



Atrium Centers Inc.

Customer centered. Employee owned.

Employee Handbook

TABLE OF CONTENTS

SECTION 1 INTRODUCTION 1

 1.1 Employment-At-Will 1

 1.2 About Your Handbook..... 1

SECTION 2 EMPLOYMENT POLICIES 1

 2.1 Equal Employment Opportunity 1

 2.2 Americans With Disabilities Act of 1990..... 2

 2.3 Sexual and Other Unlawful Harassment 2

 2.4 Retaliation 3

 2.5 Immigration Reform and Control Act..... 3

 2.6 Health Information Portability and Accountability Act (HIPAA)..... 4

 2.7 Drug and Alcohol-Free Workplace..... 4

 2.8 Labor Representation 5

 2.9 Nurses as Supervisors 5

 2.10 Open Door Policy..... 6

SECTION 3 EMPLOYMENT PRACTICES 7

 3.1 Physical Screenings 7

 3.2 Background Checks 7

 3.3 Credentials 7

 3.4 Employment of Relatives..... 7

 3.5 Professional Image/Dress Code 7

 3.6 Name Tags 8

 3.7 Introductory Period 8

 3.8 Safety 8

SECTION 4 PAY AND JOB CLASSIFICATION 8

 4.1 Employment Classifications 8

 4.2 Time Records 9

 4.3 Overtime..... 9

 4.4 On-Call Time 9

 4.5 Rest and Meal Periods..... 10

 4.6 Lactation Support in the Workplace 10

 4.7 Paychecks..... 10

 4.8 Deductions From Exempt Employees’ Salaries **Error! Bookmark not defined.**

 4.9 Work Schedules 10

4.10	Job Vacancies and Transfers.....	10
4.11	Reductions-In-Force.....	11
4.12	Performance and Compensation Review	11
4.13	Employee Access to Personnel Files	12
SECTION 5 EMPLOYEE BENEFITS.....		12
5.1	Medical Insurance	12
5.2	Life Insurance	13
5.3	Voluntary Life Insurance	13
5.4	401(k) Retirement Plan	13
5.5	Workers' Compensation Insurance	13
5.6	Social Security Retirement Protection	13
SECTION 6 TIME OFF BENEFITS		14
6.1	Paid Time Off (PTO)	14
6.2	Holidays	15
6.3	Leave of Absence.....	15
6.4	Family and Medical Leave.....	16
6.5	Non-FMLA Medical and Personal Leaves	21
6.6	Military Leave.....	22
6.7	Bereavement Leave.....	22
6.8	Jury or Witness Duty.....	22
SECTION 7 EMPLOYEE CONDUCT.....		22
7.1	Professional Standards of Conduct.....	22
7.2	Attendance	24
7.3	Employee Discipline/Discharge.....	25
7.4	Appeal of Disciplinary Action	25
7.5	Workplace Violence.....	25
7.6	Electronic Media	25
7.7	Personal Equipment/Cell Phones/Electronic Devices	26
7.8	Confidential Information.....	27
SECTION 8 COMPANY PROPERTY, PREMISES AND RESOURCES		27
8.1	Solicitation & Distribution.....	27
8.2	Bulletin Boards	27
8.3	Access to Facility	28
8.4	Electronic Communication Systems	28

SECTION 9 SEPARATION OF EMPLOYMENT 29

9.1 Leaving The Company 29

9.2 Rehire 30

SECTION 1

INTRODUCTION

1.1 Employment-At-Will

This Handbook is not a contract of employment, and nothing in this handbook shall be construed as a guarantee of continued employment or employment for any specific duration. Your employment at the Company is on an at-will basis, which means that either you or the Company can terminate your employment at any time with or without notice or cause.

No representative of the Company, other than the President, has the authority to modify this policy or make any contrary representations to you. All employment agreements must be in writing and signed by both the President and the employee. Any statements contained in any employee handbooks, employment applications, Company materials, Company memoranda, Summary Plan Descriptions or other materials provided to employees in connection with their employment do not modify this policy.

1.2 About Your Handbook

This Handbook is a summary of the Company's current employment policies and procedures. It supersedes all prior handbooks. As a summary, the handbook does not contain every policy and procedure that may apply to your employment. Likewise, the Company recognizes that a Collective Bargaining Agreement governs any conflicts between a Collective Bargaining Agreement and the Employee Handbook.

All policies and benefits in this Handbook are subject to change. The Company retains the exclusive right to change, interpret, or cancel any policy or benefit without notice.

Please review the handbook carefully and keep it for future reference. If you are unclear about anything in this Handbook, ask your Supervisor or Administrator. While your Supervisor or Administrator is not authorized to change policy, their insight may be helpful.

SECTION 2

EMPLOYMENT POLICIES

2.1 Equal Employment Opportunity

The Company is an equal opportunity employer committed to dealing with employees in a nondiscriminatory manner based on job-related qualifications and abilities. All employment actions including recruitment, selection, compensation, promotion, demotion, transfer, training, discipline, termination, layoff, compensation, and benefits shall be made exclusively on the basis of job-related factors. Personnel decisions shall be made without consideration of age, sex, color, race, religion, national origin, disability, genetic information, citizenship status, military status, or other factors prohibited by law. Selection and placement decisions are based on skills, abilities, and potential of each applicant.

The Company will provide reasonable accommodations, upon request, to an employee's religious beliefs or restrictions, unless doing so would impose an undue hardship.

If you have a concern regarding possible discrimination, please contact your Supervisor, Administrator or the Corporate ASAP Hotline at 1-888-467-5597.

2.2 Americans With Disabilities Act of 1990

The Company complies with the Americans with Disabilities Act of 1990, as amended, and all applicable state and local laws prohibiting discrimination in employment against qualified individuals with disabilities.

If you have a disability that limits your ability to fully perform essential functions of the position you hold or to which you are applying, you may request an accommodation by notifying your Administrator. Upon receiving a request for accommodation, the Company will work with you to determine if a reasonable accommodation can be made.

You may be asked to provide a doctor's certification of the disability as well as the need for an accommodation.

If your accommodation request is denied, you may appeal the decision through the Open Door Policy in this Handbook.

2.3 Sexual and Other Unlawful Harassment

The Company prohibits harassment and inappropriate conduct based on a legally protected status. Sexual harassment and sexually related inappropriate conduct may include unwelcome sexual advances, requests for sexual favors, and other unwelcome or obnoxious verbal or physical conduct of a sexual nature. Behavior may constitute harassment or inappropriate conduct when:

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

The Company prohibits harassing and inappropriate conduct even if it does not rise to the level of legally actionable conduct.

Any employee who is the victim of harassment or inappropriate conduct should use the Open Door Policy or report incidents directly to:

- Your Supervisor or Manager

- Your Administrator
- Corporate ASAP Hotline at 1-888-467-5597.

You are not required to report the incident to your Supervisor or anyone in your line of organization, but may choose from the list above based upon the situation. Concerns may be verbal or written. All reports of discriminatory, harassing, inappropriate, or retaliatory conduct will be investigated promptly and as confidentially as possible. You are expected to fully cooperate in any investigation.

Employees who are found to have violated any of these policies are subject to disciplinary measures, up to and including termination. Such violations may also result in personal legal and financial liability.

If you are dissatisfied with the investigation's outcome, you may follow the Company's Open Door Policy.

It is also inappropriate for anyone in a management role to enter into a close personal, dating or sexual relationship with a person directly or indirectly reporting to the individual in the management role.

2.4 Retaliation

The Company recognizes that victims and observers of discrimination, harassment, inappropriate conduct, or retaliation are often reluctant to report such conduct for fear of being blamed, retaliated against or because it is difficult to discuss such matters with others. However, no employee should have to endure workplace discrimination, harassment, inappropriate conduct, or retaliation. The Company encourages, and expects, you to take responsibility to report discrimination, harassment, inappropriate conduct, or retaliation, whether you have experienced the behavior or observed it.

If you have a good faith belief that you, or any other employee, has been the victim of harassment, discrimination, inappropriate conduct, or retaliation in violation of these policies, promptly report the conduct to your immediate Supervisor, the Department Head, or the Administrator. If you believe circumstances warrant, you may report the conduct to your Regional or Corporate Human Resource Representative at 1-888-467-5597. Every Supervisor is responsible for promptly responding to any reported or suspected act of discrimination, harassment, inappropriate conduct, or retaliation.

The Company prohibits any form of retaliation against an employee for filing a bona fide complaint of harassment, inappropriate conduct, or discrimination or for assisting in a complaint investigation.

