



CRYSTAL STAIRS, INC.

CODE OF COMPLIANCE, CONDUCT AND ETHICS

(Effective November 13, 2009)

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I. INTRODUCTION: WHY WE HAVE A CODE OF CONDUCT

Crystal Stairs, Inc. (“Crystal Stairs” or “Agency” or “Company”) is a caring community of professionals dedicated to providing the best service to its clients (i.e. children, families and child care providers), respect and opportunities to its employees, compliance and accountability to its funders, and dedication to being a good corporate citizen in the community. Because we feel the importance of our mission, we expect the best out of all those at Crystal Stairs from the directors, to management, to staff dealing daily with the community. Integrity, dedication, and respect are key qualities required of all.

Crystal Stairs is committed to the highest standards of ethics and professional conduct. We recognize that employees expect to be informed of what is expected of them and the consequences that will result if those expectations are not met. This Code of Compliance, Conduct and Ethics (“Code”) along with the Employee Handbook, Board of Directors Governance Policies and other publications set forth our core and other values to act as a guide for those associated with Crystal Stairs. Everyone that is a member of the Crystal Stairs team is responsible for complying with all applicable laws and regulations and for complying with this Code and other policies established by Crystal Stairs. Violations of the law or this Code or other Crystal Stairs policies may result in disciplinary action, up to and including termination.

The guidelines in this Code, as well as the policies and procedures in the Employee Handbook, apply at all times that employees are on Agency premises including buildings, grounds, vehicles and parking areas used by the Agency to conduct its business, whether owned or rented by the Agency, during any period of time employees are performing duties for Crystal Stairs and may also apply to off-duty, off-premises conduct.

This Code is also intended to clarify Crystal Stairs’ rights and expectations as an employer, but does not add to or subtract from employee rights or in any way create any contractual employment rights for employees. Employment with Crystal Stairs is employment at will.

In unusual circumstances, an employee may seek approval of an action that otherwise would not be compliant with this Code. Approval of any action not compliant with this Code must be sought in advance and be granted only by the Chief Executive Officer (“CEO”) of Crystal Stairs. Waivers of this Code for members of the Board of Directors or for executive officers of Crystal Stairs may be granted only by Crystal Stairs, Inc.’s Board of Directors or a responsible authorized committee of the Board.

The Board of Directors and Senior Management of Crystal Stairs fully embrace and support this Code and stress the importance of all employees reading, understanding, and complying with its provisions.

II. LEAD BY EXAMPLE: SET THE TONE AT THE TOP

It is important that we at Crystal Stairs maintain our reputation in the community by keeping our commitments, acting with honesty and integrity, and pursuing our goals solely through honorable and ethical conduct. All staff has the responsibility of creating an open and supportive environment where employees and management show respect for each other and everyone shows respect for clients and the community. Management must create an environment where employees feel comfortable asking questions and raising concerns. Ethical behavior does not just happen; it results from clear and direct communication of behavioral expectations exemplified by the behavior of those at the top. The principles described in this policy apply vertically from the Board of Directors down and from staff on up.

III. REPORTING : HOW AND WHY

Everyone should feel comfortable to speak his or her mind, particularly with respect to ethical concerns. You are expected to report violations and potential violations of this Code and Crystal Stairs' policy. External parties such as vendors, clients, stakeholders and the public, are encouraged to report concerns about illegal or unethical behavior. Crystal Stairs will investigate reported instances of questionable, illegal and unethical behavior.

In deciding whether a violation of this Code has occurred or is about to occur, you should first ask yourself:

- Would I feel uncomfortable describing this conduct at a staff meeting? To my family? To the media?
- Will this conduct hurt Crystal Stairs in the long run? Will it cause Crystal Stairs to lose credibility with its clients, its employees, or with the community?
- Will this conduct hurt other employees or clients?
- Will this conduct subject me, my co-workers, or Crystal Stairs to legal fines or criminal charges?

If the answer to any of these questions is "yes" or even "maybe" you have identified a potential problem that you must report.

