

**Prescott Area Tennis Association (PATA)  
Conflicts of Interest Policy and Code of Ethics**

**CONFLICTS OF INTEREST POLICY**

**Article I – Policy Statement.** It is PATA policy that its Board of Directors, officers, committee chairpersons, and employees must be free from conflicts of interest that could adversely influence their judgement, objectivity, or loyalty to the organization in conducting PATA business activities and assignments. PATA recognizes these individuals may take part in legitimate financial, business, charitable, and other activities outside their PATA positions, but any potential conflict of interest raised by those activities must be disclosed promptly to the PATA Board of Directors.

**Article II – Purpose.**

1. The purpose of this conflicts of interest policy is to protect PATA interests when it is contemplating entering into a transaction or arrangement that might benefit the private interests of a PATA director, officer, committee chairperson, or employee or might result in a possible excess benefit transaction.
2. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to non-profit and charitable organizations.

**Article III – Practices.**

1. The PATA Board of Directors can require other individuals holding PATA responsibilities to review and acknowledge this policy if deemed in PATA's best interest.
2. Request Board of Director approval of outside activities, financial interests, or relationships that may pose a real or potential conflict of interest.
3. Recognize the appearance of a conflict of interest can damage an organization.
4. Avoid actions and relationships that might conflict or appear to conflict with PATA position, responsibilities, or interests.
5. Avoid accepting a gift or services that could pose a real or potential conflict of interest.
6. Recuse oneself of discussions and/or decision-making that pose a real or potential conflict of interest.
7. Avoid using nonpublic PATA information for personal gain or advantage, or for the gain or advantage of another.

#### **Article IV – Definitions.**

1. Interested Person. Any director, officer, committee chairperson, or employee with governing board delegated powers, who has a direct or indirect financial interest, as defined below.
2. Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
  - a. an ownership or investment interest in any entity with which PATA has a transaction or arrangement.
  - b. a compensation arrangement with PATA or with any entity or individual with which PATA has a transaction or arrangement, or
  - c. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which PATA is negotiating a transaction or arrangement.

NOTE: Compensation includes direct and indirect remuneration as well as gifts or favors that are not substantial. A financial interest is not necessarily a conflict of interest. A person who has a financial interest may have a conflict of interest only if the Board of Directors decides that a conflict of interest exists, in accordance with this policy.

3. Independent Director. A director shall be considered “independent” of this policy if he or she is “independent” as defined in the instructions for the IRS Form 990 (Return of Organization Exempt from Income Tax) or, until such definition is available, the director:
  - a. is not, and has not been for a period of at least three years, an employee of PATA or any entity in which PATA has a financial interest;
  - b. does not directly or indirectly have a significant business relationship with PATA, which might affect independence in decision-making;
  - c. is not employed as an executive of another corporation where any of PATA's executive officers or employees serve on that corporation's compensation committee; and
  - d. does not have an immediate family member who is an executive officer or employee of PATA or who holds a position that has a significant financial relationship with PATA.

#### **Article V – Procedures.**

1. Duty to Disclose. In connection with any actual or possible conflict of interest, and

interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the Board of Directors.

2. Recusal of Self. Any director may recuse himself/herself at any time from involvement in any discussion or decision in which the director believes he/she has or may have a conflict of interest, without going through the process for determining whether a conflict of interest exists.
3. Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board of Directors meeting while the determination of a conflict of interest is discussed and voted upon. The remaining Board members then in office shall decide, by a majority vote, if a conflict of interest exists.
4. Procedures for Addressing a Conflict of Interest.
  - a. An interested person may make a presentation at a Board of directors meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
  - b. The Board Chairperson shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  - c. After exercising due diligence, the Board of Directors shall determine whether PATA 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 of Directors shall determine by a majority vote of the disinterested directors then in office whether the transaction or arrangement is in PATA'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 enter into the transaction or arrangement.
5. Violations of the Conflicts of Interest Policy.
  - a. If the Board of Directors has reasonable cause to believe an individual has failed to disclose actual or possible conflicts of interest, it shall inform the individual of the basis for such belief and afford the individual an opportunity to explain the alleged failure to disclose.
  - b. If, after hearing the individual's response and after making further investigation as warranted by the circumstances, the Board of Directors determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

**Article VI – Records of Proceedings.** Meeting minutes of the Board of Directors, and all committees with Board delegated powers, shall 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, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board of Directors decision as to whether a conflict of interest in fact existed.
2. 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 VII – Compensation.**

1. A voting member of the Board of Directors who receives compensation, directly or indirectly, from PATA for services is precluded from voting on matters pertaining to the member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from PATA for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the Board of Directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from PATA, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### **Article VIII – Annual Statements.**

1. Each PATA director, officer, committee chairperson, employee, and other individuals designated by the PATA Board of Directors shall annually sign a statement which affirms such person:
  - a. Has received a copy of the conflict of interest policy.
  - b. Has read and understands the policy.
  - c. Has agreed to comply with the policy, and
  - d. Understands PATA is a charitable organization, and in order to maintain its federal tax exemption status, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.
  - e. Is or is not an independent director, as defined in this policy (Board members only).
2. If at any time during the year, information in the annual statement changes materially, the individual shall disclose such changes and sign a revised statement, to include disclosure of relevant information.

