual's employment opportunities.

Harassing conduct includes epithets, slurs or negative stereotyping; threatening, intimidating or hostile acts; denigrating jokes; and written or graphic material that denigrates or shows hostility or aversion toward an individual or group that is placed on walls or elsewhere on the employer's premises or circulated in the workplace, on company time or using company equipment by e-mail, phone (including voice messages), text messages, social networking sites or other means.

Individuals and Conduct Covered

These policies apply to all applicants and employees, whether related to conduct engaged in by fellow employees or by someone not directly connected to The Company (e.g., an outside vendor, consultant or customer).

Conduct prohibited by these policies is unacceptable in the workplace and in any work-related setting outside the workplace, such as during business trips, business meetings and business-related social events.

Supervisors, co-workers and third-parties are prohibited from engaging in unlawful behavior under the Fair Employment and Housing Act (FEHA).

Reporting an Incident of Harassment, Discrimination or Retaliation

The Company encourages reporting of all perceived incidents of discrimination, harassment or retaliation, regardless of the offender's identity or position. Individuals who believe that they have been the victim of such conduct should discuss their concerns with their immediate supervisor or the human resources department. See the complaint procedure described below.

In addition, The Company encourages individuals who believe they are being subjected to such conduct to promptly advise the offender that their behavior is unwelcome and to request that it be discontinued. Often this action alone will resolve the problem. The Company recognizes, however, that an individual may prefer to pursue the matter through complaint procedures.

Complaint Procedure

Individuals who believe they have been the victims of conduct prohibited by this policy or believe they have witnessed such conduct should discuss their concerns with their immediate supervisor.

The Company encourages the prompt reporting of complaints or concerns so that rapid and constructive action can be taken before relationships become irreparably strained. Therefore, while no fixed reporting period has been established, early reporting and intervention have proven to be the most effective method of resolving actual or perceived incidents of harassment.

Any reported allegations of harassment, discrimination or retaliation will be followed by a fair, complete and timely investigation. The investigation may include individual interviews with the parties involved and, where necessary, with individuals who may have observed the alleged conduct or may have other relevant knowledge. In addition, disciplinary action will be taken against any employee who attempts to discourage or prevent another employee from bringing discrimination, harassment and/or a violation of law to the attention of management.

Confidentiality will be maintained throughout the investigatory process to the extent possible, consistent with adequate investigation procedures.

Retaliation against an individual for reporting harassment or discrimination or for participating in an investigation of a claim of harassment or discrimination is a serious violation of this policy and, like harassment or discrimination itself, will be subject to disciplinary action. Acts of retaliation should be reported immediately and will be promptly investigated and addressed.

The Company will take remedial action if any misconduct is found. Misconduct constituting harassment, discrimination or retaliation will be dealt with appropriately. Responsive action may include, for example, training, referral to counseling or disciplinary action such as a warning, reprimand, withholding of a promotion or pay increase, reassignment, temporary suspension without pay, or termination, as the Company believes appropriate under the circumstances.

If a party to a complaint does not agree with its resolution, that party may appeal to Salisa Wagner, Director.

False and malicious complaints of harassment, discrimination or retaliation (as opposed to complaints that, even if erroneous, are made in good faith) may be the subject of appropriate disciplinary action.

2.4 EMPLOYEE ELIGIBILITY VERIFICATION

The Immigration Reform and Control Act of 1986 makes it unlawful for employers to knowingly hire an individual who is not authorized to work in the United States, or to continue to employ an individual once the employer becomes aware that an employee is not authorized to work in this country. Accordingly, we must verify the employment status and the personal identity of all new hires by examining certain documents that have been approved by the U. S. Immigration & Naturalization Service as acceptable proof of employment eligibility.

For all employees hired, the employer must state on a special federal form (I-9) that the employee's right to work status has been verified, and the employee must also attest to his or her lawful right to work in the United States on this form. In the event that an employee's

unauthorized work status becomes known after the employee is hired, it would be unlawful for the employer to retain that employee.

2.5 CONDITIONAL OFFERS OF EMPLOYMENT

Offers of employment are conditioned on the results of reference and background checks. The Company also conditions an offer of employment on the results of a chemical substance screen, which will be at the sole expense of the Company. Those candidates who accept such offers will also be required to complete the required new hire paperwork that includes signing the Acknowledgement for this Handbook, and any other Company policy statements or agreements. Individuals who do not successfully complete a background check or pass a drug screen, sign the Acknowledgement for the Employee Handbook, or meet any other condition associated with the employment offer may have their offer of employment withdrawn or their employment terminated. Furthermore, any misrepresentation, falsification or omission of information in an employment application may result in the denial of employment or, if hired, may result in immediate dismissal regardless of the time elapsed before discovery.

2.6 AT-WILL EMPLOYMENT

It must be remembered that the continuing employment relationship is based upon the mutual consent of the employee and the Company. All employment with the Company is for an unspecified term and is “at-will.” This means that the employment relationship between you and the Company may be terminated either by you or by the Company at any time, with or without advanced notice, and with or without cause.

Additionally, the terms of your employment at the Company, including but not limited to promotion, demotion, discipline, transfer, compensation, benefits, duties and location of work, may be changed by the Company at any time, with or without notice, and for any or for no reason.

Although other terms or conditions of employment may change, this at-will employment relationship will remain in effect throughout your employment with the Company. This at-will nature of your employment relationship cannot be changed, modified, waived, or rescinded except by an individual written agreement signed by you and the President of the Company. Any verbal or written representations by anyone to the contrary are invalid and should not be relied upon by anyone.

Additionally, this Employee Handbook is **not** a contract of employment. Therefore, this Handbook should **not** be interpreted to create any expressed or implied contractual rights between Company and any employee.

2.7 JOB DUTIES AND NEW EMPLOYEE ORIENTATION

During the initial week of work, current staff members will normally conduct a new employee orientation to assist new personnel in becoming acquainted with Company. Some of the items covered during the orientation include the history and mission of the Company, departmental responsibilities, job duties and performance standards, applicable personnel policies, operational policies and procedures, employee benefits, safety, and proper use of Company tools and equipment. Employees are encouraged to ask Management any questions to become better informed about their job responsibilities and the Company.

Be aware that your job responsibilities or work hours may change at any time during your employment. From time to time, you may be asked to work outside the hours you are usually scheduled or different work hours. Your cooperation and assistance in performing such additional work or working a different work schedule is expected.

The Company reserves the right, at any time, with or without notice, to alter or change job responsibilities, reassign or transfer job positions, or assign additional job responsibilities.

2.8 CATEGORIES OF EMPLOYMENT

The Company has established various categories of employment to meet its operating needs and to permit options in hiring employees. A change in an employee's classification is effective only if made in writing by the Company. All employees are to be classified into one of the following categories:

1. **REGULAR, FULL-TIME:** Employees hired for regular, continuous service and who regularly work 25 or more hours per week. The Company does not guarantee the actual number of hours scheduled to be worked for any given workweek.
2. **REGULAR, PART-TIME:** Employees hired for regular, continuous service and who regularly work less than 25 hours per week. The Company does not guarantee the actual number of hours scheduled to be worked for any given workweek.
3. **TEMPORARY:** Employees hired for a limited duration or for a specific project or projects, and who are regularly scheduled to work up to 40 hours per week.

2.9 EXEMPT/NON-EXEMPT STATUS

Depending on an employee's job duties and responsibilities, each employee is classified as either "Exempt" or "Non-exempt" for payroll purposes. These two terms refer to whether or not an employee is exempt from the overtime provisions of applicable state and federal laws.

Exempt Status

Employees whose positions meet the necessary legal requirements are classified as "Exempt." Employees who are exempt from state and federal overtime provisions do not receive overtime pay even though they may work in excess of eight (8) hours in a workday or more than forty (40) hours in a week from time to time. Exempt employees are paid on a salaried basis.

Non-Exempt Status

Employees whose positions do not meet certain legal requirements necessary for exemption from applicable overtime laws are classified "Non-exempt." Non-exempt employees are paid overtime rates for each hour of daily or weekly overtime they work as requested and approved in advance by Management. The overtime rates are governed by federal or state wage and hour laws. Non-exempt employees are paid either on a salaried or an hourly basis.

2.10 OUTSIDE EMPLOYMENT

The Company would prefer that regular employees not accept employment outside of the Company. The Company is not only concerned with the possibility of a conflict of interest, but also the possibility of negative effects on the regular employee's job performance and commitment to the Company.

Regular employees may engage in work outside their regular work schedule at the Company, provided this work does not detract from their job performance or is not harmful to the Company's best interests and does not present a conflict of interest with their employment at Company. However, any "outside" employment or business activity must be considered secondary to your employment with Company. Any outside employment or business activity that interferes with a regular employee's ability to perform his or her job duties or creates a conflict of interest is prohibited. Regular employees cannot work for a competitor of Company nor can they work on their own if it competes in any way with the services we provide our clients.

You are to discuss any outside work or business activities with the Program Director **prior** to undertaking such activities in order to ensure that a conflict of interest will not arise. The Company's Workers Compensation Insurance will not pay for illness or injury arising from any outside employment or outside business activity.

If you are unable to maintain acceptable performance standards while engaged in any outside employment or business activity, you may be subject to disciplinary action, up to and including termination of employment.

2.11 RE-EMPLOYMENT OR RE-HIRE

Former regular employees who voluntarily terminate their employment with Company may be eligible for rehire. Consideration will be given to factors concerning prior work experience, work record while employed at Company, and circumstances involving the prior separation from the Company.

Management will review each candidate before a final determination is made with respect to rehiring any former regular employee. Under normal circumstances, regular employees will not be eligible for rehire more than one time.

Employees who become re-employed are considered to be a new employee. Consequently, all regular employees who are rehired are not credited with any prior service they may have had with the Company for any purpose.

