

ADULT CENTER OF PRESCOTT, INC. POLICY AND PROCEDURE MANUAL

Chapter 1. Establishment and Purpose of the Organization.

1.1. The Adult Center of Prescott, inc. (Adult Center) is established as a nonprofit corporation under the laws of the State of Arizona. The Board of Directors (Board) is established as the authority to operate the Adult Center in accordance with its bylaws and policies. The Adult Center's business shall be conducted in accordance with the laws of Arizona, the corporation's articles of incorporation, bylaws, policies, and generally accepted business practices.

1.2. It is the purpose of the Adult Center to serve the educational and recreational interests and needs of the Prescott community as best as possible within its financial capabilities.

Chapter 2. The Board and its Officers.

2.1. The Board shall have a president, vice-president, secretary, and treasurer elected by a majority vote at the first meeting of the Board in January of each year. The election shall be by voice vote, in person. Candidates shall have previously agreed to serve. Officers shall serve 1-year terms, except that the president may serve for 2 consecutive years. Vacancies shall be filled in the same manner. Officers may be removed for cause, on a majority vote of the Board.

2.2. Board members shall serve 2-year terms. Terms shall be staggered for continuity, with ½ of the Board's terms expiring each year. Board members shall be elected by the Board on majority vote. Potential Board members may be recommended by a member or by the executive director. Vacancies in existing terms shall be filled the same way.

2.3. The president shall preside at Board meetings, appoint committee chairpersons, sign official documents and letters requiring signature, and represent the Board in public and official capacities, as instructed by the Board. The president shall also chair an executive committee, make special assignments, appoint representatives to partnering organizations, and act as liaison between the Board and the executive director.

2.4. The vice president shall preside at Board and executive committee meetings in the absence of the president until election of a new president, the VP shall assume the office of president when the Board determines that the

President can no longer serve; and in the event of the resignation of the president. The VP shall also serve on the executive committee.

2.5. The secretary shall review and oversee the records of the Board, including meeting minutes, to ensure legal and managerial sufficiency.

2.6. The treasurer shall oversee the financial records of the Adult Center and ensure that the Board regularly receives accurate and informative reports of the financial condition of the Adult Center. The treasurer shall also assist the Board in developing budgets, and ensure Board review of finances and financial records.

2.7. Officers shall be elected upon election of the president.

Chapter 3. Committees of the Board.

3.1. The Board may create committees to assist it. Committees do not do staff work. Committees will be used to investigate, deliberate, analyze specific issues, and report their findings and recommendations, if any, to the Board for action. A committee only has the authority delegated to it by the Board.

3.2. Committees will be reviewed annually and eliminated and created as necessary, upon majority vote.

3.3. The Board shall appoint all committee members, which may include non-Board members. President of the Board shall appoint the committee chairperson. The president of the Board and the executive director shall be ex officio members of every committee, except that the executive director shall be a non-voting member.

3.4. An executive committee shall be maintained, consisting of the officers of the Board. This committee has authority to make emergency decisions when it is not possible to assemble a quorum of the Board.

Chapter 4. Membership, Board, and Committee Meetings.

4.1. The Board shall call an annual meeting of the general membership for December of each year. Special membership meetings shall be called, as the Board determines necessary.

4.2. Regular Board meetings shall be held monthly. The specific dates for monthly meetings shall be established at the first regular meeting following the annual membership meeting. The calendar of Board meetings shall be posted on the Adult Center website. Special Board meetings shall be called as necessary by the president or by petition of a majority of the Board when the

subject cannot wait until the next scheduled meeting. Five (5) days' notice shall be given for any special meeting.

4.3. All Board meetings shall be open unless closed by majority vote. A meeting attended by non-Board members may be closed in cases of confidential matters. Minutes of the meeting will be recorded and maintained confidential.

4.4. A Board meeting agenda prepared by the executive director and approved by the president shall be distributed to all Board members at least 1 day prior to a regular meeting. Any Board member may ask to have an item included on the agenda.

4.5. Voting at all meetings shall be by voice vote unless requested otherwise.

4.6. A majority of all current Board members shall constitute a quorum for the transaction of official business at Board and committee meetings.

4.7. Minutes of every meeting, containing a record of the Board's actions, will be kept.

4.8. Robert's Rules of Order shall govern all meetings.

Chapter 5. Responsibility of the Board of Directors.

