

CHAPIN HALL CENTER FOR CHILDREN

CONFLICT OF INTEREST POLICY

Policy No. 102

Subject Area: Conflicts of Interest
Responsible Office: Executive Director
Approval Date: December 2, 2015
Effective Date: January 1, 2016
Revised:

ARTICLE I

POLICY STATEMENT

SECTION 1.1 **Statement of General Policy.** The Board and Officers of Chapin Hall owe certain duties, including the duty of loyalty under the Illinois General Not for Profit Corporation Act of 1986, et. Seq. In addition, as a tax-exempt organization, the Board and Officers may be subject to Intermediate Sanctions if Chapin Hall engages in any transaction or arrangement that results in an excess benefit (i.e., in excess of fair market value or reasonable compensation) to a Covered Person. It is incumbent upon Chapin Hall to maintain a comprehensive policy on conflicts and dualities of interest.

SECTION 1.2. **Application of Policy.** This Policy shall apply to all Covered Persons. All Covered Persons have an affirmative legal duty to act in the best interests of Chapin Hall and not to put their personal or competing interests ahead of those of Chapin Hall. The Committee and the Executive Director shall have the affirmative obligation to implement this Policy. This Policy reflects the current policy and practices of Chapin Hall. Like all policies, this Policy is subject to review and modification, revision and amendment, at the sole discretion of Chapin Hall to conform to changes of the law or other business reasons.

SECTION 1.3 **Defined Terms.** All capitalized terms herein shall have the meanings ascribed to them in **Exhibit A** (attached hereto and incorporated herein by this reference).

ARTICLE II

CONFLICTS OF INTEREST COMMITTEE

SECTION 2.1. **Creation.** Pursuant to Article III, Section I of the By-Laws, the Board has created the Committee. The Committee shall administer this Policy.

SECTION 2.2. **Powers, Duties, and Responsibilities.**

- (a) The Committee shall work with the Executive Director and his/her designees to develop procedures for the implementation of this Policy. The Committee may delegate to the Executive Director and his/her designees any tasks necessary for the implementation and administration of this Policy.
- (b) The Committee may hold meetings and make determinations regarding Conflicts of Interest and interests in Covered Transactions. Such meetings shall be held in accordance with Article III of the By-Laws, unless otherwise stated in this Policy.
- (c) The Committee may enact disciplinary measures against Covered Persons for violations of this Policy.
- (d) The Committee shall work with the Executive Director and his/her designees to review and amend this Policy from time to time to remain in compliance with Applicable Law.

ARTICLE III

CONFLICTS OF INTEREST

SECTION 3.1. Disclosures. Each Covered Person shall annually disclose Conflicts of Interest, including, without limitation, any interests in Covered Transactions. Outside of the annual disclosure process, each Covered Person shall disclose any Conflicts of Interest and interests in Covered Transactions as these conflicts and interests arise. Each Covered Person shall disclose Conflicts of Interest and interests in Covered Transactions using the form as set forth in **Exhibit B** (attached hereto and incorporated herein by this reference).

SECTION 3.2. Review of Disclosures.

- (a) The Executive Director, and/or his/her designees, shall review all Disclosures by Covered Persons and, prior to Chapin Hall entering into a transaction or arrangement, shall make determinations with respect to Conflicts of Interest and interests in Covered Transactions, in accordance with Section 3.3 of this Policy.
- (b) Upon request by the Executive Director, any member of the Board, any member of the Committee, or any Covered Person, the Committee shall review Disclosures and, prior to Chapin Hall entering into any transaction or arrangement, shall make determinations with respect to Conflicts of Interest and interests in Covered Transactions, in accordance with Section 3.4 of this Policy.

SECTION 3.3. Determinations by Executive Director.

- (a) Upon disclosure of a Conflict of Interest or interest in a Covered Transaction, the Executive Director shall determine whether or not to proceed with a transaction or arrangement.

