
**CONFLICT OF INTEREST AND DISCLOSURE POLICY
OF
CHILD MIND INSTITUTE, INC.**

**ARTICLE I
PURPOSE**

Child Mind Institute, Inc. (the “Institute”) is committed to lawful and ethical behavior in all of its activities and requires its directors, officers and employees to conduct themselves in a manner that complies with all applicable laws and regulations and to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. The proper governance of the Institute depends upon the active participation of its directors, officers, and employees. It is important for the directors, officers, employees and all others associated with the Institute to be aware that even the appearance of conflict can be troublesome even though there is in fact no conflict whatsoever. As among the directors and officers and the Institute, there exists a fiduciary duty, which carries with it a broad and unbending duty of loyalty.

The purpose of this Conflict of Interest and Disclosure Policy (this “Policy”) is to protect the Institute’s interest when it is contemplating entering into a transaction, agreement or other arrangement that might benefit the private interest of any director, officer, key employee (as defined below) or Related Party (as defined below) – whether or not compensated – or might result in a possible excess benefit transaction. This Policy is intended to supplement but not replace any applicable state and federal laws governing conflicts of interest applicable to nonprofit and charitable organizations.

**ARTICLE II
PERSONS CONCERNED**

This Policy is applicable to all directors, officers, and key employees, regardless of whether they are compensated for their services to the Institute. A “key employee” is any person who is in a position to exercise substantial influence over the affairs of the Institute within the meaning of 26 U.S.C. Section 4958(F)(1)(A) and further specified in 26 CFR Section 53.4958-3(C), (D) and (E) or succeeding provisions. The Institute’s Director of Human Resources will maintain a list of all key employees.

**ARTICLE III
INTERESTS CONCERNED**

Conflicts of interest may arise in connection with any transaction, agreement or other arrangement of the Institute in which a director, officer or key employee of the Institute has a direct or indirect interest. Further, all Related Party Transactions (as defined below) are deemed to present a conflict of interest.

A. Nature of Conflicting Interests

A conflicting interest may be defined as an interest, direct or indirect, which might affect, or might reasonably be thought by others to affect, a person's judgment or conduct as a director, officer or key employee of the Institute. Such an interest might arise, by way of example, through:

- (1) Owning stock or other proprietary interests in an entity with which the Institute enters into a transaction, agreement or other arrangement.
- (2) Holding debt or debt securities in an entity with which the Institute enters into a transaction, agreement or other arrangement.
- (3) Holding office, serving on the governing board, participating in management, or being otherwise employed (or formerly employed) by an entity with which the Institute enters into a transaction, agreement or other arrangement.
- (4) Receiving remuneration for services with respect to individual transactions from an entity with which the Institute enters into a transaction, agreement or other arrangement.
- (5) Receiving personal gifts or unsecured loans from an entity with which the Institute enters into a transaction, agreement or other arrangement.
- (6) Obtaining an interest in real estate, securities or other property which the Institute is considering buying or leasing.

B. Indirect Interests

As noted above, a conflicting interest may be indirect. A director, officer or key employee will be considered to have an indirect interest in connection with any transaction, agreement or other arrangement of the Institute if any of the following have an interest:

- (1) A family member (defined for this purpose as all persons related by blood or marriage) of a director, officer, or key employee.
- (2) An estate or trust of which the director, officer, or key employee or one of his or her family members is a beneficiary, personal representative, trustee or otherwise interested in the estate or trust.
- (3) An entity of which a family member of the director, officer or key employee is an officer, director, or employee, or has a stock or other proprietary interest.

C. Related Party Definition

A “Related Party Transaction” is defined as any transaction, agreement or other arrangement in which a Related Party (as defined below) has a financial interest and in which the Institute is a participant. All Related Party Transactions are deemed to present a conflict of interest.

For the purposes of this Policy, a “Related Party” is

- (1) Any director, officer or key employee of the Institute;
- (2) Any relative of any director, officer or key employee of the Institute, provided that a relative is understood to be any spouse, ancestor, brother or sister (whole or half blood), children (natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren and great grandchildren and any domestic partner; and
- (3) Any entity in which a person described above in (1) or (2) has a 35% or greater beneficial interest or, in the case of a partnership or a professional corporation, a direct or indirect ownership interest in excess of 5%.¹

Child Mind Medical Practice, PLLC (the “Practice”) falls within the definition of a Related Party and all transactions, agreements and other arrangements between the Institute and the Practice would be deemed to present a conflict of interest under this Policy that must be disclosed, reviewed and addressed under the Procedures in Article IV of this Policy. Due to limitations under applicable law on the practice of medicine by a not-for-profit corporation, the Institute facilitated the formation of the Practice, which is organized as a New York professional service limited liability company, to provide clinical care in furtherance of the Institute’s mission.