2.5 Immigration Reform and Control Act

The Company complies with the Immigration Reform and Control Act, which means we will only hire those individuals who are legally authorized to work in the United States. During

the employment process you will be required to submit documentary proof of your identity and employment authorization, and complete the U.S Citizenship and Immigration Service Form I-9.

2.6 Health Information Portability and Accountability Act (HIPAA)

The Company provides medical care and is a covered entity under HIPAA Privacy Regulations. Each employee that views, creates or otherwise has access to protected health information is responsible for complying with these Regulations and the Company's HIPAA Policy. The Company will provide training to employees so they fully understand the importance of maintaining the confidentiality of protected health information, and permitted disclosures and uses of that information. The Regulations require that the Company enforce compliance by sanctioning any employee who violates these rules. If you have any questions regarding these Regulations, the Company's HIPAA policy or the Company's HIPAA training, contact the Administrator or the Regional Human Resources Representative.

2.7 Drug and Alcohol-Free Workplace

It is the obligation of the Company to provide a drug and alcohol free workplace. To that end, the Company's employees shall not:

1. Report to work after using drugs, or under the influence of drugs or alcohol; or
2. Manufacture, distribute, dispense, possess, sell, or use drugs or alcohol in the workplace, or while performing work or representing the Company either on or off Company property;
3. Manufacture, distribute, dispense, possess, sell, or use drugs or alcohol on nonworking time to the extent that, in the Company's opinion, it impairs an employee's ability to perform on the job or threatens the reputation or integrity of the Company.

"Drugs" and "Alcohol" include drugs and other mind-controlling substances, narcotics, alcoholic beverages, inhalants, prescription drugs and over-the-counter medications (except as noted below) and paraphernalia related to drug and substance use.

Prescription drugs being used upon order of a physician are exempted if used as prescribed and not abused. However, if you must use a prescription drug that may cause side effects such as drowsiness or impaired reflexes or reaction time or otherwise may affect safety, you must inform your Supervisor that you are taking such medication.

To minimize the danger that drug and alcohol use poses, the Company may conduct random searches or tests. Additionally, drug/alcohol testing may occur when your work performance, conduct, appearance, or behavior creates a suspicion that you may be impaired by drugs/alcohol. If you are involved in an on-the-job injury which results in either injury to you or another person requiring medical attention, or property damage, you may be required to take a drug/alcohol test. Post-accident drug and alcohol testing designed to accurately identify impairment caused by substance abuse will be performed only upon reasonable suspicion that drug or alcohol use contributed to the accident unless otherwise required by applicable law.

Individuals returning from a break in service exceeding three (3) months may be required to pass a drug/alcohol test. Any employee returning to work after the completion of a rehabilitation program may be required to pass a drug/alcohol test, as well as periodic tests thereafter.

In the event the facility discovers missing medication, the facility may test the employee(s) who had access to the medication. Further, the Company uses post-offer, pre-employment drug testing. All offers of employment are conditioned upon the applicant's successful completion of the drug screen. Reasonable searches of Company premises and employees, including personal effects, may be used when there is reasonable suspicion that an employee is in violation of this policy.

Failure to submit to a drug/alcohol test, adulteration of a sample, or a test that reveals the presence of identifiable traces of alcohol or illegal drugs or abuse of a prescription drug, regardless of when or where the substance(s) entered your system, are considered serious misconduct and may result in disciplinary action up to and including termination.

Test results will be kept confidential. Information related to investigations conducted pursuant to this policy will be disseminated on a need-to-know basis in order to further the objectives of this policy and to comply with other Company policies or legal obligations.

2.8 Labor Representation

The Company is dedicated to providing our employees with a quality work environment, competitive pay and affordable benefits.

We do not believe that employees benefit from outside interference in the relationship between you and your Supervisor or facility management, such as being represented by a labor union. Union representation means that an outside third party (the union) stands between you and your Supervisor. This often makes it difficult to resolve employee issues in a positive, timely manner that is sensitive to individual employee circumstances. In addition, employees who choose labor unions to represent them are often surprised by the costs of "being union", e.g. union dues, fees, fines and assessments – as well as the complicated rules and risk of strikes that unions bring to the healthcare workplace.

During your employment at the Company, you may be asked by a coworker or a union representative to sign a union authorization card. While the final decision is yours, please understand that signing a union card could lead to a requirement that you pay union dues in order to keep your job depending on applicable laws, and could also be the first step to a strike. Once you have signed the card, the union has no obligation to return it to you.

The Company does not believe that unionization is necessary or desirable for our employees, our residents and patients, or our facility, and we will vigorously strive to preserve an environment which nurtures the fulfillment of these goals.

2.9 Nurses as Supervisors

The Company regards its nurses, both registered and licensed practical nurses, as Supervisors. The nurses are in charge of the unit or floor to which they are assigned. As a

Supervisor, the nurse is responsible for enforcing the Company's policies and rules, monitoring and correcting job performance, periodically preparing written performance appraisals including recommending wage increases, scheduling lunch and rest breaks, disciplining and recommending termination of employees, and otherwise supervising the day-to-day activities on the floor.

2.10 Open Door Policy

Most problems can be resolved by direct discussion with your Supervisor. In the case of nursing assistants, their direct Supervisor is the charge nurse on their unit. In the case of all other employees, their Supervisor is generally the department head. The Company's Open Door Policy is designed as a means for employees to resolve work related problems, without fear of retaliation or reprisal from Supervisors or co-workers. Generally, all employee concerns should be resolved through honest, direct discussions in an atmosphere of cooperation. The procedure set forth below is intended to provide the communication channel for you to seek resolution to your concerns or problems. While it is our goal to reach a resolution that everyone finds satisfactory, there is no guarantee that in each instance you will be satisfied with the result. The employee may use the Problem Resolution Form to state the details of the problem. You will, however, receive an explanation of the outcome. Below are the steps to follow in using the Open Door Policy.

Step One

Discuss your concerns with your Supervisor. The Supervisor will attempt to resolve the issue and respond within five (5) working days. If the employee is not satisfied with the Supervisor's response, or if a timely response is not received, the employee may request to see the next level of supervision. If the immediate Supervisor is directly involved in the problem, the employee may speak to the next level of management first.

Step Two

If the problem is not resolved at Step One then the employee may submit the concern to the Department Manager who will attempt to resolve the issue and respond in writing within five (5) days. If the employee is not satisfied with the response given in Step Two, or if a timely response is not received, the employee may request to see the Administrator of the facility.

Step Three

The Administrator will investigate the concern and discuss the Administrator's findings with the employee within ten (10) working days. A written decision will also be furnished to the employee.

Step Four

If the response in Step Three is still unsatisfactory the employee may appeal to the Regional Director of Operations who will review the employee's concern. The appeal must be in writing and must include all previous documentation of the Open Door process. The Regional Director of Operations will provide a written decision to the employee within fifteen (15) working days. Decisions of the Regional Director or the Regional Director's designee are final.

At any point in the Open Door process, the employee may, in addition to directing concerns to a Supervisor, Department Manager, or Administrator, contact the Company's Compliance Line at 1-888-467-5597.

SECTION 3

EMPLOYMENT PRACTICES

3.1 Physical Screenings

All employees working in direct patient care areas are required by the Department of Health to have post-employment offer physical examinations, including a skin test or chest x-ray for tuberculosis ("TB"). The employee must receive a negative result before employment can commence. Periodic physical screenings may also be required during employment.

3.2 Background Checks

All offers of employment and continued employment are conditioned on satisfactory background checks, including all screenings required by applicable state laws.

3.3 Credentials

If your position requires licensure or certification, it is your responsibility to acquire and maintain and provide appropriate documentation to the Company as a condition of being hired and maintaining employment. All regular full-time Company employees must be 18 years of age or older.

3.4 Employment of Relatives

A relative of an employee will be considered for employment if the applicant is qualified for the position that is vacant and meets all required employment screens. However, relatives will not be employed in the same department and, under no circumstances, in a position where one falls under the supervision of the other. The Administrator must approve the hiring of the relative. A relative is defined as a spouse, parent, child, sister, brother, grandparent, or grandchild, and in-laws (mother, father, son, daughter, sister, brother). The employment of relatives of the Administrator, Director of Nursing Services, or any employee in a position with financial responsibility is prohibited without the written approval of the Regional Director of Operations and the Vice President of Human Resources.