- (b) In making a determination, the Executive Director shall determine whether the transaction or arrangement will be conducted (i) on an arm's-length basis, (ii) at fair market value, (iii) that no tax-exempt assets inure excessively to the benefit of an individual or entity; and (iv) that the transaction or arrangement is in compliance with Applicable Law; and (v) that the transaction or arrangement is in the best interest of Chapin Hall. In making a determination, the Executive Director may consider the advice of Chapin Hall counsel and/or qualified outside experts and appropriate comparability data.
- (c) The Executive Director, or any Disinterested Person appointed by the Executive Director, may investigate alternative courses of action. When investigating alternative courses of action, the following factors shall be considered: (i) whether a more advantageous transaction or arrangement is reasonably attainable, (ii) whether the proposed transaction or arrangement is for Chapin Hall's benefit or is in Chapin Hall's best interests, and (iii) whether the proposed transaction or arrangement is of fair market value.
- (d) In making a determination, the Executive Director may determine that information deemed confidential should not be shared with Interested Persons.
- (e) In the event the Executive Director determines that any transaction or arrangement is not in the best interest of Chapin Hall, the Executive Director may deny a transaction or arrangement or direct that the transaction or arrangement be modified.
- (f) The Executive Director may approve of a transaction or arrangement, despite a Conflict of Interest or an interest in a Covered Transaction, if it is in the best interest of Chapin Hall. All such approved transactions or arrangements shall be reviewed by the Committee, pursuant to Section 3.5 of this Policy.
- (g) The Executive Director shall maintain records of all Disclosures and any actions taken in respect thereto.

SECTION 3.4. Determination by the Committee.

- (a) Upon receipt of a request to review a Conflict of Interest or an interest in a Covered Transaction as set forth in Section 3.2(b), only members of the Committee who are Disinterested Persons shall determine whether or not to proceed with a transaction or arrangement. As used in this Section 2.4, the term "Committee" shall mean only members of the Committee who are Disinterested Persons.
- (b) In making a determination, the Committee shall determine whether the transaction or arrangement will be conducted (i) on an arm's-length basis, (ii) at fair market value, (iii) that no tax-exempt assets inure excessively to the benefit of an individual or entity, and (iv) that the transaction or arrangement is in compliance with Applicable Law, and (v) that the transaction or arrangement is in the best interest of Chapin Hall. In making

a determination, the Committee may consider the advice of Chapin Hall counsel and/or qualified outside experts and appropriate comparability data.

- (c) In making a determination, the Committee chair person may appoint a Committee member to investigate alternative courses of action. When investigating alternative courses of action, the following factors shall be considered: (i) whether a more advantageous transaction or arrangement is reasonably attainable, (ii) whether the proposed transaction or arrangement is for Chapin Hall's benefit or is in Chapin Hall's best interests, and (iii) whether the proposed transaction or arrangement is of fair market value.
- (d) In making a determination, the Committee may determine that information deemed confidential should not be shared with Interested Persons.
- (e) At meetings where matters under this Policy are deliberated, the Committee chair person may require any Interested Persons to (i) answer factual questions, (ii) recuse themselves from the deliberations and vote, and (iii) leave the room during deliberations and vote. If any member of the Committee is an Interested Person, such member shall not be permitted to vote on the matter; however, the member's presence at the meeting shall be utilized to establish a quorum.
- (f) In the event the Committee determines that any transaction or arrangement is not in the best interest of Chapin Hall, the Committee may deny a transaction or arrangement or direct that the transaction or arrangement be modified.
- (g) The Committee may approve of a transaction or arrangement, despite a Conflict of Interest or an interest in a Covered Transaction, if it is in the best interest of Chapin Hall. All such approved transactions or arrangements shall be reviewed by the Committee, pursuant to Section 3.5 of this Policy.
- (h) The Committee shall maintain minutes of meetings and records of all matters reviewed by it and any actions taken in respect thereto, consistent with Section 3.5 (e) and (f) of this Policy.

