

Fairhill Center

Conflict of Interest Policy

Article I—Purpose

This Conflict of Interest Policy was adopted by the Board of Directors of Fairhill Center, an Ohio nonprofit corporation (the “Board” and “Fairhill”). Its purpose is to protect Fairhill’s interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a director (“Director”) or of an officer of Fairhill. This policy is intended to supplement but not replace any applicable state or federal law governing conflict of interest applicable to Fairhill.

Article II—Definitions

1. Interested Person is any member of a committee with powers delegated by the Board (“Committee”) and any principal officer who has a direct or indirect financial interest as defined below.
2. Financial Interest is an interest a person has if that person has, directly or indirectly, through business, investment, or family:
 - a. An ownership or investment interest in any entity with which Fairhill has a transaction or arrangement;
 - b. A compensation arrangement with Fairhill or with any entity or individual with which Fairhill has a transaction or arrangement; or
 - c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which Fairhill is negotiating a transaction or arrangement.
 - Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.
 - A financial interest is not necessarily a conflict of interest. Under Article III, Section 2 below, a person who has a financial interest may have a conflict of interest only if the Board or appropriate Committee decides that a conflict of interest exists.
3. Responsible Person is any person serving as a Director, officer or employee of Fairhill.
4. Family Member is a spouse, domestic partner, parent, child or spouse of a child, brother or sister, or spouse of a brother or sister, of a Responsible Person.
5. Contract or Transaction is any agreement or relationship involving the sale or purchase of goods, services or rights of any kind, receipt of a loan or grant or the establishment of any other pecuniary relationship.

Article III--Procedures

1. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to members of Committees considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest, and after discussion with the interested person, he or she will leave the Board or Committee meeting while the determination of a conflict of interest is discussed and voted upon by the remaining Board or Committee members.

3. Procedures for Addressing the Conflict of Interest

- a. An interested person may make a presentation at a Board or Committee meeting, but, after the presentation, he or she will leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
- b. The chairperson of the Board or Committee will, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- c. After exercising due diligence, the Board or Committee will determine whether Fairhill can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
- d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board or Committee will determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Fairhill Center's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it will make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflict of Interest Policy

- a. If the Board or Committee has reasonable cause to believe that a member has failed to disclose actual or possible conflicts of interest, it will inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
- b. After hearing the member's response and making further investigation as warranted by the circumstances, the Board or Committee will determine whether the member has failed to disclose an actual or possible conflict of interest. If so, the Board or Committee will take appropriate disciplinary and corrective action.

Article IV—Record of Proceedings

The minutes of the Board and all Committees will contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest.
2. The nature of the financial interest, any action taken to determine whether a conflict of interest was present and the Board or Committee's decision as to whether a conflict of interest in fact existed.
3. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V—Compensation

1. A Board member who receives compensation, directly or indirectly, from Fairhill for services is precluded from voting on matters pertaining to that member's compensation.
2. A Committee member whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Fairhill for services is precluded from voting on matters pertaining to that member's compensation.
3. A Board or Committee member whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from Fairhill, either individually or collectively, is prohibited from providing information to any Committee regarding compensation.

Article VI--Gift Policy

Each Board and Committee member, employee and volunteer is required to decline to accept certain gifts, consideration or remuneration from individuals or companies that seek to do business with Fairhill or a competitor of it. Except as approved by the Chief Executive Officer or designee or for gifts of a value less than \$50 which could not be refused without discourtesy, no Responsible Person or Family Member will accept gifts, entertainment or other favors from any person or entity which:

1. Does or seeks to do business with Fairhill;
2. Does or seeks to compete with Fairhill; or
3. Has received, is receiving or is seeking to receive a Contract with or enter into a transaction with Fairhill.

Article VII---Annual Statement

Each Board and Committee member, employee and volunteer will annually sign a statement which affirms that such person:

1. Received a copy, read and understands the Conflict of Interest Policy;
2. Will comply with the Conflict of Interest Policy;
3. Understands that Fairhill is a charitable, nonprofit corporation and that, in order to maintain its federal tax exemption, must engage primarily in activities which accomplish one or more of its tax-exempt purposes; and
4. Has specifically read that portion of the Conflict of Interest Policy concerning gifts and will not accept gifts, entertainment or other favors from any individual or entity which would be prohibited by the Gift Policy set out above.

Each such person also will at the same time complete the attached Conflict of Interest Disclosure Statement and Questionnaire.

Article VIII—Periodic Reviews

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

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
2. Whether partnerships, joint ventures and arrangements with management organizations conform to Fairhill's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement or impermissible private benefit.

Policy Signed:

Chairman, Board of Directors

Date