2.12 CONFLICTS OF INTEREST

Employees must avoid entering into transactions where it may appear that they are improperly benefiting from their employment with the Company. In general, a “conflict of interest” describes any situation in which the employee’s own interest may influence the way he or she handles Company business. This includes the use of an employee’s position or relationship with Company or any of its related entities for personal profit or advantage, either directly or indirectly. Situations that may involve a conflict of interest between personal interests and the interests of the Company must be discussed with Management in order to protect the employee and Company.

Employees must not engage in any conduct that would create an actual or potential conflict of interest or create the appearance of such a conflict. While it is impossible to list every circumstance that may create a possible conflict of interest, the following should serve as a guide to the types of activities that may cause such a conflict:

1. Having a direct or indirect financial or ownership interest in an outside concern that does business with or is a competitor of Company or any of its related entities (except where such financial or ownership interest consists of securities of a publicly owned corporation regularly traded on a public stock exchange).

2. Providing managerial, consulting or other services to any outside concern that does business with, renders any services to, or is a competitor of Company or any of its related entities except with the knowledge and written consent of Management.
3. Soliciting business for any individual or another entity, redirecting business away from Company or any of its related entities, or interfering with any of the Company's contractual relations or business dealings.
4. Accepting gifts of more than token value, loans, excessive entertainment, kickbacks, or other substantial favors from any outside concern or a client, which does or is seeking to do business with Company, or is a competitor of Company. For the purposes of this policy, "token value" means a value of not more than seventy-five dollars (\$75). Acceptance of all such gifts, entertainment and/or favors that may have a value in excess of seventy-five dollars (\$75) must have the prior written approval of Management.
5. Representing Company in any transaction in which there may be or is a conflict of interest.
6. Disclosing or using confidential information relating to Company for personal profit, advantage, or any other reason.
7. Accepting outside employment or work, directly or through an intermediary, which can or will adversely affect an employee's productivity or availability for a position with Company.

This list is not intended to be used as a substitute for good judgment. If you find yourself in a situation that may possibly give rise to a conflict of interest, you must make an immediate disclosure to Management in order to protect the interests of both the Company and yourself.

2.13 CONFIDENTIALITY

All employees must treat any information relating to the business of Company and any of its activities, projects, or clients as confidential, and not divulge any of this information to outside parties, including family and friends, without the prior written consent of Management. All such information must be kept completely confidential during, and subsequent to, employment with Company. The following examples are intended to serve as a guide to the types of such information and material:

1. Matters of a business nature such as information about trade secrets, proprietary information, business plans, projects or proposals, disbursements, costs, delivery volumes, contracts and forms, financial statements, pricing, profits, markets, client lists, all data regarding customers, and plans for future expansion or business development.
2. Matters of a non-public, technical nature such as manner of operations, processes, Company reports, computer programs, software and supporting documentation, security codes, training programs, procedure manuals and related methods or technologies.
3. Confidential data about employees, including employee pay rates and performance evaluations.
4. Information pertaining to any services or products and the results of all such services or products provided to the Company's patients.
5. Any information which, if disclosed, could adversely affect the Company's business.

Because employees will gain knowledge of the Company's business affairs, clients and methods, including the Company's computer systems, techniques and methods devised and used by Company at the Company's expense, all records, notes, files, memoranda, reports, tapes, disks and other tangible expressions and all copies of such records relating to Company's business prepared by employees or disclosed to employees will remain the sole and exclusive property of Company. Except as required in the performance of your duties, employees must not at any time during or after their employment use, disclose or disseminate any confidential information or any other information of a secret, proprietary, or generally undisclosed nature relating to Company, or its products, services, clients, employees, plans, procedures or processes. Upon termination of the employment relationship or at any time upon the Company's request, employees must deliver to the Company any and all originals and any copies of confidential information, or other Company property.

2.14 PATIENT INFORMATION AND PATIENT PRIVACY

Employees of the Company are required to adhere to the following policy when using or disclosing the health information and related information of patients/clients of the Company in accordance with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and

by the Health Information Technology for Economic and Clinical Health Act (“HITECH”). This policy applies to all Company employees including administrative employees.

Protected Health Information

As described in this Policy, HIPAA and HITECH impose restrictions on the use and disclosure of protected health information (“PHI”). PHI is defined as information that is created or received by a health care organization. PHI can be written or verbal; it can be recorded on paper, computer or removable or other media. PHI includes information that is individually identifiable, such as name, address, telephone number, medical insurance number and social security number. PHI relates to the past, present, or future physical or mental health or condition of an individual, the provision of health care to an individual, or the past, present, or future payment for the provision of health care to an individual.

The facility must comply with the requirements of HIPAA with respect to the PHI of a deceased individual for a period of 50 years following the death of the individual.

Restrictions on Use and Disclosure of PHI

Under HIPAA, a patient has the right to request restrictions on how the Company may use or disclose PHI, but the Company does not have to agree to the restrictions. However, the Company must agree to a patient’s restriction on the disclosure of a patient’s PHI to the patient’s health plan if the disclosure is for the purpose of carrying out payment or health care operations, is not otherwise required by law, and the patient has paid the Company for the health care services provided. The facility must inform the patient of the decision regarding a request for a restriction when the Company receives a request for a restriction by a patient. If the Company agrees to a restriction, the Company will honor the restriction, unless the patient subsequently agrees to terminate the restriction or if the Company is required to provide emergency treatment to the patient. A request for a restriction, and the Company’s decision regarding the request, must be documented by Company personnel.

Patient Authorizations

If the Company intends to use or disclose PHI for purposes other than treatment, payment or health care operations and when the use or disclosure is not otherwise authorized under HIPAA or HITECH, the Company must obtain a valid written and signed authorization from the patient or his or her personal representative.

Uses and Disclosures of PHI for Purposes Other Than Treatment, Payment, and Health Care Operations

The Company will only use or disclose PHI for purposes of treatment, payment and health care operations. Exceptions for use and disclosure of PHI are noted below:

- i. The Company may disclose PHI to the patient.
- ii. The Company may use and disclose PHI pursuant to a valid HIPAA authorization.
- iii. The Company may disclose PHI to a patient's personal representative, and to a deceased person's family if the PHI disclosed pertains to the individual's involvement in the deceased's care or payment for services of care.
- iv. The Company may disclose PHI to another covered entity or health care provider to assist in the treatment plan of a patient.
- v. The Company may disclose PHI to another covered entity for its payment activities.
- vi. The Company may disclose PHI to a business associate in accordance with an applicable business associate agreement.
- vii. The Company may disclose PHI to a public or private entity authorized by law or by its obligation to assist in disaster relief efforts.
- viii. The Company may use or disclose PHI for legal, employment and regulatory purposes in accordance with the facility's policies for such disclosure.
- ix. The Company may disclose PHI to the FDA for purposes related to a product approved by the FDA for product recalls, tracking of products or incident reporting.
- x. The Company may use or disclose PHI if the facility has entered into a data use agreement with a recipient that meets the requirements of HIPAA regulations.
- xi. The Company may use or disclose PHI as is permitted or required by federal regulations or state law.

All other disclosure of PHI is strictly prohibited. This includes discussion of PHI in common areas of the Company, aside from for the purposes of treatment. Employees found to be

in violation of the policy or otherwise disseminating PHI, verbally, in writing, electronically, or otherwise will be subject to discipline up to and including termination.

SECTION 3 – BENEFITS

3.1 COMMUNICATION OF BENEFIT PLANS

All employees will receive information regarding benefits from the Employee Handbook. Summary plan descriptions and access to more detailed benefit documents will be provided when requested. If you have any questions regarding benefit matters, you should direct your questions or concerns to the Management to assist you.

The Company reserves the right to change, suspend or eliminate any benefit at its sole discretion. Employees will be notified of any changes in employee benefit programs at employee meetings or through memos.

This section of the Handbook is intended to provide a general overview of the benefits currently available to eligible employees of the Company. State and/or federal law govern some of these benefits, while others are determined by the Company or governed by a benefit provider. Should there be a difference between what this Handbook contains and a provision of an applicable law, benefits plan or contract, then the law, plan document or contract will prevail.

3.2 GROUP INSURANCE

Eligibility

Regular full-time employees who have completed thirty (30) days of continuous employment from date of hire or rehire and work 25 or more hours per week are eligible to enroll in the group insurance plans. All other employees are not eligible for coverage under any of the Company's group insurance plans.

Eligible employees must take the initiative to enroll themselves and their dependents in the group insurance program. Coverage is effective on the first day of the month in which enrollment occurs following thirty (30) days of continuous employment.

Types of Insurance Plans

The Company currently offers group medical and hospitalization (HMO and PPO), insurance plans to all eligible, regular full-time employees. Qualified dependents of enrolled employees may also enroll in the group health insurance plans selected by the employee.

For details on these insurance plans, together with a schedule of specific benefits provided by each plan, the employee should refer to the plan booklets and the summary plan descriptions provided to each employee during the orientation meetings. Any questions should be directed to Management.

Premium Payments

\$300.00 of the monthly insurance premiums for eligible employees enrolled in the medical insurance plans are currently paid by the Company. Employees pay the portion of the required monthly insurance premiums for their dependents enrolled in the Company's group medical insurance plans through regular payroll deductions.

Certificate of Coverage

Under the Health Insurance Portability & Accountability Act of 1996 (HIPAA), the Company or the benefit provider will provide a certificate of prior insurance coverage whenever:

- An employee loses coverage or when COBRA coverage begins;
- When COBRA coverage ends; or
- Upon request by employee within 24 months after coverage under the Company's health insurance plan ends.

3.3 CONTINUATION OF GROUP HEALTH INSURANCE (COBRA)

Certain employees and their dependents who become ineligible for coverage under the group medical and health insurance plan due to a qualifying event may elect to continue such coverage up to 18 months or longer in accordance with the federal Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA).

Additionally, California employees may receive further continuation coverage offered by the health plan and insurer under Cal-COBRA after COBRA coverage has expired for a total of 36 months of continuous coverage. Employees are to notify the Company within 60 days of a qualifying event involving divorce, legal separation, and child becoming ineligible for health insurance coverage in order to be eligible for COBRA.