3.5 Professional Image/Dress Code

We desire to convey a professional image to our residents and visitors. As an employee of the facility you are expected to dress in a manner appropriate to the function of the job you perform. You may be required to wear a uniform. Your Supervisor determines appropriate dress with review by the Administrator. Excessive or dangling jewelry is not permitted because it may interfere with resident care. For the residents' safety, and your own, please maintain short and well-manicured nails. We often recommend different colored attire or uniforms for our various departments to enable residents and visitors to better identify our employees. The Company takes appropriate

steps to provide reasonable accommodation upon request to employees whose religious beliefs or restrictions create a conflict with the Company's policies, practices, or procedures, so long as doing so does not cause an undue hardship.

3.6 Name Tags

When you begin work, you will be provided with a nametag. The Company expects you to wear your nametag while performing your duties so that residents, visitors, and co-workers can easily identify you. Your nametag is the property of the Company and must be returned if you separate employment.

3.7 Introductory Period

The first uninterrupted ninety (90) calendar days of your employment, whether you are new to the position, facility or Company, is an introductory period. During the introductory period your Supervisor will evaluate your performance to determine whether the position is right for you and you should determine whether the Company or position is right for you as well. The completion of your introductory period does not affect your status as an at-will employee. Employment is at will during, and after the completion of, the introductory period.

3.8 Safety

The safety, security and health of our residents, employees and guests are a major concern for the Company. All employees are required to do their part in assuring a clean, safe and healthy atmosphere in which to work, and are expected to promptly report any potential safety concerns to your immediate Supervisor. You will be required to follow the safety rules and procedures at your facility.

SECTION 4

PAY AND JOB CLASSIFICATION

4.1 Employment Classifications

All employees of the Company are classified in one of the following categories:

Full-Time: You are considered a full-time employee if you are hired, and are regularly scheduled, to work consistently 30 hours or more per week. Full benefits apply following the successful completion of the applicable benefits' waiting period.

Part-Time: You are considered a part-time employee if you are hired, and are regularly scheduled, to work consistently at least 20 hours, but less than 30 hours, per week. You are eligible for certain benefits following the successful completion of the required benefits' waiting period.

Casual: You are considered a casual employee if you are hired, and are regularly scheduled, to work consistently less than 20 hours per week. You are not eligible for benefits.

PRN/Per Diem: You are a PRN/Per Diem employee if you are hired for that position and you work on an as-needed basis. You are not eligible for benefits.

Temporary: You are considered a temporary employee if you are hired, and scheduled to work, as an interim replacement, or to work a predetermined schedule for a limited period of time.

Exempt (Salaried): Employees in certain management, supervisory, or professional classifications who are not eligible for overtime in accordance with the provisions of the Fair Labor Standards Act, or state laws.

Non-Exempt (Hourly): Employees who are eligible for overtime pay for overtime work in accordance with federal or state law.

4.2 Time Records

Because most employees are non-exempt and paid on an hourly basis, the exact hours that you work must be accurately recorded on your time card. Therefore, you must clock in or out at the beginning and the end of your shift and for unpaid meal or rest breaks. If you forget to clock in or out you must notify your Supervisor immediately. Working off the clock is strictly prohibited.

You may not clock in earlier than seven minutes prior to the beginning of a shift. Do not clock out more than seven minutes after the end of your shift. Allow yourself enough time to report for work, in uniform, in your assigned department at your scheduled time.

Salaried exempt employees are required to keep records showing the days that they work.

4.3 Overtime

In accordance with federal and state law, non-exempt employees receive one and one-half times their regular rate for all hours worked over forty (40) in a one week period. You must get prior approval from your Supervisor to work any overtime. You must record all hours worked on your time record.

4.4 On-Call Time

If you are asked to work “on-call” you will be paid for all hours from the time you arrive at the facility and begin work to the time you leave work, unless state law requires otherwise. Since “on-call” employees are not required to remain at the facility, but must be available to make reasonable response by telephone, or to come to the facility within a reasonable period of time, on-call time is not paid.

4.5 Rest and Meal Periods

Except where state law requires otherwise, you will receive a paid 10-minute rest break for each four consecutive hours worked. Rest breaks will be scheduled by your Supervisor. You must remain on the premises during your break. Employees must not clock out/in for paid rest breaks.

If you are scheduled to work more than a five hour shift, you will also be provided a 30-minute uninterrupted, unpaid meal period. You must take your meal period away from your work area. You may not work during lunch breaks without approval of your Supervisor. If your meal break is interrupted by work, notify your Supervisor so that you can be paid for your entire lunch break, or given additional time for an uninterrupted, unpaid meal break. Employees must clock out/in for meal breaks that are at least 30 consecutive, duty-free minutes in length. Under no circumstances are you permitted to leave unattended the resident care area to which you are assigned.

4.6 Lactation Support in the Workplace

The Company will provide a private location where an employee can express breast milk. An employee who needs to express milk may do so during any meal or rest break time. An employee who needs to express milk should contact Human Resources for direction to the designated area and to arrange times as needed. Employees will be allowed reasonable paid breaks (typically not to exceed 20 minutes) to express milk.

4.7 Paychecks

Our pay period is two (2) weeks long. You will receive your paycheck every other week. Your check stub will list all deductions made for federal, state, and local taxes as well as other required and optional deductions. If an error occurs on your paycheck report the error to your Supervisor immediately. Your paycheck will be given only to you, unless you request, in writing, that it be given to someone else. Paychecks will not be mailed to last known addresses, except for final checks.

4.8 Work Schedules

Because the Company serves the needs of its' residents and patients 24 hours a day, 7 days a week and 365 days a year, work schedules are varied. Your Supervisor will inform you of your work schedule as well as meal and break periods. Schedule changes will be made as necessary. Your Supervisor will give you as much notice as possible of any such changes.

4.9 Job Vacancies and Transfers

Full-time nonexempt facility job vacancies will generally be posted in order to give employees a chance to apply before the general public is notified. You may be eligible for a vacant position if:

1. You are meeting the expectations of your current position;

2. You have satisfied the service requirement of your current position (generally 6 months);
3. You meet the qualifications for the vacant position; and
4. Your current Supervisor and new Supervisor recommend and approve the promotion or transfer.

Transfer requests to an affiliated facility may be granted under the following circumstances:

1. You have been employed at the Company for six (6) months or more;
2. Transfer dates will be determined at a date mutually agreeable by management at both facilities;
3. You are recommended by Company Management;
4. Your work record, experience, and ability meets the needs of the facility to which you wish to transfer; and
5. Your transfer request is approved by your Administrator and the Administrator of the facility where you wish to transfer.

If a transfer can be arranged, you will retain your original service date. All of your eligibility for benefits will remain intact; however, the wages and benefits at the other facility may differ from those in your current facility.

4.10 Reductions-In-Force

In the unlikely event that the Company finds it necessary to reduce or reorganize the working forces, the reduction-in-force shall be based on the qualifications, skill, ability and prior performance of employees and on the needs of the facility at the time of the reduction.

4.11 Performance and Compensation Review

A performance evaluation provides an opportunity for ongoing communication with your Supervisor about your job. At the conclusion of the introductory period, you should receive an introductory period performance evaluation from your Supervisor to discuss the strengths, weaknesses and areas for improvement in your job performance.

An annual performance evaluation (based on your anniversary date of hire or date of promotion) also will be conducted in conjunction with wage and salary reviews. Wage and salary increases typically are based upon your performance and the performance of your facility, office or operation. However, the decision to grant a wage increase is based on many factors and is not guaranteed with your review. Pay increases are determined by and at the discretion of management.

4.12 Employee Access to Personnel Files

The information in your personnel record is considered confidential. You have the right to review those documents in your personnel file that were previously shown to you, or which you have signed. To review your personnel file, you must submit a written request to your Supervisor. Inspection and photocopying of your personnel file must be with the approval of the Administrator, in accordance with applicable state law. Employees who have terminated, voluntarily or involuntarily, are not entitled access to personnel records, except where required by law.

SECTION 5

EMPLOYEE BENEFITS

Benefit Summary

The Company is committed to sponsoring a benefits program for all eligible employees. In addition to receiving equitable wages and having an equal opportunity for professional development you may be eligible to enjoy other benefits which will enhance your job satisfaction.

A detailed summary of information describing your available benefits will be provided to you at the start of your employment. Set forth below is a brief summary of those benefits.

The Company will periodically review the benefit programs and will make modifications as appropriate. The Company reserves the right to terminate or make changes to employee benefit programs, including but not limited to the types of benefits offered, insurance carriers, terms or levels of coverage, or employee contribution requirements. Employees will be notified of material changes in their insurance or other benefit plans. Open enrollment for the Company's health insurance program is conducted annually.

Questions regarding your benefits should be addressed to your Supervisor or the individual responsible for benefit administration at the facility.

