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Davidson Homes, Inc Risk Management Plan

January 2010 – December 2010

Our Mission

Davidson Homes is committed to the highest quality of

life for

people that we support.

Our goal is to

assist people with developmental disabilities in pursuit of independent

living, and

reaching their personal

goals while maintaining a person-centered philosophy.

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The goal of Davidson Homes, Inc. Risk Management Plan:

To "Promote Quality Services and Manage Risk Effectively". DHI is to protect itself against accidental loss or losses, which would significantly affect company personnel, property, its budget, or its ability to continue to fulfill its responsibilities.

It is the policy of Davidson Homes, Inc. for every employee to act to reduce the risk of accidental loss or injury to the greatest extent feasible, consistent with carrying out the mission of helping people with disabilities shape their own future emphasizing the quality of life in the most normal and least restrictive environment.

To accomplish the goal of effective management of risks, Risk Management Controls System has been established to identify and analyze loss exposure and safety hazards, control mechanisms, responsibility and scheduling of reporting and monitoring the results produced or achievement of changes. The areas of exposure are tracked through all divisions of the organization including Corporate, Administrative, Financial, Community Relations, Human Resources, Life Enrichment, Residential and Support Services. The Risk Management Controls System is reviewed and updated quarterly by the Quality Management Team.

The owners of Davidson Homes, Inc or the designated team are responsible for the doctrines of this Risk Management Plan.

Risk management includes actions taken before and after a loss occurs and is directed towards reducing risks and reducing the frequency and severity of losses. When analyzing a loss exposure and its treatment, the impact on the entire company, as well as on individual departments, is evaluated. Davidson Homes maintains the following insurance policies as required by Medicaid and the LME's. General, Professional Liability, Automobile Insurance, and Workmen's compensation. The budget committee reviews financial risk related to service delivery.

Davidson Homes, Inc. faces many risks in the course of its daily operations. Most fall into one of the following categories:

- General Liability
- Professional Liability
- Liability to employees
- Property Loss
- Vehicle-related Loss
- Contractual Liability
- Business Loss/Interruption
- Loss of Reputation

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General Liability

General liability refers to the amount of loss payable to others outside the organization for injury or damage arising from operations. It applies to personal injury, bodily injury and property loss or damage to a third party resulting from the negligence of the program operations or the employees.

Professional Liability

Claims are most prevalent in the areas of hiring, treatment and termination of employees. Consumers and guardians rightfully expect high level of character, professionalism and ethical conduct. Staff must exercise reasonable care and diligence in carrying out their tasks. Negligence in fiscal management is the most common target of staff claims. Failure to comply with the Americans with Disabilities Act (ADA) opens yet another arena for possible liability exposure. The DHI Safety and Health Committee is responsible for doctrines of the company Accessibility Plan.

Liability to Employees

Davidson Homes, Inc. liability to its employees includes compensation for job-related accidents or occupational illnesses. Three types of loss exposure are workers' compensation claims, employer liability claims, and non-compliance with applicable occupational safety and health regulations. The DHI Human Resources Department has the responsibility to safeguard against losses in this area.

Property Loss

Physical property at risk includes real and personal property whether owned or leased. The loss may result from fire, accident, theft, or natural causes. Property may be destroyed, damaged or lost. The organization may also experience an interruption in normal operations.

Vehicle Related Loss

Risks include property damage to the vehicle itself, in addition to liability claims for personal injury and property damage as a result of vehicle operation. The specific types of liability are numerous and run the gamut from minor fender benders to loss of fire.

Contractual Liability

When risk is contractually transferred from one party to another, loss exposures can be increased or decreased. Contractual liabilities can arise out of leases, rental agreements, special service agreements, joint use agreements, cooperative ventures, construction contracts, service contracts with municipalities and contractual labor.

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Business Loss/Interruption

Loss or reductions of funding and major losses of facilities all create risk.

Methods to Safeguard

Davidson Homes, Inc. uses various methods to manage risks to the company. The Health and Safety Committee develops company-wide standards and procedures to ensure safety and health for persons served and staff and administers programs on safety and health in all areas of the agency. Safety programs have been developed for each area of services and training is provided initially and is on going for all staff.

Risk Avoidance

Davidson Homes, Inc. may elect to avoid undesirably high risks and programs with excessive costs by refusing to undertake unsafe activities or by discontinuing high-risk programs.

Loss Prevention and Loss Reduction

Risks inherent in the existence and operation of Davidson Homes, Inc. can be reduced, resulting in a decrease in both frequency and severity of accidental losses. It is the responsibility of each department and its personnel to conduct the business of the company in such a way as to reduce or prevent hazards to individuals and property and to evaluate the risk cost potential when developing new programs. Analysis of incidents is conducted quarterly by both the Safety and Health Committee and the Human Rights Committee as a method to prevent and reduce loss. Each month, Utilization is analyzed to determine losses in each service area.

Risk Retention

It is general policy of Davidson Homes, Inc. to retain the financial responsibility for its risks of accidental loss to the maximum extent possible without jeopardizing the financial position of the company or the continuation of essential programs.

Risk Transfer

The financial responsibility for risks may be transferred to others through contractual agreements or through the purchase of insurance. Davidson Homes, Inc. will purchase insurance when required by law, bond, or contractual agreement. Commercially, insuring risks does not alter the responsibility or personnel of the company for compliance with required appropriate safety and security standards.

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Emergency Management Plan

The Safety and Health Committee and management have developed an Emergency Management Plan to protect and plan for significant catastrophic events which could shut down the business, disrupt operations, cause physical or environmental damage, or threaten the facility's financial standing or public image.

Goal: TO PROMOTE QUALITY SERVICE AND MANAGE RISK EFFECTIVELY. The Risk Management plan incorporates systems of checks and balances that clearly defines accountability and monitor critical performance variables. Control systems are designed to minimize risks and prevent and detect illegal or unethical activity and or fraud, waste, and abuse. Access to critical information is on a need to know basis.

Davidson Homes, Inc. Contingency Plan

This plan addresses the process to ensure the agency will continue to function in the event of the loss or inability to perform job duties of co owners John and Cindy Davidson.

- 1) In the event of the loss of one owner, the other owner has the full authority to conduct business as normal.
 - a) In the event of the loss of the Executive Director, a "Board" of three members of management will be appointed to take that position and will concur on Company decisions.
 - b) In the event of the loss of the President, Painter, Russell and Associates PA, CPA's have trained staff capable of performing his job functions until suitable replacement is located.

2) In the event of the loss of both owners, both procedures a and b will take place and the agency will be managed by First Citizens Bank through an established trust. The details of this plan are in the *process of being formulated.*