In general, employees are free to bring any concerns to their supervisor, and all supervisors and managers that have received complaints from employees must report such complaints to the appropriate manager or officer. However, Crystal Stairs has *also* provided the following ways of reporting employee and external party concerns regarding violations of this Code or other improper or unethical behavior:

All complaints regarding violations of this Code, or any other improper conduct or program compliance issues, may be reported directly to the Compliance Committee or the Agency's General Counsel and an investigation will be promptly initiated as necessary. Complaints concerning any accounting or

auditing improprieties may also be reported to the General Counsel or directly to the Audit Committee of the Agency's Board of Directors.

Alternatively or additionally, any complaints can be confidentially reported in one's own name or anonymously as described herein in section VII, entitled "REPORTING SUSPECTED NON-COMPLIANCE – Hot Line and Anonymous Reporting". Crystal Stairs will treat anonymous complaints just as seriously as any other complaint.

Additionally, note the following reporting procedures for other types of complaints:

All complaints of discrimination or harassment and violations of Crystal Stairs' employment policies are to be reported directly to the Human Resources Department according to Crystal Stairs' policies and Human Resources will promptly investigate all such complaints.

An employee should report any acts of hostility or violence directly to that employee's supervisor or an Operations Supervisor according to Crystal Stairs' Safety and Security Handbook. In appropriate situations, acts of hostility or violence should also be reported directly to the Police Department.

IV. MAINTAINING FAIRNESS, RESPECT AND INTEGRITY IN THE WORKPLACE

Crystal Stairs is committed to maintaining a diverse and productive work environment that is free from unlawful discrimination or harassment.

Following Instructions

All employees of Crystal Stairs are expected to follow the directions and instructions of supervisors and managers, unless doing so would clearly violate the law or Agency policy.

Respect and Professional Conduct

Employees are expected to communicate with fellow staff members, clients, visitors, and vendors in a manner that demonstrates courtesy, respect and professionalism at all times. This includes all forms of communication, be it oral, written, or interpersonal.

Each Crystal Stairs employee is also expected to perform his or her assigned duties in a professional and responsible manner, and to the best of their ability and in the best interest of the Agency, fellow staff members, our clients, visitors, vendors and funders. Part of professional conduct is making sure that in our conversations, reports and e-mails we show proper respect for, and use appropriate communications with, clients, management, and co-workers. As we are an agency that serves the public, any

disrespectful or unprofessional words we have included in any document may be subject to public scrutiny in general and as part of a claim or investigation in particular.

Professionalism also means that employees are expected to resolve any differences that may arise in a respectful, non-abusive, non-inflammatory and non-threatening manner. Employees are responsible for their own behavior and for understanding how others may perceive their own conduct in the workplace. Conduct that is acceptable outside of the work environment may be unacceptable in the workplace.

Diversity

We are committed to creating a diverse work force and cultivating an inclusive organization. Diversity helps drive our success as an organization that serves a diverse clientele. To do this we are committed to following all equal opportunity laws and to make employment decisions without regard to race, color, medical condition as defined by state law, ancestry, religion, sex, national origin, age, marital status, sexual orientation, gender, gender identity, ethnic group identification, mental, or physical disability, pregnancy, childbirth and related medical conditions, genetic information or any other legally protected status.

Discrimination and Harassment

We have zero tolerance for discrimination, sexual harassment or other harassment based on race, color, medical condition as defined by state law, ancestry, religion, sex, national origin, age, marital status, sexual orientation, gender, gender identity, ethnic group identification, mental, or physical disability, pregnancy, childbirth and related medical conditions, genetic information or any other legally protected status. All employees must comply with Crystal Stairs' Policy Against Harassment and the provisions of the Policy Against Harassment Acknowledgement contained in the Crystal Stairs Employee Handbook.

Workplace Violence

We value working in a violence free workplace. We will not tolerate any threatening, hostile, or abusive behavior by employees in the workplace, while representing the Agency away from the workplace, or otherwise on Agency business. We will take immediate and appropriate action against offenders, up to and including termination and referral for criminal prosecution. Employees must not possess or use any weapon or any component of a weapon (e.g. ammunition) on Agency property. Employees must report any instance of violence or hostile behavior. All employees must comply with the policies contained in the Crystal Stairs Safety and Security Handbook and the Workplace Violence Prevention Policy in the Crystal Stairs Employee Handbook.

Safety and Security

We are committed to providing a safe and secure work environment at all times for employees, clients, visitors and vendors. Employees must follow the Agency's safety standards to ensure the safety and well being of all clients, staff members, and visitors. Individual employees are responsible for seeking clarification on any safety standards.