In the event the description of benefits in this handbook conflicts with anything stated in a plan document, the plan document will govern and supersede this handbook.

5.1 Medical Insurance

The Company is dedicated to the health and well-being of both you and your family and has made medical coverage available to purchase for you, your spouse, and your children. While the Company pays for a portion of your insurance premium, you must also pay a portion through payroll deduction. The portion of the premium paid by you is on a pre-tax basis. A health coverage brochure describing coverage and/or a summary plan description with premium information will be provided upon your enrollment.

If you elect to have the coverage, you should enroll during the first thirty (30) days of employment. If you do not enroll for medical coverage initially and later decide you want it, you will have to wait until the next annual enrollment period unless you have a change in family status.

If enrolling during the annual enrollment period, you may be required to provide evidence of good health.

As allowed by federal law, employees who separate from employment, or whose hours are reduced, are eligible to continue their medical insurance coverage for a limited time. You will receive written notification of your rights as applicable.

Part-time, Casual, PRN/Per Diem and employees electing Pay-in-Lieu of Benefits are not eligible for medical insurance.

5.2 Life Insurance

You may be eligible for life insurance at no cost to you if you participate in the Medical Insurance Plan. This plan also includes accidental death; the amount provided is based on your job classification. Ask your immediate Supervisor for details.

Part-time, Casual, PRN/Per Diem and employees who elect pay-in-lieu of benefits are not eligible for life insurance.

5.3 Voluntary Life Insurance

Voluntary Life Insurance, which includes an accidental death benefit, is available for a nominal fee.

5.4 401(k) Retirement Plan

A retirement plan is provided to regular full-time and part-time employees, subject to certain provisions. The purpose of this benefit is to encourage you to save for the future. Ask your Benefit Coordinator for details of the program.

5.5 Workers' Compensation Insurance

All employees are entitled to Workers' Compensation benefits. This coverage is automatic and immediate and protects you from an on-the-job injury. The Company pays for this job-injury insurance. If you cannot work due to a job-related injury or illness, Workers' Compensation insurance may pay your medical bills and provide a portion of your income until you can return to work. You must report to your immediate Supervisor any injury or accident while on duty. An accident report must be completed as soon as possible. Failure to report work-related injuries or accidents immediately may jeopardize workers' compensation benefits and may result in immediate dismissal.

5.6 Social Security Retirement Protection

The United States Government operates a system of mandated insurance known as Social Security. As a wage earner, you are required by law to contribute a set amount of your pay to the trust from which benefits are paid. As your employer, the Company is required to deduct this amount from each paycheck you receive. In addition, the Company matches your contribution dollar for dollar, thereby paying one-half of the cost of your Social Security benefit.

SECTION 6

TIME OFF BENEFITS

6.1 Paid Time Off (PTO)

The Company offers paid time off (PTO) to full-time and part-time employees. PTO represents vacation, sick, and personal time off. PTO is based on length of service and begins to accrue on the first day of employment. However, you cannot take PTO until you have completed six (6) full calendar months of employment. PTO accruals based on years of service are detailed in your Summary of Benefits.

PTO time is earned every week for every hour that you work (not to exceed 40 hours per week). Except in the instance of illness or FMLA leave, all PTO must be scheduled and approved 30 days in advance with your Supervisor. Every effort will be made to grant your request for PTO at the time you desire. PTO must be utilized in at least half-shift increments. One day of PTO is based on your regular scheduled day. Example: an eight hour shift = 8 hours of PTO. However, PTO taken for reasons of illness or FMLA leave may be taken in as little as one (1) hour increments.

PTO time may not be used if an employee is a No Call/No Show, or for late arrivals or early departures.

Only earned PTO may be taken.

An employee who provides two (2) weeks' (four (4) weeks if the employee is a Department Manager, Administrator, Director of Nursing, or member of Regional Management) advance written notice of resignation, and works that full period, will be entitled to pay for earned and unused PTO, not to exceed any banked hours up to a maximum of forty (40), and any earned and unused PTO accumulated for the current year. Upon the end of employment, an employee will not receive payout of unused PTO if the employee resigns without providing and working a full two (2) weeks' advance written notice (four (4) weeks if the employee is a Department Manager, Administrator, Director of Nursing, or member of Regional Management) or if the Company terminates the employee's employment. PTO will not be granted after the receipt of a resignation notice.

PTO means paid time off. It is important that our employees actually take the time off from work. While employed, you cannot "cash-in" PTO time instead of taking the time off. Once an employee's bank of PTO has reached the maximum carry over of (40) hours, the employee will need to use their PTO time or forfeit the unused portion. Employees can roll over a maximum of (40) hours of PTO from year to year.

Part-time employees receive PTO at a pro-rata rate based on actual hours worked. Casual and PRN/Per Diem employees are not eligible for PTO benefits. Employees who choose pay-in-lieu of benefits are not eligible for vacation or PTO benefits.

6.2 Holidays

Because we are a service organization we must remain open on holidays. However, the Company observes certain holidays that are listed in your Summary of Benefits.

In order to be eligible for holiday pay you must have worked your full scheduled shifts before and after the holiday.

If you are a full-time employee and you are scheduled to work on a holiday, you will be paid as described in your Summary of Benefits. All eligible employees will receive non-worked holiday pay regardless of whether the employee worked or did not on the observed holiday. For non-worked holiday pay you will be paid your regular straight time hourly rate of pay for the number of hours you normally work in a day, not to exceed a maximum of eight (8) hours. Employees who work on the observed holiday will be paid their hourly rate of pay for the number of hours worked.

If you are a regular part-time employee who works a schedule of at least 20 hours per week, but less than 30 hours per week, and are not scheduled to work on the holiday, you will be paid your basic rate equal to one-half of the full-time non-worked holiday pay, not to exceed four (4) hours.

You are eligible for holiday pay after completion of your Introductory Period. If you are a part-time employee and you are scheduled to work on a holiday you will be paid as described on the Summary of Benefits provided that you work the holiday and have completed your Introductory Period. Casual and PRN/Per Diem employees are not entitled to holiday pay. You are not eligible to receive holiday pay when you are on an unpaid leave of absence.

Each holiday will begin with the night shift (11:00 p.m.) on the eve of the actual designated day, and end at the close of the evening shift (11:00 p.m.) on the actual designated day. For the purpose of holiday calculation, the premium is paid for work on the actual holiday, not the observed day.

6.3 Leave of Absence

The Company provides leaves of absence for various reasons, including medical, personal, military duty and jury and witness duty leave in accordance with federal and state law. In addition to the leaves described below, some state laws require different types or duration of leaves for family matters and other reasons. The leave of absence policy in this handbook applies to all employees in every state where the Company has a facility. For information about leaves of absence that may apply in the state in which you work, please contact your Supervisor. Accepting other employment while on an approved leave of absence is strictly prohibited.

General Eligibility and Provisions for All Leaves

Notice. If the leave is planned in advance, you should provide your Supervisor at least 30 days written notice before your anticipated leave date, except as otherwise provided by applicable law.

Documentation. The appropriate forms are available from your facility and must be submitted for approval before taking any leave of absence, or as soon as possible if the leave is unforeseen, except as otherwise provided by applicable law. Medical documentation in support of the leave may be required.

Leave Extension. If you need an extension of the leave beyond the projected return date, you must notify your Supervisor in advance and receive approval, except as otherwise provided by applicable law. You may be asked to present medical documentation indicating your need for a leave extension. Extensions may be granted or denied.

Leave Termination. If you fail to return from leave as scheduled and have not been granted an extension, you may be deemed to have voluntarily resigned your position.

6.4 Family and Medical Leave

”The Company provides leaves of absence to eligible employees for certain family and medical reasons in compliance with the Family and Medical Leave Act of 1993 (“FMLA”), as amended. In addition, the U.S. Department of Labor’s FMLA Notice is posted in the workplace and included at the end of this handbook.

Eligibility

To be “eligible” for family and medical leave (“FML”) an employee must have worked for the Company as of the date the requested leave is to begin:

1. for at least 12 months;
2. for at least 1,250 hours during the previous 12 months before the date the leave begins; and
3. at a facility covered by the FMLA.

Employees working at facilities where there are fewer than 50 employees within 75 miles are not FMLA-covered.

Reasons For Leave

FML may be requested for the following reasons:

1. **Employee Medical Leave.** This leave is for the employee’s own “serious health condition” if the condition renders the employee unable to perform the employee’s job functions.
2. **Family Medical Leave.** This leave is to care for the “serious health condition” of the employee’s spouse, child, or parent.
3. **Parenting Leave.** This leave is to care for a new son or daughter, including by birth, adoption, or foster care placement. An employee may take Parenting Leave

only during the 12-month period that begins on the date of the birth, adoption, or placement. This leave cannot be taken intermittently or on a reduced schedule.