SECTION 3.5. Reports of Covered Transactions.

- (a) The Executive Director, and/or his/her designees, shall submit to the Committee an annual report of the Covered Transactions in effect during the previous year, using the form as set forth in **Exhibit C** (attached hereto and incorporated herein by this reference).
- (b) The Committee shall review the terms, conditions, and effects of all such Covered Transactions. The review of a Covered Transaction shall be conducted only by members of the Committee who are Disinterested Persons. As used in this Section 3.5,

the term “Committee” shall mean only members of the Committee who are Disinterested Persons.

- (c) The Committee shall determine whether the Covered Transactions were conducted (i) on an arm’s-length basis, (ii) at fair market value, (iii) that no tax-exempt assets inure excessively to the benefit of an individual or entity, and (iv) that the Covered Transactions are in compliance with Applicable Law, and (v) that the Covered Transactions are in the best interest of Chapin Hall. In making a determination, the Committee may consider the advice of Chapin Hall counsel and/or qualified outside experts and appropriate comparability data.
- (d) In the event the Committee determines that any Covered Transaction is not in the best interest of Chapin Hall, the Committee may direct the Executive Director to modify or terminate the transaction.
- (e) The Committee must record the following in its minutes, with respect to a determination:
 - (1) A summary of any advice of counsel or appropriately qualified outside experts received in writing or otherwise;
 - (2) A summary of the comparability data, if any, obtained and relied on by the Committee, how such material was obtained, and, if the Committee determines that reasonable consideration for the Covered Transaction is outside the range supported by such comparability data, a detailed statement outlining the basis for such determination;
 - (3) The date the Covered Transaction was approved, required to be modified, or terminated;
 - (4) The members of the Committee who were present during the deliberations and vote regarding the Covered Transaction; and
 - (5) Actions taken with respect to members of the Committee who are Interested Persons.
- (f) Determinations of the Committee must be documented in the meeting minutes and the minutes must be prepared and presented to the Committee at the next meeting of the Committee. Such minutes must be approved by the Committee as reasonable, accurate, and complete.
- (g) The Committee shall submit an annual summary report to the Board of all Covered Transactions presented to the Committee in the form as set forth in **Exhibit D** (attached hereto and incorporated herein by this reference).

ARTICLE IV

STRICT ADHERENCE AND VIOLATIONS

SECTION 4.1. **Strict Adherence.** All Covered Persons shall strictly adhere to this Policy and willful violations shall not be tolerated.

SECTION 4.2. **Violations.** All alleged violations of this Policy shall be referred to the Committee. The Committee shall review and investigate the alleged violations and undertake appropriate disciplinary measures, up to and including termination of employment or removal from Officer status or Board or Committee membership.

EXHIBIT A

DEFINED TERMS

“Applicable Law” shall mean the Illinois General Not for Profit Corporation Act of 1986, et. Seq.; the Internal Revenue Code of 1986, as amended, including, without limitation, Section 4948 of the Internal Revenue Code; any federal or state government procurement laws and regulations; and any other applicable federal or state law or regulation.

“Board” shall mean the Board of Directors of Chapin Hall.

“By-Laws” shall mean the By-Laws of Chapin Hall.

“Chapin Hall” shall mean Chapin Hall Center for Children, an Illinois not-for-profit corporation, doing business as Chapin Hall at the University of Chicago.

“Committee” shall mean the Conflicted Transactions Committee created pursuant Article, III, Section I of the By-Laws and consisting of no less than three (3) and no more than five (5) Board members. The chair person and vice-chair person of the Board shall be ex-officio members of the Committee.

“Conflict of Interest” shall mean any Interest of a Covered Person in any Covered Entity that conflicts with, or has the appearance of conflicting with, the business or financial interests of Chapin Hall.

“Conflicted Person” shall mean any Covered Person who is determined, in accordance with this Policy, to have a Conflict of Interest with respect to a particular transaction or arrangement.