Substance Abuse

Crystal Stairs is committed to maintaining a safe and drug-free environment for all employees. While on Company time, premises, or business, employees may never use, transfer, sell, manufacture, or possess illegal drugs or drug paraphernalia. Employees must not report to work under the influence of any illegal drug or alcohol. Employees shall fully comply with Crystal Stairs' Substance Abuse and Drug Free Workplace policies in the Crystal Stairs Employee Handbook.

Employee Personal Information

Crystal Stairs acquires and retains personal information about its employees in the normal course of operations. Employees should take appropriate steps to protect all personal employee information, including social security numbers, identification numbers, residential telephone numbers and addresses. Employees should never access, obtain, or disclose another employee's personal information to persons inside or outside the Company unless you have proper approval and are acting for legitimate business purposes and in accordance with applicable laws and company policies.

Workplace Activity

Staying focused and providing the best service to our clients is critical to Crystal Stairs' success and consistent with the Agency's core value of excellence. For this reason, it is important that the workplace be primarily authorized for Agency activities. Employees on Agency premises should be engaged in work activity, except during lunches or breaks.

Misconduct Off the Job

Employees must avoid conduct off the job that could impair work performance or affect the Agency's reputation or business interests. Employees must advise Human Resources of all felony convictions and any criminal conviction or conduct that may affect their ability to perform their job or satisfy the requirements of their job.

V. MAINTAINING FAIRNESS, RESPECT AND INTEGRITY TOWARDS THE AGENCY, FUNDERS AND THE COMMUNITY

Honesty, Integrity and Responsibility

A core value of Crystal Stairs is integrity. The Agency expects all employees to act with integrity and honesty and in a responsible manner in all matters related to Company business. Employees may not obtain or use any property or services of the Agency, fellow staff members, our customers, clients, visitors or vendors in a manner other than that authorized by Agency policy, or by federal, state or local laws. An employee must not take any action that creates a risk, harm or damage to oneself, another person, the Agency, or the property of the Agency or others.

External Relationships

Empowering relationships are an integral part of Crystal Stairs' core values – empowerment, excellence, integrity and relationships. Employees are expected to foster respectful and positive relationships with those the Agency serves. Clients, funders and the community at-large expect that the services we provide will empower families to improve their lives. It is important that we remain helpful, constructive and solution-oriented when interacting with others at all times.

Conflicts of Interest

Personal Conflicts of Interest

Employees are not to place themselves in a conflict of interest situation where loyalty to the Agency is jeopardized by one's personal interest. Thus, an employee may not supervise someone with whom she or he shares a close personal relationship, such as someone in their family or someone with whom he or she has a romantic relationship. Nor may an employee participate in the selection, qualification, or monitoring of Crystal Stairs' relationship with a client or business that does business with Crystal Stairs if the business employs someone with whom that employee has a close personal relationship. All employees will comply with Crystal Stairs' Conflict of Interest Policy and the conflict of interest policies contained in the Conflict of Interest, Confidentiality, Fraud, and Employees' Personal Relationship Agreement contained in the Crystal Stairs Employee Handbook.

Outside Employment

An employee may not – with or without compensation – be self-employed or employed by, consult with, own, perform services for, or aid a company or organization (including a non-profit organization) that is a client, vendor, supplier, contractor, subcontractor, or regulator of Crystal Stairs if such situation constitutes a real or apparent conflict of interest with their employment at Crystal Stairs. This provision may only be waived with full disclosure of the conflict to the Agency's CEO and upon his or her written consent.

Extended Applicability of Conflict of Interest Prohibitions

The requirement to avoid or disclose actual or potential conflicts of interest also applies to the directors of Crystal Stairs, Inc. All directors will remain in compliance with the Board Conflict of Interest Policy and complete their annual Conflict of Interest Statements. Directors will notify the Board of Directors of any real or potential conflict of interest that may arise during their incumbency pursuant to the reporting procedures in the Crystal Stairs, Inc. Board of Directors Policy on Conflicts of Interest and Disclosure of Certain Interests.