The plan administrator will notify eligible employees and their covered dependents when group benefits are lost due to a qualifying event, such as termination of employment, reduction in work hours, entitlement to Medicare benefits, retirement, death of an employee, loss of dependent status, or divorce or legal separation. The continuation coverage will be identical to the coverage currently being provided under the group health plan. However, employees and/or their covered dependents must pay the full amount of the premium plus an administration charge, if applicable, for their continued coverage as permitted by law.

If employees and/or their covered dependents do not choose continued coverage, then group medical and health insurance coverage will cease as of the last day of the month in which termination of employment or any other qualifying event occurs.

3.4 401(k) RETIREMENT PLAN

Regular, full-time employees who are 21 years or older become eligible to enroll in the Company's 401(k) Retirement Plan on the Plan's enrollment date following the first year of service plus a minimum of a 1,000 hours worked. Enrollment dates are on January 1 or July 1 on or after satisfying the eligibility requirements.

Those eligible employees who contribute a percentage of their annual pay to the Plan for their retirement for each calendar year may receive a discretionary contribution from the Company to the Plan of up to 4% of the employee's gross salary. Employees make their contributions through regular payroll deductions.

Additional information concerning this Plan can be obtained from Management. However, the Company does **not** consider any employee qualified to provide, and has **not** authorized anyone to offer advice or recommendations regarding the Plan's investment options.

3.5 UNEMPLOYMENT INSURANCE

The Company pays contributions to a state Unemployment Compensation Reserve account. Unemployment Compensation provides a weekly benefit for a specified period of time should employees be terminated through no fault of their own. These benefits change periodically and are established by state law.

Unemployment insurance benefits are not available to employees who voluntarily quit without good cause or who are terminated for misconduct.

3.6 WORKERS' COMPENSATION INSURANCE

All employees are covered by Workers' Compensation Insurance, effective the first day of employment. Workers' Compensation Insurance provides employees or their beneficiaries with certain benefits in the event of job-related illness, injury or accidental death.

The Company pays the full cost of this insurance. If employees sustain a job-related illness or injury, they must report the illness or injury to their Supervisor or other Management the same day an illness or injury occurs. Failure to do so could result in a delay of benefits by the insurance carrier.

If employees sustain a job-related illness or injury, they will be paid in full for the day such injury occurs or illness begins. All other payments for lost wages or salary due to a job-related illness or injury and any other benefits will be made by the workers' compensation insurance carrier as required by law. Workers' compensation insurance payments are coordinated with any vacation or sick leave taken as part of a medical or disability leave of absence. Contact Management for more information about workers' compensation insurance benefits.

The Company's policy is to investigate all questionable or suspicious workers' compensation claims and to refer them to the State Bureau of Fraudulent Claims if they appear to be fraudulent.

3.7 STATE DISABILITY INSURANCE

All employees are covered by State Disability Insurance effective the first day of employment. State Disability Insurance provides employees with certain benefits in the event of illness or injury, which is not job-related. SDI payments are coordinated with any vacation or sick leave benefits taken as part of a medical or disability leave of absence.

By state law, employees are required to pay the cost of this protection through payroll taxes on their earnings. The Company, also by state law, is required to withhold this tax from every employee's paycheck.

3.8 HOLIDAYS

Regular, full-time employees are eligible for holiday pay from their date of hire. Eligible employees must work their regularly scheduled workdays before and after a holiday observed by the Company, unless the absence was approved in advance or excused by their Supervisor. Eligible employees also receive holiday pay whenever they are on an approved vacation leave during which the Company observes a holiday.

Employees who are on an unpaid leave of absence as of the date the Company observes a holiday are not eligible for holiday pay.

Eligible employees are provided with the following five (5) ***paid*** holidays each year:

New Year's Day
Independence Day
Thanksgiving Day
Day After Thanksgiving
Christmas Day

Eligible employees may take two (2) Federal holidays observed on Monday as ***unpaid*** holidays each year. Employees must notify their supervisor two (2) weeks prior to the holiday he or she intends to take as a holiday.

Holiday Work

When a non-exempt employee is required to work on a holiday observed by the Company, the employee will receive his or her regular rate of pay for the hours actually worked on the holiday. Another paid day off within 30 calendar days of the holiday as approved by your Supervisor would be granted to all eligible employees who have worked a holiday observed by the Company.

Holiday Pay

If a holiday is observed by the Company on a day that the employee ordinarily would not be scheduled to work, the employee will be ineligible for holiday pay for that day. Eligible, exempt employees receive their regular salary. Eligible, full-time non-exempt employees will receive their regular straight time hourly wage rate for the typical number of hours that they work per day.

3.9 SICK LEAVE BENEFITS

Employees are eligible to accrue sick leave beginning on the first day of the month following completion of thirty (30) days of service with the Company.

Eligible employees receive a minimum of twenty-four (24) hours of paid sick leave at the start of each new calendar year unless the employee's employment contract specifies additional hours of paid sick leave. Unused paid sick leave does not carry over to the following calendar year.

Employees may use paid sick leave in the event of their own illness or to care for immediate family members, including parents, grandparents, spouse/domestic partners, and children.

A notification from a doctor regarding an employee's illness may be required for any absences of longer than three consecutive business days.

Employees who are absent for longer than three (3) days may be required to provide a doctor's statement indicating they can return to work, before they can return to work.

3.10 VACATION POLICY

The Company provides vacation benefits to eligible, regular full-time employees, only. These employees are eligible for vacation benefits beginning on the first day of the month following completion of thirty (30) calendar days of service.

Beginning with the calendar month following completion of thirty (30) calendar days of employment, eligible, full-time employees will be eligible for vacation days as set forth in their individual employment contracts, accruing at a rate set forth in same.

An eligible employee may not accrue more than the amount of vacation time set forth in their employment contract during a rolling calendar commencing on January 1. If an employee reaches this "soft cap," he or she will not accrue additional vacation benefits for the remainder of the calendar year.

Further, an employee will not be paid in lieu of taking vacation time off, except at the end of each calendar year when employee will be paid out any unused portion of accrued vacation pay. Any unused portion of accrued vacation pay will also be paid upon an employee's resignation or termination, subject to the recovery of any advances on vacation pay provided by the Company prior to the separation.

An employee must submit a written request to his or her supervisor and to the Management, requesting vacation at least two (2) weeks prior to the requested vacation period. Vacations must be approved by an employee's supervisor and the Management. Although every reasonable effort will be made to accommodate an employee's request to take vacation at a

specific time, supervisors are required to consider the needs of the Company when evaluating vacation requests.

3.11 WITNESS DUTY AND SUBPOENAS

Employees will be paid their normal wage or salary if required to be a witness or required by a subpoena to appear in court on Company business. Employees will not be paid for their time off if summoned to appear in court as a witness or because of a subpoena on matters not pertaining to Company business or on matters in which they are personally involved in the legal action. While taking time off from work, employees may use their accrued vacation benefits during any witness duty leave.

3.12 TIME OFF TO VOTE

The Company encourages all employees to fulfill their civic duties to vote. The Company provides up to two hours of paid time off, to employees whose work schedules do not provide sufficient time on an election day to vote.

In order to be eligible for this paid time off employees must provide at least two (2) days-notice to their supervisor prior to Election Day and submit proof of voting. The Company reserves the right in its sole discretion to specify a time period during which the polls are open for the employees to leave work to vote.

3.13 BEREAVEMENT LEAVE

The Company provides regular full-time and part-time employees with a bereavement leave of up to five (5) days of time-off from work without pay to attend a funeral when there is a death in the employee's immediate family. Additional time off without pay may be granted for employees who have to travel long distance or out of state to attend a funeral for an immediate family member. Employees may use their available vacation leave benefits for the workdays missed to attend a funeral.

Immediate family is defined as a spouse, child, stepchild, sister, brother, mother, father, mother-in-law, father-in-law, sister/brother-in-law, grandparents, grandchild, or legal guardian. Employees who have a death of any family member must immediately notify their Supervisor or Management of an intended absence from work.

3.14 LEAVES WITHOUT PAY

The Company recognizes that circumstances beyond an employee's control may require absence from work for medical and other compelling reasons. Therefore, the Company has established guidelines in granting leaves of absence without pay to assist employees during these periods.

Employees are not eligible for holiday pay during an unpaid leave of absence and do not accrue any vacation or sick leave benefits, or any other employee benefits based on continuous employment during leaves of absence lasting more than thirty (30) consecutive calendar days. Employee performance and wage and salary review dates will also be adjusted by the total amount of time taken for leaves of absence exceeding thirty (30) consecutive calendar days.

Group health insurance coverage for employees who are on unpaid leaves of absence may be continued in accordance with the applicable provisions of state and federal law and this Handbook. Employees whose group insurance coverage will be discontinued due to a qualifying event and who wish to continue their health coverage may do so by assuming responsibility for the full payment of monthly insurance premiums. (See Continuation of Group Health Insurance) It is the responsibility of the employee to contact Management **prior** to beginning a leave to make arrangements for any payment of group insurance monthly premiums that may be required while on leave.

Leaves of absence are not granted to employees who cannot report for work because they have been incarcerated or convicted of a crime.

Conditions of Leave

Employees may be eligible to take a leave of absence, without pay, subject to the following general conditions and applicable law:

1. Any employee who expects to be absent for three (3) or more consecutive work days for any reason must submit a request for an approved leave of absence, which will begin as of the first day of absence. Requests for leaves are to be submitted in writing and must be approved by your Supervisor.
2. Each request for a leave must include the reason(s) for the leave, as well as the specific dates that the leave is expected to begin and end.
3. When requesting a leave for non-emergency reasons, employees must normally submit their request at least thirty (30) calendar days in advance of the date the leave is to begin. If the leave is for unforeseen or emergency reasons, an employee is required to give his or her Supervisor as much notice as possible if the 30-day requirement cannot be met.