“Covered Entity” shall mean any individual, entity (whether for profit or not-for profit) university, or government agency that (i) does business with Chapin Hall, (ii) desires to do business with Chapin Hall, (iii) conducts activities that are overseen by Chapin Hall, or (iv) competes with Chapin Hall in the award of grants and contracts.

“Covered Persons” shall mean the (i) members of the Board, (ii) Officers, and (iii) employees of Chapin Hall

“Covered Transaction” shall mean any transaction or series of related transactions, including, without limitation, any compensation arrangement, (i) between Chapin Hall and any Covered Person or his or her Immediate Family Members involving remuneration either to or from Chapin Hall in excess of \$10,000 per annum, (ii) involving remuneration either to or from Chapin Hall in excess of \$10,000 per annum as to which any Covered Person has a Conflict of Interest, or (iii) that the Committee or the Executive Director designates as a Covered Transaction.

“Disclosure” shall mean the written disclosure of a Conflict of Interest or interest in a Covered Transaction by a Covered Person. Such Disclosures shall be made annually and as any Conflicts of Interest or interests in a Covered Transactions arise.

“Disinterested Person” shall mean any person who (i) is not the Conflicted Person or the Immediate Family Member of the Conflicted Person; (ii) is not in an employment arrangement subject to the direction or control of such Conflicted Person or the Immediate Family Member of the Conflicted Person; (iii) does not receive any remuneration or other payments subject to the approval of such Conflicted Person or the Immediate Family Member of the Conflicted Person; and (iv) does not approve a transaction in return for approval of a past or future transaction involving such Conflicted Person or the Immediate Family Member of the Conflicted Person.

“Executive Director” shall mean the Executive Director of Chapin Hall.

“Immediate Family Member” shall mean a spouse, domestic partner, child, parent, brother, sister, grandparent, grandchild, step-parent, step-child, step-brother, and step-sister, mother-in-law, father-in-law, sister-in-law, brother-in-law, son-in-law, daughter-in-law, niece, nephew, aunt, uncle, first cousin.

“Interest” shall mean any personal, professional, or financial interest of a Covered Person in a Covered Entity. Such Interests include, without limitation, (i) a Covered Person who is employed by, serves in a leadership capacity for, serves as a principal investigator for, or receives compensation or remuneration (directly or indirectly) from, a Covered Entity, (ii) a Covered Person whose Immediate Family Member is employed by, serves in a leadership capacity for, serves as a principal investigator for, or receives compensation or remuneration (directly or indirectly) from, a Covered Entity, and (iii) a Covered Person who, on their own or through an Immediate Family Member, has an ownership or investment interest in any Covered Entity.

“Interested Person” shall mean any Covered Person who, with regard to the particular transaction or arrangement, is not a Disinterested Person.

“Intermediate Sanctions” shall mean the excise taxes imposed under Section 4948 of the Internal Revenue Code.

“Officer” shall mean the Executive Director, Treasurer, and Secretary of Chapin Hall, and any other corporate officers of Chapin Hall designated by the Board.

“Policy” shall mean this Chapin Hall Center for Children Conflict of Interest Policy.

EXHIBIT B

DISCLOSURE FORM

For the purposes of this Disclosure Statement, all capitalized and bolded terms shall have the meanings ascribed to them in the Chapin Hall Center for Children Conflicts of Interest Policy.

For the purposes of this Disclosure Statement, a list of individuals and entities currently doing business with Chapin Hall is attached for your convenience as Schedule 1. As Chapin Hall's business transactions are fluid, the attached Schedule 1 may not be an exhaustive list of every individual and entity with whom Chapin Hall conducts business. All Covered Persons are responsible for making the required disclosures under the Policy.

1. Affirmation of the Policy: I have received a copy of the **Policy**. I have read and I understand the **Policy**. I agree I am a **Covered Person** and am bound by, and will comply with, the **Policy**. I agree to maintain as confidential, all confidential information obtained by me in my role as a **Covered Person**. I shall disclose all **Conflicts of Interests** and interests in **Covered Transactions** on an annual basis and as each may arise outside of an annual disclosure.