Gifts and Entertainment

While it is important to maintain a helpful working relationship with our clients, it is not proper to accept gifts or entertainment from those seeking our services. Gifts of a nominal amount may be accepted in accordance with the provisions of the Gifts and Gratuities Policy included in Crystal Stairs' Employee Handbook. It is always important to avoid even the appearance of inappropriate behavior, so every employee must be careful in this regard. Even the offer of a gift of more than nominal value should be reported to a supervisor.

Bribery, Kickbacks, and Fraud

No Crystal Stairs assets shall be paid, loaned, or otherwise given as bribes, kickbacks, or other payments designed to influence or compromise the conduct of the recipient; and no Crystal Stairs employee shall accept any funds or other assets for assisting in obtaining business or for securing special concessions from Crystal Stairs. Crystal Stairs employees should conduct their business affairs in such a manner that Crystal Stairs' reputation will not be negatively affected if the details of their dealings should become a matter of public discussion.

Extended Applicability of Bribery, Gifts, Fraud, and Kickback Provisions

The prohibitions against bribery, gifts, kickbacks, and fraud apply also to the directors of Crystal Stairs, Inc.

Nonprofit and Tax-Exempt Status of the Agency and Political Activities

An employee must not do anything to jeopardize the Agency's standing as a nonprofit corporation and 501(c)(3) tax-exempt corporation or the Agency's contracts with funders. For example, while Crystal Stairs encourages its employees to participate in the political process, it is the responsibility of every employee to comply fully with all laws and regulations relating to political contributions and interaction with government officials including lobbying. An employee's personal political contributions and activities must be kept separate from the Agency. Additionally, as a tax-exempt organization Crystal Stairs serves a public interest, not a private one. Thus, employees must insure that the

Agency's tax-exempt status is not jeopardized by providing more than incidental private benefit to individuals or organizations.

If an employee is unsure about what activities are acceptable, he or she should contact someone in the Legal Department.

Record Keeping and Maintenance

Crystal Stairs is committed to maintaining and providing truthful information that fully satisfies applicable legal disclosure requirements.

Create Accurate and Objective Records

Crystal Stairs employees are charged with creating accurate records that reflect the true nature of the transactions and activities that they record. Employees must resolve discrepancies in any records and make appropriate corrections. If an employee suspects or learns that records are misleading or contain errors, he or she must promptly inform his or her supervisor. An employee must report all errors.

Employees and others subject to this Code will assure that all Agency records they create are objective, stating observations; such records should not be speculative as to client behavior or motivations. In creating records (including e-mails and electronic records) all employees are not to use any unprofessional, false or disrespectful comments about anyone else including clients, parents, funders, co-workers, or management.

Crystal Stairs does not tolerate falsification or improper alteration of records. It is never appropriate to direct someone else to prepare or approve a false or misleading record.

Maintaining and Retaining Agency Records

Employees and directors must maintain all information whether in physical or electronic form that would be relevant, or likely to be relevant to any claim, litigation, or government investigation of Crystal Stairs whether favorable or unfavorable to the interests of Crystal Stairs. Crystal Stairs' records must also be retained according to laws and the Crystal Stairs Records Retention Policy, Schedule, and Records Retention and Destruction Procedures, which are available for viewing by employees.

An employee may never destroy, alter, mutilate, or conceal any record if he or she has been directed to retain it or if he or she knows of, or reasonably suspects, any litigation, audit, or other internal or external investigation concerning that record.

If anyone directs an employee to violate this policy, that employee must immediately contact the Legal Department and use all reasonable means to protect that record.

Safeguarding Agency Information

Crystal Stairs creates and maintains private and confidential information in accordance with Crystal Stairs' policies and procedures. All employees are not to disclose this information to anyone outside the Agency, unless authorized to do so. Additionally, employees are expected to safeguard all private and confidential information maintained by the Agency, whether stored electronically or in physical form.

Government Investigations

All employees must cooperate with government investigations and inquiries relating to Crystal Stairs. To ensure that the Agency properly responds to an investigation, employees must immediately advise the Legal Department of all government investigations and any government inquiry outside of normal program communications. Any documents, information, or testimony an employee provides in response to a request or investigation by a government agency must be full, fair, accurate, and timely, and reviewed in advance by the Legal Department.