4. An extension may be granted when feasible and consistent with Company policies, business needs, operational concerns, and workload. However, the extension must be obtained before the agreed upon date of return. When on any type of medical leave, an employee must provide a physician's statement verifying the need for an extension and the expected date of return.
5. Employees must return to work on or before the agreed upon date. Failure of any employee to return to work on or before the agreed upon date, with a physician's release if required, will be interpreted as a voluntary resignation.
6. Employees are to use their accrued and available vacation and sick leave benefits for leaves of absence, unless otherwise provided by law. Vacation and sick leave payments will be combined with all other pay an employee may be eligible to receive such as from State Disability Insurance, Paid Family Leave (EDD), Worker's Compensation Insurance, or Military Duty so as to equal the amount of pay for the employee's regular work schedule that would have been received from the Company during a leave of absence.

Disability or Medical Leaves of Absence

Regular full-time employees may be granted an unpaid leave of absence for **temporary, non-job related** medical conditions up to a maximum of thirty (30) calendar days. Temporary and casual employees are not eligible for medical leaves of absence. Medical leaves are granted on the basis of a physician's written statement certifying that the employee is unable to work and cannot perform the essential functions of the job. The Company may require periodic physician's verification of an employee's inability to work. Continuation of the employee's group medical insurance benefits will be in accordance with the Continuation of Group Health Insurance provision of this Handbook. If an employee does not return to work on the first day following the expiration of the approved leave of absence, the employee will be considered to have voluntarily resigned from the Company.

A medical leave of absence for a period longer than thirty (30) calendar days or an extension of a medical leave of absence beyond thirty (30) calendar days up to a maximum of ninety (90) calendar days may be granted at the sole discretion of management on the basis of a physician's written statement certifying that the employee is still unable to work because of a medical disability, and on the business needs and operational concerns of the Company.

An employee who is ready to return to work from a leave of absence must submit a medical release to the Company verifying his or her fitness or ability to resume work at least

seven (7) calendar days prior to the expected date of return to work. An employee who is granted a medical leave of absence is not guaranteed reinstatement to the same or comparable position. If reinstatement to the former or a comparable position is not feasible, an employee will normally be given consideration for a position that he or she is fully qualified to perform that may be available when the leave of absence ends. If no such position is available, the employee will be permanently laid off.

Workers' Compensation Leave

Workers' Compensation leaves without pay are granted for situations in which there is a physician's written statement that a leave is required because of "**work related**" illness, injury, or other physical disability. The physician's statement must provide details acceptable to the Company regarding the nature of the disability and the anticipated length of absence from work. Leaves involving questionable work-related disabilities, as permitted by prevailing state and federal laws, may receive special attention from the Company and the workers' compensation insurance carrier.

An approved leave for a "**work-related disability**" generally will be extended for the duration of the disability until an employee is released for either full or partial duty, is determined to be permanently disabled and unable to return to work, or informs the Company that he or she does not intend to return to work.

Prior to returning to work, an employee must obtain and provide his or her Supervisor with a physician's written release. The release must include specific restrictions, if any, that affect the employee's ability to return to work, and the anticipated duration. Failure to provide such physician's release may result in termination. In some cases, another medical release at the Company's expense may be required from a physician appointed by the Company.

Pregnancy-Related Disability

A female employee who is pregnant will be permitted to work during her period of pregnancy as long as she is able to perform assigned duties in a safe and effective manner. The Company will grant a request for reasonable accommodation made by a female employee, on the advice of her health care provider, for pregnancy, childbirth or related medical condition. The employee may continue to work until the leave commencement date established by her physician. If, for any reason, the employee is unable to maintain the regular duties of her job, the Company will explore, under reasonable accommodation, reassignment to a temporary, appropriate and alternative job assignment (and pay rate), if available, for the employee.

Leaves due to pregnancy-related disabilities will be granted, without pay, for a total of up to four (4) months (88 workdays) as required under California law. An employee requesting a pregnancy-related disability leave of absence must first provide the Company with a statement from her physician conveying:

- The date her physician recommends she discontinue work.
- Any restrictions with regard to the employee's work that the physician may recommend before beginning a leave of absence.
- The probable duration of the employee's pregnancy related disability leave.
- The estimated date the employee will be released to return to work.

A physician's statement verifying that the employee is able to return to work must be presented by the employee to her Supervisor upon returning to work. The statement (release) must include specific restrictions, if any, that affect the employee's ability to return to work, and her anticipated duration. An employee returning from a pregnancy related disability leave will be returned to her original position or a substantially similar position to the one that she previously held. If the original or a substantially similar position is not available due to legitimate business reasons, the employee will be permanently laid off. Continuation of the employee's group medical insurance benefits will be in accordance with the Continuation of Group Health Insurance (COBRA) provisions of this Handbook.

Crime Victim Leave

The Company provides unpaid leave to eligible employees who are a victim of specified felony crimes, or who is an immediate family member of a victim, including spouse or domestic partner, to attend and participate in judicial proceedings related to the crime.

The policy applies to victims or immediate family members of victims of the following types of felony crimes: 1) a violent felony, as defined in subdivision (c) of section 667.5 of the Penal Code; 2) a serious felony, as defined in subdivision (c) of section 1192.7 of Penal Code; 3) a felony provision of law proscribing theft or embezzlement.

Employees are required to provide appropriate documentation before the leave, or if not possible, as soon as is reasonable to do so.

Employees may use accrued, unused vacation time for leave taken under this policy.

Emergency Responder Leave

The Company provides unpaid leave to eligible employees who are volunteer firefighters, reserve peace officers or emergency rescue personnel so that such employees may respond to a call to emergency duty.

Employees should notify the Company of their status as a volunteer upon hire or as soon as possible after they join the volunteer service. Additionally, employees should provide as much advanced notice as practicable of the leave for leave under this policy when they are called to emergency service.

Employees are required to provide appropriate documentation before the leave, or if not possible, as soon as is reasonable to do so.

Employees may use accrued, unused vacation time for leave taken under this policy.

School Discipline Leave

An employee may take time off without pay to attend meetings at school for minors in the employee's immediate care relating to disciplinary issues of the minor including suspension.

Employees should advise their Supervisor of the need for this leave as soon as practicable. Employees are required to provide appropriate documentation before the leave, or if not possible, as soon as reasonable to do so.

Employees may use accrued, unused vacation time for leave taken under this policy.

School Activity Leave

An employee may take time off without pay to attend the school activity of his or her child. An employee who is a parent, guardian or custodial grandparent of a dependent child enrolled in a licensed day care center, kindergarten, or grades 1 through 12 may take up to forty (40) hours off work *without pay* each calendar year to participate in the activities of the child's school. An employee may not miss more than eight (8) hours of scheduled work time per month and must schedule all such absences with his or her Supervisor as far in advance of an absence as possible. When both parents of a child are employed by the Company, and both request time off work for the same date, only the employee who made the first request will be granted time off unless the other employee obtains approval for the requested time off.

All School Activity leaves will be charged to the employee's unused accrued vacation time. Leaves of absence in excess of available vacation time will be without pay. When

requested, employees must provide written verification to their Supervisor from the child's teacher or principal regarding his or her participation in a school activity.

Jury Duty

The Company will not provide paid time off from work, to employees who have been summoned for jury duty. Employees may use their accrued vacation leave benefits for jury duty service exceeds the initial five (5) days. The salary of exempt employees will not be reduced for any week in which they perform any work and also serve on a jury, but will be offset by any amounts received by the employee as jury duty fees.

Within three (3) days upon receiving a jury duty notice, an employee must immediately provide a copy of this notice to his or her Supervisor that specifies the dates that the employee will be serving as a juror. An employee must also give a copy of the jury duty notice to his or her Supervisor for retention in his or her personnel file before reporting for jury duty service.

When on jury duty, employees must report for work whenever their presence is not required at court, including during "phone in" or "on call" status. Employees who cannot report to work due to jury duty may be required to show proof of jury service or appearance.

The Company may submit a request for a postponement on your behalf in the event that compelling business reasons make postponement of jury duty service necessary.

Military Duty Leave

Leaves of absence and re-employment resulting from service in the National Guard or U.S. Military Armed Forces will be in accordance with applicable state and federal laws. A copy of the applicable, official military orders for training or active duty must accompany an employee's request for a leave of absence.

An employee who is assigned to a U.S. Military Armed Forces Reserve organization and is subject to active or inactive duty training will be granted leaves of absence without pay, generally for up to two (2) weeks. An employee may use his or her accrued, unused vacation leave benefits for all or part of an unpaid leave of absence for Reserve training to supplement his or her military pay so as to equal the amount of pay that would have been received from the Company during the leave of absence. Any portion of a leave that occurs after all available accrued vacation leave benefits have been used will be without pay.

A military leave of absence without pay will be granted to an employee who is called to active duty in the U. S. Military Armed Forces. An employee returning from military duty shall be offered re-employment in accordance with the Uniformed Services Employment and Re-Employment Rights Act of 1994 (USERRA). If an employee fails to notify the Company of his or her intent to return to work within the time period allowed by law, the employee will be considered to have resigned.

California Civil Air Patrol Leave

The Company provides eligible employees who are volunteer members of the California Wing of the Civil Air Patrol and are called to emergency operational missions up to ten (10) days of unpaid leave per calendar year. Leave for a single emergency operational mission will generally be limited to three days unless an extension is granted by appropriate government entities and approved by the Company.

To be eligible, employees must have been employed with the Company for 90 days immediately preceding the commencement of the leave. Additionally, the Company may require certification from the proper Civil Air Patrol authority to verify the eligibility of the employee for the leave requested or taken.

Employees may use accrued, unused vacation time for leave taken under this policy.

Employees requesting leave under this policy should as soon as practicable after hire, or on becoming designated as a member of the California Wing of the Civil Air Patrol, notify his or her Supervisor of his or her status. When the employee is called to service, the employee should notify his or her supervisor as soon as practicable of the need for leave.