4. **Military Family Exigency Leave.** This leave is for a qualifying exigency arising from the fact that the employee's spouse, son or daughter, or parent is on or has been called to covered active duty in the U.S. Armed Forces. Qualifying exigencies include making arrangements necessitated by short-term deployments, attending certain military events and related activities, assisting the service member with alternative child care arrangements when the active duty or call to active duty status necessitates a change in the existing arrangements, assisting the service member with certain financial and legal arrangements related to active duty or the call to active duty, attending counseling arising from covered active duty or the call to covered active duty, spending time with the military member who is on short-term, temporary rest and recuperation leave, and caring for a military member's parent when the parent is incapable of self-care.
5. **Covered Service Member Leave.** This leave is to care for the employee's spouse, child, or parent who is a Covered Service member with a Serious Illness or Injury incurred or aggravated in the line of active duty on active duty. Also, this leave may be taken by an employee who is the next of kin of a Covered Service member.

Duration Of Leave

An eligible employee is entitled to a total of 12 work weeks of leave during a "rolling" 12-month period measured backward from the date the employee uses FML other than Covered Service Member Leave.

For Covered Service Member Leave, eligible employees are entitled to up to 26 workweeks of leave in a single 12-month period. For purposes of Covered Service Member Leave only, the "single 12-month period" is the 12-month period measured forward from the first date of Covered Service Member Leave.

When a husband and wife are both eligible employees, the husband and wife will be permitted to take only (1) a combined total of 12 weeks for Parenting Leave and (2) a combined total of 26 weeks in a single 12-month period for Covered Service Member Leave.

Substitution Of Paid Time

Generally, FML is unpaid. However, if an employee has available PTO, the employee must use all available PTO concurrently with FMLA.

Employees will not be required to use available paid time off when receiving disability or worker's compensation benefits. However, if disability or worker's compensation benefits provide replacement income less than the employee's full salary, employees may elect to use available paid time off to supplement such benefits with a written request to Human Resources, so long as the plan permits this supplement. FML will run concurrently with

disability or worker's compensation benefits, regardless of whether the employee supplements those benefits with available paid time off.

Intermittent Or Reduced Schedule Leave

Under certain circumstances, an employee may take intermittent or reduced schedule leave in increments of one hour.

“Intermittent leave” generally means leave taken on an occasional basis for such reasons as medical treatments. “Reduced schedule leave” means a temporary, but regular, change in the employee's usual number of hours per day or hours per week.

For Family Medical, Employee Medical, or Covered Service Member Leave, the employee may take an intermittent or reduced schedule leave if it is medically necessary. An employee must provide certification that a medical need for leave exists and that the medical need can best be met through an intermittent or reduced schedule leave. Military Family Exigency Leave may also be taken on an intermittent or reduced schedule basis.

An employee is not entitled to take leave intermittently or on a reduced schedule for Parenting Leave.

Employees needing intermittent leave or a reduced schedule must make reasonable efforts to schedule leave so as not to disrupt operations. In addition, if an employee requests intermittent or reduced schedule leave that is foreseeable based on planned medical treatment, Management may require the employee to transfer temporarily to an available alternative position, with equivalent pay and benefits, for which the employee is qualified and which better accommodates intermittent or reduced schedule leaves.

Notification Requirements

An employee must request FML at least 30 days before the date FML is to begin by requesting and completing applicable forms except in cases of medical emergency, unexpected changed circumstances, or where the need for leave is unforeseeable. In those cases, the employee must give notice as soon as practicable after the employee is aware that the employee needs to take FML. Forms can be obtained from Human Resources.

An employee requesting Family Medical, Employee Medical, or Covered Service Member Leave, must submit a medical certification from the employee's or family member's health care provider within 15 days after the Company delivers the written request for medical certification for FML. The certification must also notify Human Resources of the reasons why the intermittent or reduced schedule leave is medically necessary and of the schedule for treatment if applicable. Employees requesting Military Family Exigency Leave must also submit certification of the qualifying exigency within 15 days after Human Resources' written request.

If an employee fails to give 30 days' notice for a foreseeable leave with no reasonable excuse for the delay, Human Resources may deny FML until at least 30 days after the date the

employee provides notice of the need for FML. After an employee submits a medical certification, Human Resources may require an employee to obtain a second opinion from a provider of employer's choice and at its expense. In some cases, the employer may require, at its expense, a third opinion from a provider selected jointly by the employee and the employer.

During leave, an employee may be required to report periodically on the employee's status and intent to return to work.

When on a Family or Employee Medical Leave, an employee may also be required to submit medical recertification periodically during the leave period subject to the same rules as the initial medical certification. Medical recertification's may also be required under certain specific circumstances, for example, (1) when an employee requests an extension for a leave, (2) when circumstances under an initial certification have significantly changed, (3) when there is information which casts doubt on the current medical certification, or (4) when an employee is unable to return to work after leave.

Upon the conclusion of any Employee Medical Leave, the employee must present certification from the employee's health care provider that the employee is able to return to work. Unless and until an employee provides this fitness-for-duty certification, the employee will not be able to return to work, and the employee's employment will be administratively terminated if the certification is not promptly provided.

Continuation Of Benefits

As a general rule, FML is unpaid. The Company, however, will maintain an employee's coverage under its group health plans on the same conditions during FML as if the employee had been employed continuously during the FML period.

An employee may choose not to continue coverage. An employee who continues health coverage must continue to pay the employee's share of the premiums during an FML period to maintain coverage. An employee's premium payment is due on the same schedule as premium payments are made under COBRA.

The Company's obligation to continue health coverage during FML will end if the employee's premium payment is more than 30 days late. Even if an employee does not continue health coverage during leave, the Company will restore regular coverage if the employee returns to work.

Job Restoration Right

Upon return from leave, employees will generally be restored to an equivalent position with equivalent benefits, pay, and other terms and conditions of employment. Certain salaried key employees (as defined by the FMLA) may be denied restoration if their reinstatement would cause substantial and grievous economic injury to the Company. If, during leave, a reduction or other event occurs that would have changed, or even eliminated, the employee's job had the employee not taken leave, the returning employee will have no greater rights than if the employee had been continuously employed during leave. Management will determine whether an employee will be restored to the same position or to an equivalent position.

If an employee chooses not to return to work after leave expires, the Company may recover its share of health insurance premiums paid on the employee's behalf during the leave period. The Company will seek to recover those premiums unless the employee fails to return because of (1) the continuation, recurrence, or onset of a serious health condition (or serious illness or injury, with respect to Covered Service Member Leaves) that would otherwise entitle the employee to FML or (2) other circumstances beyond the employee's control. If an employee fails to return to work because of the continuation, recurrence, or onset of a serious health condition (or serious illness or injury, as applicable), the employee must provide a medical certification of the serious health condition or serious illness/injury within 30 days from the date Human Resources requests it. If the employee does not provide the certification in a timely manner, the Company may recover its share of the health insurance premiums paid for the employee during the entire FML period.

At the exhaustion of FML, if an employee is unable to return to work, employment will be administratively terminated unless a reasonable extension is approved.

Selected Definitions

“Parent” means a biological, adoptive, step or foster father or mother, or any other individual who stood in the place of the employee's parent when the employee was a Son or Daughter (see definition of “Son or Daughter” below). The term “Parent” does not typically include parents “in law” or “grandparents.”

“Son or Daughter/Child” means a biological, adopted or foster child, a stepchild or legal ward of an employee, or a child for whom the employee stands in the place of the parent, who is either (1) under age 18 or (2) an eligible adult child age 18 or older and incapable of self-care because of a mental or physical disability at the time that FML is to commence. (This definition does not apply to Covered Service Member Leave or Military Family Exigency Leave.)

“Son or Daughter/Child of a Covered Service member” means a Covered Service member's biological, adopted or foster child, stepchild, legal ward, or a child for whom the Covered Service member stood in the place of the parent, who is of any age. (This definition only applies to Covered Service Member Leave.)

“Son or Daughter/Child on covered active duty” means (1) the employee's biological, adopted or foster child, stepchild, legal ward, or a child for whom the employee stood in the place of the parent when the child was under 18, (2) who is on or called to covered active duty, and (3) who is of any age. (This definition only applies to Military Family Exigency Leave.)