Misuse of Agency Assets

Proper Use of Agency Property

The property owned by Crystal Stairs is paid for or supported with tax dollars, so all employees have a responsibility to the public to use funds and equipment wisely. All employees must protect the property entrusted to their care. Agency property, as well as property of co-workers and clients, may not be taken, sold, loaned, given away, or otherwise disposed of, regardless of its condition or value, without specific authorization.

Agency Benefits

Crystal Stairs' employee benefits are provided as compensation to the employees, and must be used honestly. Employees must not misrepresent any information in order to claim benefits to which an employee, or someone else, is not entitled.

Computer Systems

Computers are provided to employees in order to help them with their jobs. They are for company use, although limited personal use of a computer, including access to the Internet, may be permissible. Computers must never be used to

violate the law or the provisions of this Code of Conduct. Some examples of inappropriate uses of the Internet and e-mail include:

- Viewing pornographic, obscene, offensive, harassing, or discriminatory content;
- Accessing inappropriate web sites, data, pictures, jokes, files, and games;
- Transmitting chain letters, junk mail, or soliciting for pyramid schemes, religious, political, charitable or commercial causes;
- Gambling or any other activity that is illegal, violates company policy, or is contrary to the Agency's interest;
- Storing large personal files containing graphic or audio materials;
- Violation of others' intellectual property rights;
- Distributing malicious software or instructions for compromising the Company's security.

Employees must comply with Crystal Stairs' Technology Use and Privacy Policy included in the Crystal Stairs Employee Handbook.

Intellectual Property

Crystal Stairs owns certain intellectual property including, but not limited to, trademarks and copyrights. Employees must take steps to protect the Agency's intellectual property. Employees must use Agency's intellectual property only in ways that are consistent with Agency's ownership of that intellectual property. Employees will report to their supervisor any instances they become aware of where a client or someone in the community is using Agency's intellectual property in a way that is inconsistent with Agency's ownership rights.

Employees must respect the intellectual property rights of others by complying with all applicable laws and agreements. You may not copy, distribute, display, or transmit another's intellectual property without permission from the owner of the intellectual property.

Employees will comply with the policies on intellectual property contained in the Crystal Stairs Technology Use and Privacy Policy included in the Crystal Stairs Employee Handbook.

Preserving Confidential Client Information

Client Privacy and Communications

Because of the nature of the service provided by Crystal Stairs, an employee may have access to private and confidential information of our clients. All employees have a responsibility to protect this information from disclosure and employees must not use, access, or disclose client information, except as authorized.

Privacy Principles for Client Information

Again, it is important that all Crystal Stairs employees protect the privacy of clients and the confidentiality of their records. In regards to this obligation employees will follow these principles:

1. Crystal Stairs obtains and uses individual client information for business purposes only;
2. Crystal Stairs informs clients how information it obtains about them is used as well as their options regarding its use;
3. Crystal Stairs strives to ensure that the information it obtains and uses about clients is accurate;
4. All Crystal Stairs employees are responsible for safeguarding individual client information; and
5. Crystal Stairs complies with all applicable privacy laws and regulations.

Employees will comply with the confidentiality provisions in the Crystal Stairs Conflict of Interest, Confidentiality, Fraud, and Employees' Personal Relationships Agreement contained in the Crystal Stairs Employee Handbook and all other Crystal Stairs policies and procedures regarding confidentiality.

VI. COMPLIANCE PROGRAM

Code of Compliance, Conduct and Ethics

All employees, (including agents, officers, and directors) of Crystal Stairs are responsible for understanding and following this Code. Also, all employees are expected to perform their work with honesty and integrity in any area not specifically addressed by this Code. A violation of this Code may result in appropriate disciplinary action up to and including possible termination from employment with the Agency, without additional warning.

The Code is based on general principles to guide employees in making ethical decisions and cannot, and is not intended to, address every specific situation. Therefore, nothing in this Code of Conduct prohibits or restricts the Agency from taking any disciplinary action on any matters pertaining to employee conduct, whether or not they are expressly discussed in this Code or the Employee Handbook.

This Code is not intended to create any expressed or implied contract with any employee or third party. In particular, nothing in this document creates any employment contract between Crystal Stairs and its employees.

The Board of Directors of Crystal Stairs has the exclusive responsibility for final interpretation of the Code. The Code may be revised, changed, or amended at any time by the Board of Directors of Crystal Stairs. Non-substantive revisions to the Code can be approved by the Chief Executive Officer.