When returning from leave under this policy, the employee should provide his or her Supervisor or the Human Resources Manager with appropriate written documentation confirming that during the leave the employee was actively engaged in an emergency operational mission.

Upon returning from leave under this policy, the employee will typically be restored to his or her position, or to an equivalent position, with equivalent pay, benefits, and other employment terms and conditions.

California Organ/ Marrow Donor Leave

The Company provides eligible employees up to 30 days in a 12-month period of unpaid leave to donate an organ to another person, and up to five days in a 12-month period of unpaid leave to donate bone marrow to another person.

To be eligible, employees must have been employed with the Company for 90 days immediately preceding commencement of the leave. Additionally, the Company may require written certification that the employee is a bone marrow or organ donor and that the procedure is medically necessary.

Employees will be required to use up to five (5) days of their accrued vacation time for leave under this policy to donate bone marrow, and up to two weeks of their accrued vacation time for leave to donate an organ.

Employees should request leave under this policy with as much advanced notice as practicable.

Personal Leave

An unpaid personal leave of absence may be granted upon request to regular full-time employees for pressing personal needs, at the discretion of the Company.

An unpaid personal leave may only be requested when all other appropriate leave balances have been exhausted. The Company will attempt to hold an employee's position open for the period of an unpaid personal leave, if such leave is three (3) weeks or less.

Unpaid personal leaves are limited to one per a rolling 12-month period.

3.15 RETURN FROM A LEAVE OF ABSENCE

When an employee is returning from an approved leave without pay, the employee must notify Management at least seven (7) calendar days **prior** to the scheduled return date. The Company at its discretion, based on anticipated business needs and operational concerns, may or may not be able to hold an employee's position open during a leave of absence. If the position held no longer exists upon an employee's return, placement in another position, if available, for which such employee may be reasonably qualified will be made if feasible. If placement in another position cannot be accomplished, such employee will be permanently laid off.

Reinstatement after leaves involving Pregnancy Related Disabilities, U.S. Military Duty, Jury Duty, those leaves covered by workers' compensation, or other leaves regulated by law will be in accordance with applicable state and federal laws in effect at that time.

3.16 TERMINATION DURING LEAVES OF ABSENCE

Employees will be replaced or terminated during a leave of absence for any of the following reasons:

1. Notice of intent to resign or demonstration of intentions not to return to work is given.
2. Employees fail to return to work within the time specified for the leave without having obtained a Company-approved extension of the original leave expiration date.
3. Employees fail to supply a doctor's certificate or other requested documentation to substantiate the need for, or an extension of, a leave.
4. Employees fail to accept their former position upon return, or if not available, another position for which they may be reasonably qualified.
5. Employees refuse to undergo a medical evaluation by an appointed doctor at Company expense when requested.
6. Employees accept other employment at any time during the leave of absence.
7. Employee's position no longer exists at the conclusion of his or her leave.
8. Employee's position is eliminated during the leave.

SECTION 4- PERFORMANCE AND SALARY REVIEWS

4.1 PERFORMANCE EVALUATION

Performance reviews are conducted periodically for all regular full-time and part-time employees. The performance evaluation generally will be completed in writing, and an interview normally will be conducted between the employee and his or her Supervisor. During the performance evaluation, you and Management will discuss the work being done, your progress,

strengths, performance areas that need improvement, and goals to consider or requirements to be set.

A performance review, however, does not mean or guarantee that a wage or salary increase will be granted automatically. All pay increases are recommended by Supervisors and must be approved by the Management. In the event of unusual economic conditions or other business reasons, the Company may elect to freeze or reduce pay rates.

4.2 WAGE AND SALARY REVIEWS

Salary and wage rates are based upon an employee's job duties and responsibilities, work performance, potential for promotion, pay practices in the area, and the economic conditions of the Company. Pay increases are not automatic and will be granted on the basis of progress in either meeting or surpassing performance standards since the last pay increase. The pay rates for part-time and temporary employees are not reviewed on a regular basis and may be adjusted when considered appropriate by the Company.

Performance reviews and any salary or wage increases do not in any way modify the at-will employment policy which permits either the employee or the Company to terminate the employment relationship at any time with or without cause or notice.

4.3 PROMOTIONS AND TRANSFERS

Whenever possible, job positions will be filled by promoting or transferring qualified employees from within the Company. All placements by promotion, transfer or new hire are based solely on performance and the qualifications of individuals applying for an open position. Employees who are interested in a promotion or transfer should discuss their interests with Management. To be eligible for a promotion or transfer within the Company, you must have spent at least six months in your current position and have received satisfactory performance. Exceptions to this guideline may be made based on the recommendations of your Supervisor.

SECTION 5 - PAYROLL PRACTICES

5.1 WORKWEEK AND PAY PERIODS

The hours and days of work for individual employees may vary by department or individual assignment according to the needs of the Company.

For payroll purposes, the Company's work week for all employees begins at 8:01 a.m. on Monday and ends at 8:00 a.m. on the following Monday.

Permanent, full-time employees may arrange to have their paycheck directly deposited into their bank account by completing and submitting the appropriate form, along with a voided check or other required documentation from their bank, to the Director. Paychecks will not be given to anyone other than employees except with their prior written authorization.

Employees are expected to report any errors in a paycheck to their Supervisor. The Company does not permit any wage or salary advances to any employee.

5.2 PAYROLL DEDUCTIONS

The Company is required by state and/or federal law to withhold a portion of an employee's pay for tax or government-mandated benefit programs and other mandatory deductions from time to time. These legally required deductions include, but are not limited to, Federal Income Tax, State Income Tax, Federal Social Security Insurance (FICA). Medicare Deduction, California State Disability Insurance (SDI), Court Ordered Deductions (such as garnishments), and Tax Liens.

Additionally, employees may authorize certain deductions to be made from their paychecks each month for reasons such as payment of group medical insurance premiums and 401(k) contributions. All deductions, whether they are legally required or voluntary, are itemized on each employee's paycheck stub.

5.3 OVERTIME

Regular employees who are classified as non-exempt will be compensated for overtime hours worked in accordance with all legal requirements. Regular employees who qualify for exemption within the meaning of the state and federal wage and hour laws do not receive overtime pay and are not subject to this policy.

All non-exempt, regular employees will be paid overtime in accordance with the following schedule:

1. One and one-half times the regular rate of pay for:
 - a) All hours worked in excess of 8 hours up to and including 12 hours in any workday.
 - b) All hours worked in excess of 40 hours in any workweek.

- c) The first 8 hours worked on the 7th consecutive day of work in a workweek.
- 2. Two times the regular rate of pay for:
 - a) All hours worked in excess of 12 hours in any workday.
 - b) Any work in excess of 8 hours on any 7th consecutive day of work in a workweek.

Hours paid that are not actually worked, including but not limited to, holidays and vacation or sick leave are not considered time worked for purposes of computing overtime pay.

Overtime is authorized only when absolutely necessary. All overtime must be planned and approved **in advance** by your Supervisor. Because unauthorized overtime is against Company policy, non-exempt, regular employees who work unauthorized overtime are subject to discipline, up to and including termination. When overtime is required, your Supervisor will attempt to provide as much notice as possible.

A regular employee who refuses to work overtime without a compelling or satisfactory reason is not fulfilling the requirements of his or her position. Refusal to work overtime may result in disciplinary action, up to and including termination of employment.

5.4 VOLUNTARY MAKE-UP TIME

A non-exempt employee may request to make-up work time that is or would be lost as a result of a personal obligation of the employee under the following conditions:

- 1. Employee must make-up time during the same month in which the work time was or would be lost.
- 3. Employee may work no more than eight (8) hours on a workday to make-up for the time off.

All requests are considered to be completely voluntary because the Company does not encourage, discourage or solicit such requests. As permitted by state law, no overtime will be paid, except for hours worked in excess of eight (8) hours of work in one day or forty (40) hours in one workweek. If the Company has not approved the make-up time, then any personal time off that may be taken by a non-exempt employee will be without pay or charged to the employee's accrued vacation leave benefits.

5.5 GARNISHMENT OF PAY

All garnishments and other attachment orders that are required by law will be honored. An employee who suspects this may happen should review the situation with the Office Supervisor, immediately.

5.6 TIME RECORDS

The Company is required to maintain time records for all hours worked by non-exempt employees in accordance with applicable federal and state wage and hour laws. If you are a non-exempt employee, you are responsible for maintaining an accurate record of your hours worked. You must record the time when you start to work, begin and end your lunch period, and leave at the end of your work shift for each day. You must record on your timesheet the number of hours worked and indicate any adjustments (such as overtime, sick leave, absence and vacation) that occur during each pay period.

Non-exempt employees are to complete their timesheets and certify that all hours of work that have been recorded are accurate at the end of each pay period. Be sure to mark any absences and indicate the reason for them on your timesheet, as this is the record from which you are paid. Your timesheet must then be verified and approved by your Supervisor.

Under no circumstances may you record time on another employee's timesheet, or "clock in" or "clock out" for another employee. You must complete only your own timesheet. If you make an error when completing your timesheet, you must notify your Supervisor. Any employee who violates or disregards the timekeeping procedure may be subject to disciplinary action, up to and including termination.

Your timesheet is an official, legal document and a personal certification of all hours worked and therefore must be accurately maintained. Falsifying or altering your timesheet may result in disciplinary action, including termination of employment.

5.7 TRAVEL PAY

Generally, the time employees spend commuting to and from work is not considered work time and is excluded from this policy. However, non-exempt therapist-employees who are required to travel between client locations for work-related purposes are eligible for travel pay under this policy.

Eligible employees will be paid for travel time at the applicable minimum wage.

Eligible employees are expected to record work-related travel time on their timesheets pursuant to the company's time-keeping policy. When recording travel time, employees must denote the travel time separately from regular work time.

Travel pay will apply in the following circumstances:

1. Off-premise work location from work. Once the employee reports to work, if he or she is required to travel to an off-premises worksite, all time spent from the time the employee leaves the work premises until he or she reaches the off-premises worksite location is paid as travel pay.
2. Off-premise work location to another off-premises work location. When the employee must travel between two off-premise work location the time spent traveling will be paid as travel pay.