“Covered Active Duty” means, in the case of a member of the regular Armed Forces, duty during deployment to a foreign country. In the case of a member of a reserve component of the Armed Forces, covered active duty means duty during deployment to a foreign country under a call or order to active duty under a provision of law referred to in 10 U.S.C. § 101(a)(13)(B).

“Covered Service Member” means a member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is otherwise on the military's temporary disability retired list for a serious illness or injury. Covered Service member also means a veteran who (1) is undergoing medical treatment, recuperation, or therapy, for a serious injury or illness and (2) was a member

of the Armed Forces (including a member of the National Guard or Reserves) and was released or discharged, other than dishonorably, at any time during the 5-year period before the first date the eligible employee takes Covered Service Member Leave.

“Serious Illness or Injury” with respect to a member of the Armed Forces, including a member of the National Guard or Reserves, means an injury or illness incurred or aggravated in the line of duty and on active duty that renders the Covered Service member unfit to perform the duties of the Covered Service member’s office, grade, rank or rating. With respect to a Covered Service member who is a veteran, Serious Illness or Injury means a qualifying illness or injury (as defined by the Secretary of Labor) that was incurred or aggravated in the line of duty on active duty in the Armed Forces and that manifested itself before or after the member became a veteran and is (1) a continuation of a serious injury or illness incurred or aggravated when the veteran was a member of the Armed Forces and rendered the veteran unable to perform the duties of the veteran’s office, grade, rank, or rating; (2) a physical or mental condition for which the veteran has a VA Service Related Disability Rating of 50% or greater; (3) a physical or mental condition that substantially impairs the veteran’s ability to secure or hold gainful employment because of disability related to military service; or (4) an injury (including a psychological injury) for which the veteran has been enrolled in the Department of Veterans Affairs Program of Comprehensive Assistance for Family Caregivers.

“Outpatient Status” with respect to a Covered Service member who is a current member of the Armed Forces means the status of a member of the Armed Forces assigned to a military medical treatment facility as an outpatient or a unit established for the purpose of providing command and control of members of the Armed Forces receiving medical care as outpatients.

“Veteran” is defined by 38 U.S.C. § 101.

6.5 Non-FMLA Medical and Personal Leaves

Employees who are not otherwise eligible for an FMLA leave may apply for a medical leave of absence. Employees may also request a personal leave of absence. The decision as to whether a medical or personal leave of absence will be granted is reserved to the Administrator. Leaves may be granted in the cases of pregnancy, childbirth, and related medical conditions or as a reasonable accommodation for a disability. Non-FMLA and personal leaves are granted in 30-day increments, for a period not to exceed 60 days. After 60 days, employment will be administratively terminated unless an evaluation of the circumstances indicates that the employee is a qualified individual with a disability for whom an extension would be a reasonable accommodation, and that the Company can provide that accommodation without causing an undue hardship on its operation. During the leave, the employee’s position is not held open. At the expiration of the leave, the employee returns to an open position for which he/ she is qualified. Employees must use earned PTO at the start of the non-FMLA or personal leave. The remainder of the leave will be unpaid. Length of service credit, and the employee’s due date for an annual performance review, will be adjusted by the amount of time taken by the employee on non-FMLA medical and personal leave. All general conditions concerning medical leaves are set out in Section 6.3.

6.6 Military Leave

The Company complies with all applicable laws regarding military leaves of absence. To request a leave of absence for military service, you must furnish your Supervisor with written proof of the service requirements two (2) weeks in advance of service dates, or as soon as otherwise feasible. You may also elect to use PTO during military service.

6.7 Bereavement Leave

Employees will be granted up to three (3) consecutive scheduled days off, with the day of the funeral paid, to attend to the death of an immediate family member, provided that proper notification and documentation has been given to your Supervisor. Immediate family member is defined as: spouse, mother, father, child, sister, brother, grandparents, current mother-in-law, or current father-in-law.

6.8 Jury or Witness Duty

Jury or witness duty is the obligation of all citizens, so we encourage employees to fulfill this obligation. If you are called for jury duty or subpoenaed as a witness in a court or administrative agency action, you will be granted excused time away from work. You must, however, return to your duties any time you are not needed in the courtroom, except as otherwise provided by applicable law. If you are called for jury duty or subpoenaed as a witness, advise Human Resources and give Human Resources a copy of the summons or subpoena as soon as possible.

Non-exempt employees will receive the difference between their base rate of pay (exclusive of any shift differential or other premium) up to eight hours per day and the payment they receive for jury service for time they otherwise would have been regularly scheduled to work for up to a maximum of 30 days. Employees must present proof of the amount of jury pay received. Non-exempt employees will not be compensated for time spent as witnesses.

Exempt employees will receive their normal salary for partial workweeks in which they perform jury service or witness duty, offset by any amount received as jury or witness fees. Employees must present proof of the amount of jury or witness fees received.

EMPLOYEE CONDUCT

6.9 Professional Standards of Conduct

As a member of the Company team, you are expected to conduct yourself and communicate with residents, patients, visitors and co-workers in a professional and respectful manner.

To help ensure that we have a common understanding of appropriate work conduct and communication, you are expected to know, understand and follow the policies in this handbook as well as any additional policies and procedures implemented at your facility. Listed below, are examples of behavior the Company considers to be gross or serious misconduct which may result in action up to and including immediate termination. **The list of violations is not intended to be exhaustive of all types of impermissible conduct and performance, and these rules are only examples of behaviors that are specifically unacceptable and do not alter the at-will status of your employment.**

1. Violating the rights of residents and patients, including abuse, neglect or misappropriation of property or failing to report to your Supervisor any instance in which you have reason to believe a violation of a resident's rights has occurred, or refusing to cooperate in an investigation of resident or patient abuse, neglect or other rules, laws or government regulations violations, excluding issues involving the National Labor Relations Board.
2. Failing to render care to a resident or patient.
3. Providing medical services or treatment that you are not authorized, certified or licensed to provide.
4. Violating Company policies, including but not limited to, harassment, discrimination, conflict of interest and drug and alcohol-free workplace.
5. Engaging in any illegal conduct or committing an unlawful act at or on facility property.
6. Falsifying employment documents, timekeeping records, medical records or any Company, governmental, resident records or giving false information to a person who's responsible for keeping accurate records.
7. Stealing or attempting to steal, unauthorized possession, destroying, intentionally damaging or misusing Company property or the property of residents, patients, visitors or co-workers, including confidential resident or patient information.
8. Refusing a job assignment or the directive of a facility Supervisor.
9. Smoking, eating, lounging or sleeping during work time or in an unauthorized area, or performing personal business during work time.
10. Engaging in horseplay, destructive practical jokes, or other dangerous acts.
11. Fighting or engaging in violent or threatening behavior of any kind.
12. Using obscene, abusive or threatening language.
13. Stopping work before the end of your shift or leaving your work area, or Company premises, without prior authorization while on duty.

14. Endorsing outside medical services to residents, patients or families without Company authority.
15. Engaging in inappropriate or unprofessional personal relationships with residents, patients, visitors, co-workers or those doing business with the Company.
16. Failing to obtain prior authorization for changes in the work assignment, schedules or overtime.
17. Disruptive or distracting behavior in the workplace.
18. Failing to report for scheduled work without calling the facility in advance (no call/no show) or working unauthorized overtime. Employees must give a minimum of two (2) hours' advance notice of a call-off.
19. Any action that is considered to be threatening the health or well-being of others, including failure to report communicable disease, or an unsafe or unhealthy condition or failure to follow the safety rules, procedures or standards at your facility.
20. Failure to perform or negligence in the performance of work duties, including deficient work quality and productivity, failure to follow safety rules and practices or contributing to unsanitary conditions.
21. All information concerning residents is considered confidential, medical information. No employee is to disclose, or discuss, with anyone a resident's medical condition or any other information about the resident. The exception to this rule is providing information to the Ombudsman, a government surveyor, or the resident's responsible party.
22. Unauthorized use of computer, photocopier, or other business equipment, or use of the computer to access the internet for nonbusiness reasons.
23. Bringing weapons of any type onto Company premises. No employee is to have a weapon of any type (i.e., gun, knife, chemical repellent, etc.) in the facility. Firearms and ammunition are not allowed on Company property, including in an employee's car in the parking lot, except as otherwise provided by applicable law.

This policy does not, in any manner, prohibit employees from discussing among themselves or others wages, benefits, and other terms and conditions of employment or workplace matters of mutual concern or prohibit activities that are protected by the National Labor Relations Act.