3. The PATA Board of Directors Chairperson shall regularly and consistently monitor and enforce compliance with this policy by reviewing annual statements and taking such other actions as are necessary for effective oversight.

**Article IX – Periodic Reviews.** To ensure PATA operates in a manner consistent with 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:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information (if reasonably available), and the result of arm's length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management organizations, if any, conform to PATA'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 or in an excess benefit transaction.

**Article X – Use of Outside Experts.** When conducting the periodic reviews as provided in Article IX, PATA may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the PATA Board of Directors its responsibility for ensuring periodic reviews are conducted.

## CODE OF ETHICS

This code of ethics applies to all PATA leaders, to include directors, officers, committee chairpersons, employees, and other individuals with leadership roles in the organization.

In my capacity as a PATA leader, I will:

- Abide by the PATA Articles of Incorporation, bylaws, and policies and procedures approved by the Board of Directors and officers.
- Conduct my duties and myself in good faith and with honesty, integrity, due diligence, and reasonable competence.
- Exercise proper authority and good judgement in dealing with organization staff, suppliers, those we serve, and the general public.
- Respond to the needs of those we serve in a responsible, respectful, and professional manner.
- Be a good custodian of organizational property, resources, and information.
- Respect opinions of colleagues and not criticize them or their ideas, in or out of meetings.
- Recognize authority is vested in the Board of Directors; respect and support Board decisions.
- Keep well-informed about issues that come before the Board of Directors, particularly as those issues relate to my duties and responsibilities.
- Participate in meetings and actions pertinent to my duties and responsibilities.
- Notify the Board of directors of any issues I believe will or could have an adverse effect on the organization or those we serve.
- Strive to understand and satisfy the needs of those we serve as a nonprofit, and objectively communicate actions of the organization to those we serve.
- Refer complaints and grievances to the proper level in the chain of command.
- Remain impartial in representing all those whom this organization serves, and guard against bias and favoritism for a particular interest group.
- Consider myself a “trustee” of the organization and do my best to ensure it is well maintained, financially secure, growing, and always operating in the best interests of those we serve.
- Strive to learn about my duties and how to do my job better.
- Declare conflicts of interest between my personal life and my position, and to abstain from voting or discussion when appropriate.
- Upon termination or completion of service, continue to honor the confidentiality of Board proceedings and promptly return all documents (electronic or hard files), reference materials, and other property entrusted to me for purposes of fulfilling my duties.
- Not use the organization for my personal advantage or that of my friends or relatives.
- Not share, copy, reproduce, transmit, divulge, or otherwise disclose confidential

proceedings of Board meetings outside those meetings, except as authorized by the Board of Directors.

- Not promise how I will vote on any issue before a meeting.
- Not undermine or interfere with the duties of the Board Chairperson or his/her staff members.
- Not misuse organization property, resources, or information.

1. Name: \_\_\_\_\_ Date: \_\_\_\_\_

2. Title and date of document reviewed:

---

3. Position(s):

---

Are you a voting Director?    Yes    No

Are you an Officer?    Yes    No

4.    I affirm the following:

I received a copy of the PATA Conflicts of Interest Policy and Code of Ethics.  
\_\_\_\_\_ (initial)

I read and understand the policy and code. \_\_\_\_\_ (initial)

I agree to comply with the policy and code. \_\_\_\_\_ (initial)

I understand PATA is a charitable organization and, in order to maintain its federal tax-exemption status, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes. \_\_\_\_\_ (initial)

5.    Disclosures:

a. Do you have a financial interest (current or potential) with PATA, including a compensation arrangement, as defined in the Conflicts of Interest Policy?    Yes / No

If yes, describe it: \_\_\_\_\_  
\_\_\_\_\_

If yes, has the financial interest been disclosed, as required in the Conflicts of Interest Policy?    Yes / No

b. In the past, have you had a financial interest with PATA, including a compensation arrangement, as defined in the Conflicts of Interest Policy?    Yes / No

If yes, describe it, including when (approximately): \_\_\_\_\_  
\_\_\_\_\_

If yes, has the financial interest been disclosed, as required in the Conflict of Interest Policy?    Yes / No

6. I am an independent director, as defined in this Conflicts of Interest Policy? Yes / No  
If no, why? \_\_\_\_\_

Signature \_\_\_\_\_ Date: \_\_\_\_\_

Date Reviewed by Board of Directors: \_\_\_\_\_