SECTION 6 - HOURS OF WORK AND ATTENDANCE

6.1 WORK SCHEDULES AND JOB ASSIGNMENTS

Normal business hours in the Company office are from 7:30 am. — 7:00 p.m. Scheduled work hours are determined by Company management.

The daily and weekly work schedules vary with each department, and may change from time to time to meet the varying conditions of business. Various factors such as workloads, operational efficiency, and staffing needs may require variations in an employee's starting and ending times and total hours worked each workday or workweek.

Changes in your work schedule will be communicated by the Program Coordinator as far in advance as practical. Employees, other than therapists, are to check with their Supervisor regarding their individual work schedules. The Company reserves the right to assign employees to jobs, shifts, and locations other than their usual assignments, or change work schedules when required with or without notice. Therapists will schedule their own appointments based on the referral information given to them by the Program Coordinator.

6.2 HOURS OF WORK

The hours for regular, full-time administrative employees are generally 40 hours per week. Full-time status for therapists is generally 25 hours or more a week. The hours and days of work for individual employees may vary by department or individual assignment according to the needs of the Company.

Rest Periods

All non-exempt employees will receive two 10-minute paid rest breaks in an 8-hour workday. These rest periods will occur as near as possible to the middle of each 4-hour work segment. Employees whose total daily work time is less than 3 ½ hours are not entitled to a rest period. Employees are expected to check with their Supervisor whenever they have questions about their rest period schedule. Employees are permitted to leave Company premises during their rest period.

Meal Period

Non-exempt employees who work more than five (5) consecutive hours are entitled to a meal period of at least 30 minutes. Employees are encouraged to take their meal break within five (5) hours from the start of their workday. Meal periods are generally for thirty (30) minutes, unless otherwise determined by your Supervisor. Employees are to coordinate with their Supervisor as to the time when they wish to take their lunch break, unless the Supervisor has otherwise scheduled your meal period. Meal period schedules may vary by department. Meal periods are not paid time and must therefore be regularly recorded by non-exempt employees on their time records.

Non-exempt employees are required to spend at least 30 minutes away from their workstation and performing no work during the meal periods. Employees are permitted to leave Company premises without prior management authorization during a meal period.

Employees are expected to promptly return to work after a rest break or meal period. Employees who return to work late are subject to disciplinary action, up to and including termination.

6.3 ATTENDANCE AND PUNCTUALITY

As an employee of the Company, you are expected to be punctual and maintain regular attendance. Any tardiness and absenteeism places an additional burden on your fellow employees

and re-scheduling work assignments. Good attendance is an essential element in determining satisfactory job performance. An unsatisfactory attendance record of tardiness and absences can result in disciplinary action, up to and including termination.

An absence is the failure of an employee to be at a designated work area or perform assigned work as required by your Supervisor because of a failure to report for work as scheduled, begin or end a rest break or meal period on time, and/or leave prior to the end of a workday as scheduled. Such absences include lost time (partial or full day) due to illness, injury, personal reasons, or other reasons for which the Company is not responsible. As a guideline, employees who accumulate three (3) absences in any thirty (30) calendar day period, however, are considered to have an unsatisfactory attendance record, and can expect to receive discipline up to and including termination for such attendance records.

Approved Time Off

Employees who know in advance or expect to be absent or late are required to make the necessary arrangements with their Supervisor. If you require time off from work, please schedule and obtain prior approval for any intended absence by submitting a written request for time off to your Supervisor two (2) weeks prior to the date of the absence. Planned time off includes any situation that you know might prevent you from reporting to work on time for any scheduled workday or needs to be scheduled (e.g., vacations, doctor's appointments, personal obligations, leaves of absence, etc.). If prior arrangements have not been made, employees must discuss an absence or inability to be at work on time directly with their Supervisor.

Absenteeism

The Company expects that you will be present and ready for work on a regular basis. If you are ill or an emergency arises that prevents you from coming to work as scheduled, you are to notify your Supervisor of your absence at least thirty (30) minutes before your scheduled workday begins. You are to speak directly with your Supervisor concerning your absence. If your Supervisor is unavailable, then leave a message. However, it is your responsibility to call your Supervisor or the Office Manager sometime during the workday to personally discuss your absence with him or her.

Tardiness

You are expected to report to work on time and on a regular basis, and the Company will not tolerate repeated lateness. If you are going to be late for work, you are to immediately notify your Supervisor or the Office Manager so that the work schedule can be arranged accordingly.

Unsatisfactory attendance includes not reporting to work at the scheduled starting time, not ending or returning from a rest break or meal period on time, and/or leaving work prior to the end of a workday as scheduled. You are urged to avoid undue absence or lateness in reporting to work.

Emergency Absence

In the event employees are absent due to an emergency situation, such as sudden illness or hospitalization, their Supervisor or the Office Manager must be notified as soon as possible either by the employee or by the individual designated by the employee as the emergency contact.

Reporting Your Absence and Doctor's Statement

For any absence or tardiness, employees who speak or leave a message with anyone other than their Supervisor or the Office Supervisor do not meet the Company's reporting requirements.

A physician's statement may be required, at management's discretion, for any absence due to illness or injury. The Company may request an evaluation of an employee's medical condition from an appointed physician at Company expense. Alternatively, the Company may require a doctor's verification that employees are capable of resuming their job responsibilities before being permitted to return to work.

Any falsification, misrepresentation or other violation of an attendance obligation to the Company can result in disciplinary action, up to and including termination.

SECTION 7 - EMPLOYEE RELATIONS & ADMINISTRATION

7.1 SUGGESTIONS AND QUESTIONS

Work-related questions or suggestions can best be presented by frank and prompt discussion. Accordingly, the Company promotes the following "Open Door" practices:

1. Progressive Steps is always looking for better ways of operating our business and serving our customers. Employees, who have ideas for improving the Company's services, or doing a job more simply and economically, are encouraged to give their suggestions to Management. Management will be glad to review and discuss all such suggestions.

2. All employees are encouraged to express their views on Company policies to management, either verbally or preferably in writing. Employees are expected to express such views in a calm, reasonable, and constructive manner. Anonymous suggestions may be submitted to the Management.
3. Suggestions and questions will be answered as quickly as possible.

7.2 COMMUNICATIONS

Employee Meetings

Attendance at scheduled employee meetings is considered part of an employee's responsibilities. These meetings are held to provide information, promote employee participation, to contribute constructive ideas in solving problems, to improve our organization, and to allow us to operate more efficiently. It is an opportunity to exchange ideas, to set goals, to discuss opportunities for growth and to solve any problems. If you are unable to be present, please notify your Supervisor and offer to submit your ideas in writing.

7.3 COUNSELING AND DISCIPLINE

To insure proper employee conduct in the workplace, violations of Company policies or standards will result in corrective action appropriate to the employee's conduct.

Nothing in this Employee Handbook or management's discretionary use of corrective discipline in any circumstance creates any express or implied contract modifying an at-will employment relationship. Furthermore, no one has the authority to change this at-will relationship by any actions, practices, course of conduct, length of service, awards, transfers, promotions, promises or statements. The at-will relationship can only be modified by an individual written employment agreement signed by the President of the Company and by the employee. Without modifying this mutual at-will relationship in any way, the Company may choose to utilize corrective discipline in some circumstances as described in this policy.

Corrective or disciplinary action may include one or more verbal counseling or written corrective disciplinary warnings. If the problem or problems are not corrected, termination of employment can be expected.

The Company may use any form of discipline or corrective action deemed appropriate to the situation. The use of any corrective or disciplinary action is completely within the sole discretion of management. The Company makes no promises, express or implied, that employees

will necessarily be warned prior to having their employment terminated. Giving a disciplinary warning or warnings in one instance does not require the Company to use such warning or warnings in any other instances nor does it modify the at-will employment relationship in any way. Accordingly, the Company reserves the right to utilize any corrective or disciplinary action, including termination, on a “first time” basis.

Suspension without pay will normally be immediately used to permit management to investigate and review the circumstances of a situation. The Company may terminate an employee for any offense that it deems a violation of a Company policy or performance standards.

7.4 PERSONAL POSSESSIONS

Employees are encouraged to avoid bringing expensive items or personal possessions that have sentimental value to work and to take all precautions to safeguard all such items and possessions if brought to work, especially wallets and purses.

Employees who bring any kind of personal items and possessions to work do so at their own risk because the Company accepts no responsibility for any items or possessions that are stolen, lost or damaged in any way.

7.5 USE OF PERSONAL CELL PHONES DURING WORK HOURS

Personal telephone calls, including making or receiving calls from your cell phone or returning pages, should be handled during non-work time (rest breaks and meal periods)..

Employees who have cell phones with built-in cameras or recording features are not to use these phones in the restrooms, and are not to use their camera phones to take inappropriate pictures or record private conversations of co-workers, clients or others. Inappropriate use of this type of equipment by an employee is subject to disciplinary action, up to and including termination.

7.6 USE OF COMPANY PROPERTY OR EQUIPMENT

The Company will furnish employees with equipment or tools needed to perform their jobs. When using equipment or tools in performing tasks, employees are expected to exercise care and follow all operating and maintenance instructions, safety standards, and guidelines. Use equipment and tools only for the purpose for which it was designed. Do not attempt to operate any equipment or machine until you have been properly trained on the correct use. Please notify

your Supervisor or the Office Manager of any equipment or tool that is broken, malfunctioning, damaged, defective, or in need of repair. Prompt reporting of damages, defects, and the need for repairs could prevent deterioration of equipment and possible injury to employees or others.

The Company's resources are to be used only for legitimate business purposes. Company property and equipment are not to be used for personal use by employees. Company property includes vehicles, equipment and tools, telephones, fax and other communication equipment, computers, copy machines, postage, office supplies, etc. Borrowing any Company property for personal use, removing Company property without approval, or using the organization's time and resources for personal gain is prohibited. Unauthorized use or removal of Company property or resources by an employee is subject to disciplinary action, up to and including termination.