ARTICLE IV PROCEDURES

A. Obligation to Review Actual or Possible Conflicts of Interest

It is the responsibility of the Institute’s Audit and Finance Committee to review actual or potential conflicts of interest, provided that in the Audit and Finance Committee’s sole discretion it may elect to refer for consideration an actual or potential conflict of interest to the full Board of Directors or any other specifically designated committee of the Board of Directors. Regardless of whether the Audit and Finance Committee, the full Board or another specifically designated Board committee reviews an actual or possible conflict of interest, the reviewing Directors are referred to as the “Conflict Review Committee”.

¹ To the extent that the Institute has any affiliates (within the meaning of the New York Not-for-Profit Corporation Law Section 102(a)(19) as amended by the New York Non-Profit Revitalization Act of 2013), for the purposes of this Policy (i) the term “Related Party Transaction” would also include any transaction, agreement or other arrangement with a Related Party in which any affiliate was a participant and (ii) the term “Related Party” would include (x) any director, officer or key employee of any such affiliate, (y) any of their respective relatives and (z) any entity in which any individual described in (x) or (y) has a 35% or greater beneficial interest or, in the case of a partnership or a professional corporation, a direct or indirect ownership interest in excess of 5%. For the purposes of this Policy, an “affiliate” of the Institute is any entity controlled by, in control of, or under common control with the Institute.

The Conflict Review Committee will be comprised solely of “independent directors” within the meaning of the New York Not-for-Profit Corporation Law Section 102(a)(21) as amended by the New York Non-Profit Revitalization Act of 2013 (the “NPCL”).

B. Duty to Disclose

In connection with any actual or possible conflict of interest (whether direct or indirect, including as a result of a Related Party Transaction), the relevant director, officer or key employee must disclose the existence of the actual or possible conflict of interest and all material facts to the Conflict Review Committee considering the proposed transaction, agreement or other arrangement.

C. Determining Whether a Conflict of Interest Exists

After disclosure of the actual or possible conflict of interest and all material facts, and after any discussion between the relevant director, officer or key employee and the Conflict Review Committee, the director, officer or key employee shall leave the Conflict Review Committee meeting, if present, while the determination of whether a conflict of interest exists is discussed and voted upon. The remaining Conflict Review Committee members shall decide if a conflict of interest exists.

D. Procedures for Addressing the Conflict of Interest

If the Conflict Review Committee has determined that a conflict of interest exists, the following procedures are to be followed:

- (1) The relevant director, officer or key employee may make a presentation at the Conflict Review Committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction, agreement or other arrangement giving rise to the conflict of interest. In any case, the relevant director, officer or key employee shall not attempt to improperly influence the deliberation or voting on the transaction, agreement or other arrangement giving rise to the conflict of interest.
- (2) The chair of Conflict Review Committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction, agreement or other arrangement or circumstances that may mitigate the conflict of interest.
- (3) After exercising due diligence, the Conflict Review Committee shall consider alternative transactions, agreements or other arrangements to the extent available and determine whether the Institute can obtain, with reasonable effort, a more advantageous transaction, agreement or other arrangement from a person or entity that would not give rise to a conflict of interest and/or any circumstances mitigating the conflict of interest.
- (4) If a more advantageous transaction, agreement or other arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Conflict Review Committee shall determine by a majority vote of the disinterested directors of the Conflict Review Committee whether the transaction, agreement or other arrangement is, as of the time of such determination, in the Institute’s best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to approve the entry into the transaction, agreement or other arrangement.

E. Related Party Transactions Between the Institute and the Practice

- (1) The Institute recognizes that in the past it has entered into transactions, agreements and other arrangements with the Practice, and is likely to wish to continue to do so in the future. The Institute further recognizes that each such agreement would be considered a Related Party Transaction requiring approval before it is entered into, modified or extended in accordance with the requirements of this Article IV.
- (2) While each Related Party Transaction with the Practice must be reviewed individually and determined at the time it is reviewed to be in the Institute's best interest, for its own benefit and fair and reasonable, as a general matter, the Practice has been structured in a fashion intended to address conflicts of interest when it provides services to or receives services from the Institute.
- (3) Aspects of the Practice's structure intended to address conflicts include, without limitation: restrictions on its members' ability to profit from ownership of their membership interests; identifying the Practice's purpose as fulfilling the Institute's charitable mission; requiring any profit generated by the Practice to be used in the Institute's programs; and providing that, should the Practice be dissolved, its assets must be contributed to another organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

F. Failure to Disclose

- (1) If the Conflict Review Committee has reasonable cause to believe a director, officer or key employee has failed to disclose actual or possible conflicts of interest, it shall inform the director, officer or key employee of the basis for such belief and afford the director, officer or key employee an opportunity to explain the alleged failure to disclose.
- (2) If, after hearing the director's, officer's or key employee's response and after making further investigation as warranted by the circumstances, the Conflict Review Committee determines the director, officer or key employee has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**ARTICLE V
RECORDS OF PROCEEDINGS; REPORTING**

The minutes of each Conflict Review Committee meeting shall be in writing, be prepared contemporaneously with the meeting and contain:

- a. The names of the persons who disclosed or otherwise were found to have an actual or possible conflict of interest, the nature of the interest, any action taken to determine whether a conflict of interest existed, and the Conflict Review Committee's decision as to whether a conflict of interest in fact existed.
- b. The names of the persons who were present for discussions (and when interested persons were excused from the meeting) and votes relating to the transaction, agreement or other arrangement, the content of the discussion, including consideration of any alternatives to the proposed

transaction, agreement or other arrangement and the basis for the Conflict Review Committee's approval or disapproval, and a record of any votes taken in connection with the proceedings.