Compliance Committee

Crystal Stairs has a Compliance Committee whose principal responsibility is to establish, maintain, and oversee (i.e., properly monitor and administer) the Agency's Compliance Program ("Compliance Program"). The Compliance Committee ensures that the Compliance Program meets applicable legal and regulatory requirements and appropriate industry standards. The Committee reports directly to the Chief Executive Officer of Crystal Stairs and is comprised of the General Counsel, who chairs the Committee, the Chief Financial Officer, the Chief Programs Officer, the Chief Technology Officer, the Internal Auditor, who reports to the Audit Committee on behalf of the Compliance Committee, and the Director of Human Resources. Finally, the Compliance Committee has direct responsibility for enforcing this Code and investigating complaints of violations of this Code that are not the responsibility of the Legal Department or Audit Committee under this Code.

Training

Crystal Stairs will provide training for all officers, directors, managers and employees every two years concerning ethics and this Code. The Agency will keep a log of all those who have attended training.

Compliance Certification and Acknowledgement

The Agency strongly encourages dialogue among employees and their supervisors to make everyone aware of situations that give rise to ethical dilemmas and to articulate acceptable ways of handling those situations. Every employee must acknowledge that they have received and read the Code, and certify that to the best of his or her knowledge they are in compliance with all of its provisions and that they will report any incidents of noncompliance.

VII. REPORTING SUSPECTED NON-COMPLIANCE.

Confidentiality and Prohibition Against Retaliation

Reports and complaints of non-compliance with this Code will be kept confidential to the extent permitted by law and by Crystal Stairs' need to properly investigate the situation. Crystal Stairs prohibits retaliation against employees who, in good faith, submit or participate in the investigation of any complaints. If you believe that you or others are the subject of retaliation, you must report this to your supervisor or the Human Resources Department.

Cooperation in Investigations

You must cooperate completely in any investigation relating to Crystal Stairs, and must be truthful at all times. You may never interfere with or obstruct an investigation

conducted by Crystal Stairs or any government agency. In addition you may never disclose or discuss an investigation with an unauthorized person.

Hot Line and Anonymous Reporting

Pursuant to its policy on “whistle blowing” Crystal Stairs maintains a telephone “hotline” allowing employees to report confidentially and/or anonymously, illegal or unethical conduct, including complaints of harassment, discrimination, and retaliation, or any employment policy of Crystal Stairs.

For any complaint regarding this Code, or of improper or illegal conduct, or regarding program compliance issues, and accounting or auditing concerns, employees, contractors, clients, or the public may also call Crystal Stairs’ hotline to report confidentially and/or anonymously.

The hotline number is 1-800-921-3846 and can be called at anytime to make a report or voice a concern. All reports will be investigated by Crystal Stairs at the direction of the Crystal Stairs General Counsel, who monitors the hotline. As appropriate, the General Counsel will report and/or refer the complaint to the appropriate committee of the Board and/or the full Board. Annually, the General Counsel will report to the Board regarding the activity of the hotline.

Failure to Report

Because failure to report criminal activity can itself be understood to condone the crime, the Agency must emphasize the importance of reporting. Failure to report knowledge of wrong-doing may result in disciplinary action up to and including termination, against those employees that fail to report.

**FORM OF EMPLOYEE
ACKNOWLEDGMENT/CERTIFICATION REGARDING
CODE OF COMPLIANCE, CONDUCT AND ETHICS**

I have this day received a copy of the Crystal Stairs, Inc. Code of Compliance, Conduct and Ethics (the "Code").

By signing below I certify and agree that I have read, understand, am in compliance and will comply with the Code and the policies and practices described therein.

I understand that the policies and practices contained in this Code may be added to, deleted, or changed by Crystal Stairs at any time. I understand that I am responsible to review and keep any written additions or deletions to this Code as and when provided by Crystal Stairs.

If I have questions regarding the content or interpretation of this Code, I will bring them to the attention of Human Resources or the Legal Department.

EMPLOYEE SIGNATURE: _____

PRINT NAME: _____

DATE: _____

[RETAIN ORIGINAL IN EMPLOYEE'S PERSONNEL FILE]