7.7 SOLICITATION OF EMPLOYEES COLLECTIONS

In order to avoid disruption of operations, the following rules apply to solicitations and distribution of literature on Company property or premises.

Persons who are not employed by the Company may not solicit or distribute literature on Company premises or property at any time, for any purpose.

Employees may not solicit or distribute literature during "working time" for any purpose. Working time includes the working time of both the employee doing the soliciting or distributing and the employee to whom the soliciting or distributing is being directed. Working time does not include meal periods, or any other specific periods during the workday when employees are properly not engaged in performing their work assignments.

7.8 VOICE MAIL, E-MAIL, INTERNET USAGE AND COMPUTER FILES

The Company has established this internet, e-mail, and electronic communication policy in an effort to make certain that employees utilize electronic communication devices in a legal, ethical, and appropriate manner. We have devised this policy in a manner that addresses the Company's legal responsibilities and its terms regarding the fair and proper use of all electronic communication devices within the organization.

SCOPE OF POLICY

This policy extends, by way of example only, to all features of the Company's electronic communication system, including computers, e-mail, connections to the internet and World Wide Web and other internal or external networks, voice mail, video conferencing, facsimiles and

telephones. Any other form of electronic communication used by employees currently or in the future is also intended to be encompassed under this policy. Every employee and independent contractor using Company-owned equipment is subject to this policy and is expected to read, understand, and fully comply with its provisions.

RULES

It may not be possible to identify every standard and rule applicable to the use of electronic communication devices. Employees are therefore encouraged to utilize sound judgment whenever using any feature of the communications systems. In order to offer employees some guidance, the following principles and standards should be clearly understood and followed:

1. The Company's policy against unlawful harassment including sexual harassment, extends to the use of computers, the internet, and any component of the communications systems. In keeping with that policy employees should not use any electronic communications device in a manner that would violate that policy. For example, employees may not communicate messages that would constitute sexual harassment, may not use sexually suggestive screen savers, and may not receive or transmit pornographic, obscene, or sexually offensive material or information.
2. The Company's anti-discrimination policies extend to the use of the communications systems. Any employee who uses any electronic communications device will therefore be subject to disciplinary action, up to and including the possibility of immediate termination, for use of such a device in any manner that violates the Company's anti-discrimination policies or commitment to equal employment opportunities. This includes, as an example, using an electronic communication device to transmit, communicate or post personal opinions of a discriminatory nature.
3. Employees may not use any electronic communications device for a purpose that is found to constitute, in the Company's sole and absolute discretion, a commercial use that is not for the direct and immediate benefit of the Company.
4. Employees may not use any electronic communications device in a manner that violates the trademark, copyright, or license right of any other person, entity, or organization.
5. Employees may not use any electronic communications device in a manner that infringes upon the rights of other persons, entities or organizations to proprietary, confidential or trade secret information.

6. Employees may not use any electronic communications device for any purpose that is competitive, either directly or indirectly, to the interest of the Company or for any purpose that creates an actual, potential or apparent conflict of interest with the Company.

7. The Company's policies against improper solicitations and distributions extends to the communication systems. Employees may not use any electronic communications device in a manner that violates the Company's no solicitation rule.

8. Employees will identify all communications as "privileged and confidential" when it is accurate and appropriate to do so. In this manner the Company can assert any protections, privileges, and rights relating to communications if it becomes necessary to do so.

ACCESS

The Company must retain the right and ability to enforce this policy and to monitor compliance with its terms. While computers and other electronic devices are made accessible to employees to assist them to perform their jobs and to promote the Company's interest, all such computers and electronic devices, whether used entirely or partially on the Company's premises, or with the aid of Company equipment or resources, must remain fully accessible to the Company and, to the maximum extent permitted by law, will remain the sole and exclusive property of the Company.

Employees should not maintain any expectation of privacy with respect to information transmitted over, received by or stored in any electronic communications device owned, leased, or operated in whole or in part or on behalf of the Company, including, but not limited to, e-mails. The Company retains the right to gain access to or inspect any information received by, transmitted by, or stored in any such electronic communications device, by and through its agent, employees, or representatives, at any time, either with or without an employee's or third party's knowledge, consent or approval. Employees who are provided access to computers must advise the Management in writing, of any password they used to gain access to computers or the internet as well as any changes to such password. Such notice must be made immediately.

COMPLIANCE IS ESSENTIAL

Employees who violate any aspect of this policy or demonstrate poor judgment in the manner in which they use any electronic communications device will be subject to disciplinary action, up to and including the possibility of immediate termination. Employees who have any questions regarding this policy should bring them to the immediate attention of the Management.

7.9 INSPECTIONS OF FACILITIES

The Company provides offices, desks, cabinets, computers, equipment, and other property that employees use in the performance of their job duties. These facilities are the sole and exclusive property of the Company. In order to prevent possession of illegal drugs, stolen property, weapons, or other improper materials at the workplace, the Company may conduct inspections of its facilities.

Accordingly, the Company reserves the right to inspect such facilities and property at any time, whether during work hours or not and with or without advance notice. This policy applies to all Company property, regardless of whether it is for your exclusive use and regardless of whether you are allowed to maintain a lock or other means to limit access to the property. To facilitate enforcement of this policy, employees also may be questioned and their personal possessions inspected upon entering and/or leaving the premises. Any employee who wants to avoid inspection of any articles or materials should not bring such items onto Company premises.

You are expected to cooperate in such inspections, and your consent to inspection is required as a condition of employment. Refusal to consent may result in disciplinary action, including termination of employment.

7.10 DRESS CODE

We expect that all employees will be appropriately dressed and groomed at all times. All employees are expected to practice good hygiene including cleanliness. Employees are not to use strong or pungent perfumes or other strong fragrances from colognes, aftershaves, lotions or hairsprays.

Employees are required to dress professionally. Walking shorts, skirts, dresses that fall past the knee, slacks, and jeans are all acceptable. Employees must wear closed toed shoes or shoes with a strap around the heel. Flip flops and yoga pants are prohibited.

Employees are expected to check with their Supervisor if they are unsure about the appropriateness of their attire or grooming.

Non-Compliance

Employees who are inappropriately dressed may be sent home and directed to return to work in the proper attire. Non-exempt employees will not be compensated for the time away

from work. Employees who violate the Company's dress code policy and/or grooming standards will be subject to disciplinary action, up to and including termination.

7.11 REIMBURSEMENT OF BUSINESS EXPENSES

Certain employees may incur business expenses in the course of their duties. You must be authorized in advance to incur business expenses and all such expenditures must be documented and submitted to administration for review and approval. All original receipts for expenses are to be turned in with an explanation as to the nature of the expense. In the case of promotional or entertainment expenditure, the names of the persons and the business purpose for the meeting must be included.

The Company must approve expenses that include airline travel or hotel reservations before they are incurred. Expenses will be paid by the employee and reimbursed upon submitting an expense report and receipts, unless a travel advance or other arrangements have been made. If you have any questions regarding how your particular expenses should be handled, please check with your Supervisor before incurring the expenses.

Some employees will be provided a Company-issued credit cards or gas card, as a benefit of employment. These cards are not for personal use. The cards are revocable at any time, with or without advanced notice, and with or without cause. If the employee fails to submit a receipt for the expense incurred on one of these Company cards, he or she will be personally responsible for the charges incurred.

SECTION 8-PERSONNEL RECORDS & EMPLOYEE INFORMATION

8.1 PERSONNEL RECORDS

The Company maintains files of current and former employees consistent with its own needs and in order to comply with other requirements, and would restrict disclosure of your personnel file to authorized individuals only. Health or medical information or documents on an employee are not included in the employee's personnel file. These records are confidential and are maintained in a separate file. The Company will safeguard them from disclosure and will divulge such information only as permitted by law, to the employee's personal physician upon request or permission of employee, or as required for workers' compensation cases.

Employees wishing to review their personnel files must request an appointment to do so with the Director. Such appointments should be made during normal working hours. Files will be reviewed under the supervision of the Director or Program Coordinator.

Employees may take notes related to documents in their personnel file; however, no alterations of these records are permitted nor can a document be added to or removed from the file at the time of an employee's review.

8.2 CHANGE OF PERSONAL INFORMATION

It is important that all personal information about each employee be up to date at all times. Employees must, therefore, immediately notify the Supervisor and the Office Manager in writing any time their address, telephone number, marital status, name, number of dependents or other personal information changes.

8.3 EMPLOYMENT VERIFICATION REQUESTS

All employment verification requests, either verbal or written, must be forwarded to the Director. All responses by the Company to such requests will be restricted to dates of employment and the last or current job title held by an employee.

SECTION 9 - EMPLOYEE HEALTH AND SAFETY

9.1 DRUG AND ALCOHOL POLICY

The Company has a critical interest in assuring the health, safety and well being of its employees and the maintenance of a safe and efficient work environment. The manufacture, use, sale, purchase, possession, or distribution of controlled substances (such as marijuana, cocaine, heroin and other drugs) in the workplace, or individuals who are under the influence of these substances or prescribed drugs, pose unacceptable risks for safe, healthful and efficient operations. Likewise, the possession, use or being under the influence of alcohol in the workplace poses safety risks. All employees must report to work in a fit condition to perform their jobs safely and well. Violation of this policy will result in disciplinary action, including termination of employment, even for a first offense.

The manufacture, use, sale, purchase, possession, or distribution of alcohol beverages and/or illegal drugs or controlled substances by any employee while on Company property or in a vehicle while performing Company business is strictly prohibited. An illegal drug is any drug that is not legally obtainable or that is legally obtainable but has not been legally obtained.

Coming to work with illegal drugs in the employee's system or being under the influence of alcohol or drugs while performing Company business or while on Company property is prohibited. This policy covers illegal drugs, including marijuana, as well as prescribed or over-the-counter drugs that are not legally obtained or are not being used for prescribed purposes.