6.10 Attendance

Regular, prompt attendance at work is an essential function of quality resident care. All employees are expected to report for work on time and to work all scheduled hours and days, including required overtime and mandatory meetings. Excessive tardiness or excessive

unscheduled absenteeism, which includes patterned absenteeism, may result in discipline up to and including discharge and may negatively affect an employee's performance and compensation review. Any time that you are unable to report for work as scheduled, you must notify your Supervisor of the reason for and expected length of absence within your department's specific reporting times. The Company reserves the right to require medical certification for absence from work.

6.11 Employee Discipline/Discharge

When an employee is issued discipline, the employee will be notified of the reason for such discipline in writing. An employee will be required to sign the disciplinary notice as an acknowledgment that the employee received the discipline. An employee's signature does not necessarily indicate that the employee agrees with the discipline. A copy of the discipline will be placed in the employee's file and the employee will be offered a copy of the disciplinary notice.

6.12 Appeal of Disciplinary Action

An employee who disagrees with any disciplinary action or discharge action can appeal the decision through the Open Door Policy in Section 2.10 of this Handbook.

6.13 Workplace Violence

Safety and security of employees and residents is our first concern. The Company will not tolerate threatening, intimidating, malicious or violent behavior by anyone. Employees are responsible for informing their immediate Supervisor, Department Head or Administrator of any possible violation of this policy, or threats to safety in the workplace. Violations include threatening, intimidating, malicious or violent behavior that has occurred, or is threatened to occur, on facility property. Employees are responsible for reporting this behavior regardless of the relationship between the individual who initiated the behavior and the person who was the target of the behavior. If you receive, or overhear, any threatening comments by anyone, you must immediately report it to your Supervisor, Department Head or Administrator.

Violations of this policy, including failure to report or fully cooperate in the Company's investigation, may result in disciplinary action up to and including discharge.

6.14 Electronic Media

The Company expects all employees to work in a cooperative manner with management, coworkers, customers, and vendors. Moreover, the Company requires employees to treat coworkers, customers, and vendors with respect at all times. These standards apply to any statements made or information placed on or through electronic media. Electronic media includes, but is not limited to, social networking websites (e.g., Facebook, Twitter, LinkedIn, etc.), chat rooms, mailing lists, and web logs (blogs).

While we support our employees' use of electronic media as a vehicle for social and business networking, employees are prohibited from expressing their personal opinions that are maliciously false about the Company, its directors, management, employees, volunteers, vendors, or members, either by name or by implication, using electronic media. Content placed on electronic

media regarding the Company or its directors, management, employees, volunteers, vendors, or members must be free of any impression that the views expressed are anything more than personal opinion; in other words, such content must make clear that it does not represent the views of the Company. In addition, content placed on electronic media must not violate the Company's policies, which prohibit posting or displaying comments about coworkers, supervisors or the Company that are discriminatory, violent, vulgar, obscene, threatening, intimidating, harassing, or similarly unlawful and/or violate the Company's Equal Employment Opportunity, Sexual and Other Unlawful Harassment, Confidential Information, Workplace Violence, and Professional Standards of Conduct policies. Examples of such conduct includes posts that could contribute to a hostile work environment on the basis of race, sex, disability, religion, or other status protected by law or Company policy. Employees must not post any information on or through electronic media that the Company considers to be confidential, including but not limited to trade secrets, proprietary information, and all other non-public information and data of or about the Company and its business. Trade secrets, proprietary information and non-public information and data about the Company includes information regarding the development of systems, processes, products or services, know-how, and technology. Moreover, employees' use of electronic media should not interfere with work commitments or performance.

This policy does not, in any manner, prohibit employees from discussing among themselves or others wages, benefits, and other terms and conditions of employment or workplace matters of mutual concern or prohibit activities that are protected by the National Labor Relations Act.

Employees learning of electronic media that is inconsistent with the requirements of this policy must immediately notify Human Resources. Violations of this policy may result in disciplinary action up to and including discharge.

6.15 Personal Equipment/Cell Phones/Electronic Devices

To promote open communications, management does not secretly record conversations with employees. Similarly, to protect its confidential and proprietary information, processes, and intellectual property, as well as personal privacy-related information protected under law, the Company does not permit employees to record such matters when interacting with their managers or coworkers during meetings, telephone calls, or any other conversions when either speaker is on or off duty.

Personal equipment, cell phones, and electronic devices may not be used to take pictures or videos of any confidential or proprietary Company property, business information, trade secrets, or other non-public information and data of or about the Company or its business. This includes, for example, information regarding patients, research data, and the development of systems, processes, products or services, know-how, and technology.

In addition, employees' business cell phones and electronic devices are not for personal use during work time or at any other time unless management specifically authorizes personal use.

This policy does not, in any manner, prohibit employees from discussing among themselves or others wages, benefits, and other terms and conditions of employment or workplace

matters of mutual concern or prohibit activities that are protected by the National Labor Relations Act.

6.16 Confidential Information

Some employees may have access to information that the Company considers confidential. Confidential information includes but is not limited to patient data, pricing schedules, advertising and promotional information, financial information, and medical information.

Unauthorized disclosure of confidential information will subject an employee to discipline, up to and including immediate discharge, and to possible criminal and civil penalties. Any questions as to the confidential nature of information should be directed to Human Resources. If you have any doubt, err on the side of non-disclosure until you have spoken to Human Resources.

This policy does not, in any manner, prohibit employees from discussing among themselves or others wages, benefits, and other terms and conditions of employment or workplace matters of mutual concern or prohibit activities that are protected by the National Labor Relations Act.

SECTION 7

COMPANY PROPERTY, PREMISES AND RESOURCES

7.1 Solicitation & Distribution

Solicitation of any kind by an employee to another employee is prohibited while either is on working time or in patient care areas.

Distribution of literature (printed matter of any kind) by an employee is prohibited while on working time or in working or residential care areas at any time.

Working time is all time when your duties require that you be engaged in work tasks, but does not include your own time such as meal periods, scheduled break times, time before or after a work shift, and personal cleanup time.

Non-employees are prohibited from soliciting or distributing literature on Company property at any time.

7.2 Bulletin Boards

In order to keep employees informed management uses bulletin boards to communicate information. Employees may not post in any way, any literature, printed or written materials, photographs or personal notices on facility/office bulletin boards, on the walls or elsewhere on Company property. Any posting that is not posted by management and/or that is not an official Company communication will be removed.

7.3 Access to Facility

It must be remembered the facility is our resident's home. Off-duty employees should not come inside the facility, or be in the facility, except to meet with a member of management or visit the business office. Employees who have completed their shift, or are not working, should not use the employee break room or any other area inside the facility.

This policy does not, in any manner, prohibit employees from discussing among themselves or others wages, benefits, and other terms and conditions of employment or workplace matters of mutual concern or prohibit activities that are protected by the National Labor Relations Act.

7.4 Electronic Communication Systems

Email, computer, and voice mail systems are Company property and are for business. Personal use must be limited to nonworking time unless management has approved personal use. Employees have no right of privacy as to any information or files maintained in or on Company property or transmitted or stored through Company electronic information systems or other technical resources, including employer provided cell phones and other electronic systems.

Incidental and occasional use of Company electronic communication systems for personal use is permitted when such use does not generate a direct cost to the Company, including the cost of lost time during scheduled work hours, and does not interfere with the employee's assigned duties. Abuse will result in discipline. And remember you have no right of privacy for any of your personal communications.

The Company strives to maintain a workplace free of harassment and is sensitive to the diversity of its employees and patients. Therefore, the Company prohibits the use of its electronic information systems in ways that are unlawful, disruptive, or harmful to morale. For example, the display or transmission of images, messages, and cartoons that may offend others because of their sex, race, color, age, national origin, disability, religion, genetic information, citizenship status, military status, or any other legally protected category is strictly prohibited. Such misuse includes, but is not limited to, ethnic, racial, or sexual slurs, comments, or jokes, or any other communication that shows disrespect for others on the basis of sex, race, color, age, national origin, disability, religion, genetic information, citizenship status, military status, or any other legally protected category.

Remember that documents created and information accessed when using the Company's electronic information systems belong to the Company. They are not private and may be read by other employees and, under some circumstances, non-employees. Also remember that even though a message may be deleted from the system, (a) a record of it may remain either on the daily backups of all data or in other ways, or (b) a "deleted" message may be recreated. Ultimate privacy of messages is not assured to anyone, and management may access information stored in its electronic information systems for such purposes as:

- (1) During regular maintenance of the system.

(2) When it has a business need to access the employee's electronic mail or computer files – for example, if the employee is absent from the office and the supervisor has reason to believe that information relevant to the day's business may be located in these files. While electronic systems may accommodate the use of passwords for security, confidentiality is not guaranteed

(3) When it receives a legal request to disclose electronic information.