If the Conflict Review Committee with respect to any actual or potential conflict of interest is the full Board or another specifically designated Board committee, such Conflict Review Committee must report to the Audit and Finance Committee regarding (i) the receipt of each disclosure made in accordance with this Policy; (ii) the disposition of each disclosure made in accordance with this Policy, including the determination of whether the applicable transaction, agreement or other arrangement would constitute a conflict of interest; and (iii) the actions taken with respect to the applicable transaction, agreement or arrangement (e.g., approval or disapproval).

ARTICLE VI COMPENSATION

A. Compensation Arrangements

The terms of all compensation arrangements governed by the Executive Compensation Review Policy shall be documented in writing, and shall be approved in advance of any payment in accordance with the Institute's policies. Compensation shall be determined with consideration given to information about compensation paid by similarly situated taxable or tax-exempt organizations that provide similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations. Information on which those setting compensation relied and its source shall also be recorded in writing. Compensation matters have been delegated to the Board's Compensation Committee.

B. Compensation and Voting

The Institute's By-laws provide that all Board Officers (as defined therein) shall serve without compensation. All Institute directors are "independent directors" within the meaning of the NPCL.

ARTICLE VII INITIAL AND ANNUAL STATEMENTS

Each director, officer, key employee and any other staff member designated by Institute's Director of Human Resources shall annually sign a statement (in the form attached hereto) that affirms such person:

- a. Has received a copy of this Policy,
- b. Has read and understands this Policy,
- c. Has agreed to comply with this Policy,
- d. Understands that the Institute is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes,
- e. Understands that he or she must disclose any conflict of interest, and

- f. Has identified, to the best of his or her knowledge, (i) any entity of which he or she is an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or employee, and with which the Institute has or expects to have a relationship, (ii) any transaction in which the Institute is a participant and in which he or she has or may have a conflicting interest, and (iii) any other direct or indirect relationship with any third party which gives rise to a conflict of interest or the appearance of a conflict of interest resulting from his or her service to the Institute.

In addition, before a person is first elected to the Institute's Board of Directors, such person shall be provided with a copy of the Institute's Code of Ethics and this Policy and requested to sign a statement in the form attached hereto and return it to the Institute's General Counsel or his or her designee.

The initial and annual disclosure statements shall be submitted to the Institute's General Counsel or his or her designee, who shall provide a report on the completed statements to the chair of the Audit and Finance Committee.

Each director, officer, key employee or any other staff member designated by Institute's Director of Human Resources must promptly notify the General Counsel of any change to its annual disclosure statement. Upon receipt of such notice, the General Counsel will promptly provide the information to the chair of the Audit and Finance Committee.

All disclosure statements, and any amendments thereto, will form part of the Institute's books and records and will be maintained accordingly.

ARTICLE VIII PERIODIC REVIEWS

To ensure the Institute operates in a manner consistent with its charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arms' length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with individuals or entities and transactions, agreements and other arrangements with the Practice conform to the Institute's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in private inurement, impermissible private benefit or in an excess benefit transaction.

**ARTICLE IX
USE OF OUTSIDE EXPERTS**

When conducting the periodic reviews as provided for in Article VIII, the Institute may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring periodic reviews are conducted.

CHILD MIND INSTITUTE, INC.

CONFLICT OF INTEREST DISCLOSURE STATEMENT

NAME: _____

TITLE: _____

- (1) I have received, read and understand the Code of Ethics and the Conflict of Interest and Disclosure Policy (together, the "Policy") of Child Mind Institute, Inc. and agree to comply with its terms and conditions. I understand that Child Mind Institute, Inc. is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.
- (2) Except as noted in (3) below, to the best of my knowledge, (a) I am not an officer, director, trustee, member, owner (either as a sole proprietor or a partner), or employee of any entity with which Child Mind Institute, Inc. has or expects to have a relationship, (b) I do not have a conflicting interest in any transaction in which Child Mind Institute, Inc. is a participant, and (c) I do not otherwise have any direct or indirect relationship with any third party which gives rise to a conflict of interest or the appearance of a conflict of interest resulting from my service to Child Mind Institute, Inc.
- (3) Identify any exception:

- (4) I certify that, to the best of my knowledge and belief, all of the information on this Disclosure Statement is true, correct, complete, and made in good faith. If circumstances change from the above during the course of my service to Child Mind Institute, Inc., in addition to any other disclosures required to be made under the Policy, I will notify the General Counsel promptly who shall promptly provide the information to the chair of the Audit and Finance Committee.

(Signature)

(Date)