Signature

Date

2. Disclosure of Financial Interests of Covered Person: To the best of your knowledge, list the name and instrument of ownership that you have in any **Covered Entity**. Enter "N/A" if there are no ownership interests to report. Attach a separate sheet if necessary.

Name of Entity

Instrument of Ownership

3. Disclosure of Financial Interests of Immediate Family Members: To the best of your knowledge, list the name and instrument of ownership that any of your **Immediate Family Members** have in any **Covered Entity**. Enter "N/A" if there are no ownership interests to report. Attach a separate sheet if necessary.

Name of Entity

Instrument of Ownership

4. **Disclosure of Professional Interests of Covered Person:** To the best of your knowledge, list the name and position held for any **Covered Entity** in which you are an officer, director, employee, principal investigator, researcher, associate, partner or proprietor, served in any advisory capacity, or received compensation or remuneration (directly or indirectly). Enter “N/A” if there are no positions to report. Attach a separate sheet if necessary.

Name of Entity	Position
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5. **Disclosure of Professional Interests of Immediate Family Members:** To the best of your knowledge, list the name and position held for any **Covered Entity** in which any of your **Immediate Family Members** are an officer, director, employee, principal investigator, associate, partner or proprietor, served in any advisory capacity, or received compensation or remuneration (directly or indirectly). Enter “N/A” if there are no positions to report. Attach a separate sheet if necessary.

Name of Entity	Position
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6. **Disclosure of Personal Interests of Covered Person:** To the best of your knowledge, list the name and nature of personal interest that you have in any **Covered Entity**, including the receipt of gifts or special favors of more than negligible value. Enter “N/A” if there are no personal interests to report. Attach a separate sheet if necessary.

Name of Entity	Nature of Personal Interest
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7. **Disclosure of Personal Interests of Immediate Family Members:** To the best of your knowledge, list the name and nature of personal interest that any of your **Immediate Family Members** have in any **Covered Entity**, including the receipt of gifts or special favors or more than negligible value. Enter “N/A” if there are no personal interests to report. Attach a separate sheet if necessary.

Name of Entity	Nature of Personal Interest
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8. **Disclosure of Covered Person’s Transactions with Chapin Hall:** To the best of your knowledge, list any transaction or series of related transactions between you and **Chapin Hall** involving remuneration in excess of \$10,000 either to or from **Chapin Hall**. Enter “N/A” if there are no transactions to report. Attach a separate sheet if necessary.

9. **Disclosure of Immediate Family Member’s Transactions with Chapin Hall:** To the best of your knowledge, list any transaction or series of related transactions between any of your **Immediate Family Members** and **Chapin Hall** involving remuneration in excess of \$10,000 either to or from **Chapin Hall**. Enter “N/A” if there are no transactions to report. Attach a separate sheet if necessary.

By signing below, I certify, to the best of my knowledge, that the information disclosed herein (if any) is true and correct. I acknowledge that **Chapin Hall** may seek additional information from me regarding any of the disclosures and, if so, I agree to provide **Chapin Hall** with additional information. If any situation should arise in the future that may create a **Conflict of Interest** or interest in a **Covered Transaction**, I will promptly and fully disclose the interest to **Chapin Hall**.

Printed Name

Signature

Date

EXHIBIT C
ANNUAL REPORT OF COVERED TRANSACTIONS

(ATTACHED)

EXHIBIT D
ANNUAL SUMMARY REPORT OF THE COMMITTEE
(ATTACHED)

SCHEDULE 1

CHAPIN HALL BUSINESS PARTNERS

As Chapin Hall's business transactions are fluid, this Schedule 1 may not be an exhaustive list of every individual and entity with whom Chapin Hall conducts business. All Covered Persons are responsible for making the required disclosures under the Policy.

(ATTACHED)