(4) When it has reason to believe employees are using its electronic information systems or other technical resources in violation of its policies.

Because management is sensitive to employees' privacy concerns, it will try to access electronic information systems in a respectful and responsible manner. The Director of IT implements and enforces this policy in cooperation with management.

Computer Viruses/Unauthorized Software. Be extremely cautious to prevent computer viruses from infecting work computers or computer network or causing computer system problems. In addition, loading pirated software into work computers can create legal liability. Therefore, under no circumstances may you load unauthorized computer software onto any work computer. If you wish to load software onto a work computers, whether via diskette, CD Rom, or from the Internet, first receive permission from the Director of IT, who may insist on loading the software even if permission is granted. Never open any electronic mail or attachment from unfamiliar sources. Direct all questions concerning computer software, the Company's computer network, or computer viruses to the Director of IT.

Because of rapidly changing technology, this policy cannot address every possible situation. Instead, it expresses management's philosophy and sets forth general principles for the use of electronic communication systems and other technical resources.

Employees learning of any inappropriate use of work electronic communication systems must immediately notify the Director of IT.

This policy does not, in any manner, prohibit employees from discussing among themselves or others wages, benefits, and other terms and conditions of employment or workplace matters of mutual concern or prohibit activities that are protected by the National Labor Relations Act.

SECTION 8

SEPARATION OF EMPLOYMENT

8.1 Leaving The Company

In order to maintain quality resident care, we expect resignations to be presented to your Supervisor in writing two (2) weeks prior to your departure. However, four (4) weeks' notice is expected of Department Managers, Administrators, Directors of Nursing, and Regional Management. An employee's failure to give adequate notice, and to work the final weeks prior to departure, will result in disqualification for rehire status and loss of vacation or PTO time (i.e., the

employee will not receive payout of accrued, unused vacation or PTO upon the end of employment).

Prior to receiving your last paycheck, you must return to your Supervisor any Company property or equipment. Employees must also return all Company property upon separation from employment. Final payment of wages and other compensation will be made on the following regular payday or in accordance with state laws and regulations. Employees must timely submit all-time records.

If you are enrolled in the group health plan, or voluntary term life plan, continuation of benefits may be available upon termination. Ask your Supervisor for assistance.

Payment of PTO upon Termination of Employment

Employees terminated for misconduct or work performance issues will not be paid for any unused PTO at the time of their termination. If you resign, you will be paid for unused PTO according to the following terms if you provide at least a two week notice period prior to your resignation, and if you continue to work effectively during your notice period. Department Managers, Administrators, Directors of Nursing, and Regional Management are expected to provide at least four weeks' notice in order to receive payment for unused PTO.

At its sole discretion, Atrium can decline to have you work the proffered notice period following your notice of resignation. In such cases, Atrium will, in its sole discretion, decide whether or not to pay unused PTO.

8.2 Rehire

Employees who leave our employ with proper notice, but who are reemployed by the Company within thirty (30) calendar days, may be reinstated with continuous service as though they never left the Company, including a resumption of certain benefits, if applicable.

ATRIUM CENTERS INC.

Acknowledgment Of Receipt Of Employee Handbook

I have received a copy of the Company's Employee Handbook and agree to read and keep the handbook for future reference and to direct any questions about the contents of the handbook to Human Resources. I further understand that the Company may modify, change, delete, or add to, as it deems appropriate, the policies, procedures, benefits, and other general information in this handbook.

Employee's Signature

Employee's Printed Name

Date

EMPLOYEE RIGHTS AND RESPONSIBILITIES UNDER THE FAMILY AND MEDICAL LEAVE ACT

Basic Leave Entitlement

FMLA requires covered employers to provide up to 12 weeks of unpaid, job-protected leave to eligible employees for the following reasons:

- for incapacity due to pregnancy, prenatal medical care or child birth;
- to care for the employee's child after birth, or placement for adoption or foster care;
- to care for the employee's spouse, son, daughter or parent, who has a serious health condition; or
- for a serious health condition that makes the employee unable to perform the employee's job.

Military Family Leave Entitlements

Eligible employees whose spouse, son, daughter or parent is on covered active duty or call to covered active duty status may use their 12-week leave entitlement to address certain qualifying exigencies. Qualifying exigencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings.

FMLA also includes a special leave entitlement that permits eligible employees to take up to 26 weeks of leave to care for a covered servicemember during a single 12-month period. A covered servicemember is: (1) a current member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness*; or (2) a veteran who was discharged or released under conditions other than dishonorable at any time during the five-year period prior to the first date the eligible employee takes FMLA leave to care for the covered veteran, and who is undergoing medical treatment, recuperation, or therapy for a serious injury or illness.*

***The FMLA definitions of "serious injury or illness" for current servicemembers and veterans are distinct from the FMLA definition of "serious health condition".**

Benefits and Protections

During FMLA leave, the employer must maintain the employee's health coverage under any "group health plan" on the same terms as if the employee had continued to work. Upon return from FMLA leave, most employees must be restored to their original or equivalent positions with equivalent pay, benefits, and other employment terms.

Use of FMLA leave cannot result in the loss of any employment benefit that accrued prior to the start of an employee's leave.

Eligibility Requirements

Employees are eligible if they have worked for a covered employer for at least 12 months, have 1,250 hours of service in the previous 12 months*, and if at least 50 employees are employed by the employer within 75 miles.

***Special hours of service eligibility requirements apply to airline flight crew employees.**

Definition of Serious Health Condition

A serious health condition is an illness, injury, impairment, or physical or mental condition that involves either an overnight stay in a medical care facility, or continuing treatment by a health care provider for a condition that either prevents the employee from performing the functions of the employee's job, or prevents the qualified family member from participating in school or other daily activities.

Subject to certain conditions, the continuing treatment requirement may be met by a period of incapacity of more than 3 consecutive calendar days combined with at least two visits to a health care provider or one visit and

a regimen of continuing treatment, or incapacity due to pregnancy, or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.

Use of Leave

An employee does not need to use this leave entitlement in one block. Leave can be taken intermittently or on a reduced leave schedule when medically necessary. Employees must make reasonable efforts to schedule leave for planned medical treatment so as not to unduly disrupt the employer's operations. Leave due to qualifying exigencies may also be taken on an intermittent basis.

Substitution of Paid Leave for Unpaid Leave

Employees may choose or employers may require use of accrued paid leave while taking FMLA leave. In order to use paid leave for FMLA leave, employees must comply with the employer's normal paid leave policies.

Employee Responsibilities

Employees must provide 30 days advance notice of the need to take FMLA leave when the need is foreseeable. When 30 days notice is not possible, the employee must provide notice as soon as practicable and generally must comply with an employer's normal call-in procedures.

Employees must provide sufficient information for the employer to determine if the leave may qualify for FMLA protection and the anticipated timing and duration of the leave. Sufficient information may include that the employee is unable to perform job functions, the family member is unable to perform daily activities, the need for hospitalization or continuing treatment by a health care provider, or circumstances supporting the need for military family leave. Employees also must inform the employer if the requested leave is for a reason for which FMLA leave was previously taken or certified. Employees also may be required to provide a certification and periodic recertification supporting the need for leave.

Employer Responsibilities

Covered employers must inform employees requesting leave whether they are eligible under FMLA. If they are, the notice must specify any additional information required as well as the employees' rights and responsibilities. If they are not eligible, the employer must provide a reason for the ineligibility.

Covered employers must inform employees if leave will be designated as FMLA-protected and the amount of leave counted against the employee's leave entitlement. If the employer determines that the leave is not FMLA-protected, the employer must notify the employee.

Unlawful Acts by Employers

FMLA makes it unlawful for any employer to:

- interfere with, restrain, or deny the exercise of any right provided under FMLA; and
- discharge or discriminate against any person for opposing any practice made unlawful by FMLA or for involvement in any proceeding under or relating to FMLA.

Enforcement

An employee may file a complaint with the U.S. Department of Labor or may bring a private lawsuit against an employer.

FMLA does not affect any Federal or State law prohibiting discrimination, or supersede any State or local law or collective bargaining agreement which provides greater family or medical leave rights.

FMLA section 109 (29 U.S.C. § 2619) requires FMLA covered employers to post the text of this notice. Regulation 29 C.F.R. § 825.300(a) may require additional disclosures.



For additional information:
1-866-4US-WAGE (1-866-487-9243) TTY: 1-877-889-5627
WWW.WAGEHOUR.DOL.GOV

U.S. Department of Labor | Wage and Hour Division



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