Using or being under the influence of any legally obtained drug while performing Company business or while in a Company facility or on Company property, or while operating a Company vehicle or equipment is prohibited to the extent that such use or influence affects job safety or efficiency. Impairment from the use of alcohol or drugs may affect the safety of co-workers, customers or members of the public, your job performance, and the safe and efficient operation of Company facility.

Employees who are or will be using legal drugs that may affect their performance or impair their judgment should immediately inform their Supervisor. The Company may consult with the prescribing physician to learn the expected effect of the drug and/or require a written statement from the physician that continued working would be safe and efficient. An employee may continue to work if the Company determines that the employee does not pose a safety threat and/or that job performance is not affected by use of the drug. Otherwise, the employee may be required to take a leave of absence or comply with other appropriate measures.

Drug and Alcohol Testing for Reasonable Suspicion

If the Company has a reason to suspect that any employee may be using illegal drugs or alcohol, or may be under the influence of or impaired while at work, or when reporting for work, that employee may be ordered to submit to a blood test, urinalysis, breathalyzer or other test conducted by a professional medical staff and laboratory. Likewise, when the Company reasonably suspects that an employee's impairment from drugs or alcohol may have been a factor in an injury or accident during work, or while operating Company equipment, that employee may also be ordered to take a blood test, urinalysis, or other drug/alcohol test.

Such examination and/or tests, when requested, will be on Company time, are considered a condition of employment, and will be at the sole expense of the Company. Transportation will be provided to and from the medical facility. If the employee tests positive, the employee will be subject to immediate termination. Should an employee refuse to submit to the requested examination or test, the employee will be subject to discipline up to and including termination for insubordination.

Company Inspections

The Company retains the right to search and inspect all Company owned property and premises, including common areas used by employees, to detect the presence of drugs, controlled substances or alcohol. In addition, the Company may question employees and inspect any of their packages or belongings when entering or leaving Company premises. Such inspections may occur at any time, with or without notice. As a term and condition of employment, every employee is expected and required to fully cooperate with any search being conducted to detect the presence of drugs or alcohol on Company property.

9.2 OCCUPATIONAL HEALTH AND SAFETY

The Company is dedicated to a goal of maintaining standards for the safety and health of its employees. As part of that goal, the Company is committed to providing employees with a work environment that is conducive to safe, effective and productive job performance. The health and safety of our employees is a priority. All employees must follow safe working practices and instruct others to work safely, including reviewing and complying with the Company's Injury and Illness Prevention Program.

Accidents

All accidents (injury to you, another employee, customer, vendor, visitor or any other person) must be immediately reported to your Supervisor and the Office Supervisor. Any injury, no matter how minor, which occurred at the workplace or during the course of your employment must be reported promptly. You may be entitled to workers' compensation benefits for on-the-job injuries and prompt. Accurate reporting of accidents will assist you in obtaining the benefits, which you are entitled to receive.

Safety

It is our policy to provide and maintain a safe working environment for you. By using good judgment, following proper safety procedure when lifting and carrying of heavy objects, and operating equipment properly, you will help us meet our objective of preventing personal injury and property damage. Employees who jeopardize or violate health and safety rules are subject to disciplinary action, up to and including termination. The following are a few of the safety guidelines you must follow:

- Report any unsafe or hazardous condition to your Supervisor, immediately. Reports and concerns about a workplace health and safety issue, or the existence of a hazardous condition or practice in the workplace may be made anonymously if the employee wishes. All reports can be made without fear of reprisal.

- Comply with the Company's safety rules and follow the code of safe work practices.
- Operate any equipment in a safe manner. Do not operate defective equipment and report all equipment defects to your Supervisor, immediately. Under no circumstances should any repairs be attempted by anyone other than authorized maintenance personnel. It is the employee's responsibility not to operate defective equipment.
- Notify your Supervisor, Office Manager or other Management personnel of any emergency situation.
- Avoid awkward positions when bending, stooping, or turning.
- Request assistance when lifting, pushing or carrying heavy objects.
- Be cautious in the use of extension cords and multi-unit plugs.
- Do not leave any obstructions on the floor. General housekeeping is each employee's responsibility.
- Do not block any exit doors or electrical panels.
- Know the location, contents and use of first aid, fire equipment and other safety equipment.

Employees who violate health and safety standards, who cause hazardous situations, or who fail to report or, where appropriate, remedy such situations, may be subject to disciplinary action, up to and including termination.

Emergency Action

All employees are required to know the location of all emergency exits in their work area. Employees are expected to ask their Supervisor about the location of, and the routes to all emergency exits any time they are unsure about their location. Employees are to know the location of all alarms and fire extinguishers, and become familiar with the proper use of emergency equipment should the need ever arise. Employees are also to review and become familiar with the Company's emergency evacuation plan, and to clarify any unclear aspect of our emergency procedures with their Supervisor.

9.3 WORKPLACE SECURITY

The Company is committed to providing a workplace that is free from acts or threats of violence. Although some kinds of violence result from societal problems that are beyond the Company's control, the Company believes that measures can be adopted to increase protection for employees and to provide a secure workplace. Accordingly, the Company prohibits any employee from threatening or committing any act of violence in the workplace or while on Company business. This policy also forbids employees or anyone else with the exception of security personnel from carrying or bringing a gun or any weapon on Company premises or while conducting Company business.

The Company believes prevention of workplace violence begins with recognition and awareness of potential early warning signs of a situation that presents the possibility of violence. Workplace violence includes threats of any kind; threatening or physically aggressive or violent behavior; harassing or threatening phone calls; stalking; other behavior that suggests a propensity toward violence such as belligerent speech, excessive arguing or swearing, sabotage, or threats of sabotage of Company property, or a demonstrated pattern or refusal to follow Company policies and procedures; defacing Company property or causing physical damage to the facilities; or bringing weapons or firearms of any kind on Company premises.

You are expected to cooperate in helping to keep the workplace free from problems that are associated with activities that appear to be illegal, unauthorized or potentially violent. Accordingly, you must immediately notify your Supervisor of the existence of any such activities that you may become aware of during the course of your employment. All reports of workplace violence will be taken seriously and will be reviewed promptly, and appropriate corrective actions will be taken.

You should request assistance from the nearest available Supervisor to help resolve any difficult situation or security problem. Do not confront any person who is hostile or overly agitated. Instead, you should immediately report to management any persons who act in a suspicious, hostile or violent manner.

In addition to these efforts, all employees are to notify their Supervisor or any other management personnel of any security hazards and recommend appropriate corrective actions to prevent workplace violence and limit access to work areas by unauthorized persons.

SECTION 10-TERMINATION OF EMPLOYMENT

As discussed throughout this Handbook, your employment with the Company is “at-will” and may be terminated by you or by the Company at any time, with or without cause or notice. All employment is for an unspecified term and is “at-will”.

This at-will nature of your employment relationship cannot be changed, waived or modified except by an individual written employment agreement signed by the employee and the President of the Company. Termination of employment can be either voluntary or involuntary and may be initiated either by the employee or the Company.

10.1 EXIT INTERVIEWS

Whenever possible, exit interviews normally will be conducted of all terminating employees. This interview allows you to communicate your views on working at the Company as well as the job requirements, operations and training needs of the position. At the time of the interview, you will be requested to return all Company property issued to you during the term of your employment.

10.2 VOLUNTARY TERMINATION

When an employee resigns for personal or other reasons, the separation is considered voluntary. If you should decide to voluntarily resign your position, please give advance written notice, and please include all of the reasons for your resignation to your Supervisor. Generally, at least two weeks notice is requested.

An employee who has been absent for three (3) consecutive days without notification to his or her Supervisor will be considered to have abandoned his or her job and voluntarily terminated his or her employment without notice. The last day worked will be the date of separation. Failure to return from an approved leave of absence or vacation within the time limits established also will be considered as a voluntary termination of employment without notice. The date of the expiration of the leave or vacation will be the separation date.

10.3 INVOLUNTARY TERMINATION

An involuntary termination is one that is initiated by the Company. Discharge is an involuntary termination that is initiated by the Company for any reason other than reduction in force. A layoff is an involuntary termination that is initiated by the Company as a result of reorganization, position elimination, or declining operations.

10.4 FINAL PAY

All wages or salary in addition to accrued and unused vacation pay due employees involved in an involuntary termination will be paid on the last day of employment. All final wages or salary in addition to accrued and unused vacation due employees voluntarily terminating their employment will be paid on the last day worked, providing the employee gave the Company at least 72 hours notice of his or her intent to resign. If an employee resigns without notice, the Company will have the employee's final pay ready for the departing employee within 72 hours of the time that the employee first notified the Company of his or her resignation.

10.5 PROPERTY ISSUED BY THE COMPANY

It is the responsibility of any terminating employee to return all property issued by the Company to him or her at any time during their term of employment that has not previously been returned to the Company. All such property, including any keys, equipment and tools, manuals, documents, and other items that you may have in your possession, must be returned on or before the last day of work.

HANDBOOK ACKNOWLEDGMENT FORM

This is to acknowledge that I have received a copy of the Employee Handbook and understand that it contains important information on the Company's general personnel policies and all my privileges and obligations as an employee. I acknowledge that I am expected to read, understand, and adhere to Company policies and will familiarize myself with the material in the handbook. I understand that I am governed by the contents of this handbook and the Company may change, rescind, or add to any policies, benefits or practices described in the handbook, other than the employment-at-will policy, from time to time in its sole discretion, with or without prior notice. The Company will advise employees of material changes within a reasonable time.

Furthermore I understand that employment with the Company is not for a specified term and is at the mutual consent of the employee and the Company. Accordingly, either the employee or the Company may terminate the employment relationship at-will, with or without cause, with or without notice, at any time.

I also acknowledge that if I do not read English proficiently, that I have had someone translate the provisions of this Agreement, and that I understand my rights, responsibilities and obligations set forth herein.

Dated: _____

Signature: _____

Print Name: _____