5.1. Arizona law requires every Board member to follow the rule of the reasonably prudent person and the principle of good faith. The rule of the reasonably prudent person means that the Board shall not deviate from fundamental management principles, shall use all available control systems to govern the Adult Center and ensure that Board members shall not profit improperly from Board service. The principle of good faith means that Board members will participate in Board actions, understand the Adult Center's policies and procedures, keep informed about organization activities, and work to ensure that the Adult Center complies with legal requirements. Board members have a fiduciary duty to the Adult Center and its members. To assist in compliance with these responsibilities, Board members may examine Adult Center books, records, minutes, financial statements and controls, contracts, and other administrative and legal materials, including insurance policies. All major Adult Center legal documents, including articles of incorporation, bylaws, real estate titles, blueprints and other archived documents shall be retained in a fireproof safe located on the premises. A list of the documents shall be given by the Executive director to each new incoming President.

5.2. All Board members share in a joint and collective authority that can only be exercised pursuant to majority action of the Board or delegated authority from the Board. The Board is not bound by any statement or action of any individual Board member or employee except when such statement or action is in pursuit of an adopted Board policy or instruction or under a specified delegation of authority. Board members shall receive no compensation for their service.

5.3. The Board shall develop a general operating policies and procedures manual, in writing, for the Adult Center's operations. This manual shall be adopted by majority vote of the Board and may be modified in the same manner. A copy of the current manual shall be available on the Adult Center's website and at its offices. The Board delegates to the Executive director such remaining policy development and interpretation as is not otherwise exercised by the Board. Such interpretations have the force of Board action unless superseded by the Board. The Executive director shall advise the Board of the necessity or advisability of changing or repealing existing policies or of adding new ones.

5.4. Board members are responsible for determining Adult Center policy in human resources, planning, finance, community relations, and organization. "Human resources" includes ensuring: the executive director has complete and up-to-date personnel policies in place and known to employees and an annual written review of the Executive director. "Planning" includes review, as necessary, of Board documents, programs and operations, and proposal of new initiatives - all to further the Adult Center's mission. "Finance" includes ensuring financial accountability, reviewing financial records, budgeting, and raising funds. "Community relations" includes ensuring, to the extent possible, that the Adult Center's programs meet the needs of its constituents, advocating for the Adult Center's programs and services, and working with other organizations and individuals when doing so will further the interests of the Adult Center's constituency. "Organization" includes ensuring the Adult Center's management and operation systems are adequate and appropriate, and meet legal requirements.

5.5. Board members are expected to participate actively in the Board's meetings and activities. Committees shall be established as the Board deems necessary to carry out its functions. Board members may be removed by a majority vote of the Board and a clear statement of cause. Prior to such vote, the Board President shall consult with that member. Members are expected to advise the President in advance of absence from a meeting. Frequent absences may constitute cause for removal from the Board.

5.6. Board members shall maintain the confidentiality of sensitive information obtained in the course of Board service. To this end, each Board

member shall sign the Confidentiality Agreement appended to this Chapter as Appendix A.

Chapter 6. Prohibitions.

6.1. Individual Board members may not speak to the public or media on behalf of the Board unless authorized by the Board to do so. Board members should be careful to define when their remarks represent personal opinion and when they represent official Board positions.

6.2. Board members shall not offer, solicit, or receive any form of benefit, compensation or gift in return for action or inaction to influence Board action or activities of the Adult Center. Board members shall not knowingly use information received as a result of Board membership in a manner adverse to the interests of the Adult Center or for personal gain. This does not, however, prohibit Board members from personal advocacy of positions at odds with those of the Adult Center.

6.3. Board members may not have a financial interest in any property the Adult Center may purchase, or a direct or indirect interest in any entity with which the Adult Center does business. Any uncertainty in this regard shall be immediately brought to the attention of the Board president.

6.4. Upon election to the Board, members shall be required to complete the Conflict of Interest statement appended to this Chapter as Appendix B. Any known, existing, or new conflict of interest shall be immediately brought to the attention of the Board president and made a matter of record. Thereafter, the Board member shall not vote on any matter affecting that interest and shall not attend any portion of a Board meeting at which that matter is discussed. This policy does not prevent any Board member from exercising his right, as any other Adult Center member, to present his opinions or information to the Board.

6.5. Any Board member who has good reason to believe another member has acted unethically is required to report the matter to the Board president. If the concern relates to the Board president, the report shall be made to the vice president. The Board president (or vice president, as the case may be) may address the concern privately with the member in question or refer the matter to the executive committee. Board Members shall cooperate in ethics investigations. Failure to cooperate is itself grounds for removal from the Board for cause.

6.6. Board members shall make no political contributions or take political positions on behalf of the Adult Center without delegated authority from the Board. The Board shall not endorse a candidate or political party. However, the Board may take positions and pursue action to advance or oppose legislative issues.

Chapter 7. Miscellaneous.

7.1. Correspondence from the Board shall be approved by the Board or its president, as appropriate. Except for reports that legally require the signature of the secretary or treasurer, all correspondence will be signed by the president. Correspondence will be prepared by staff on Adult Center letterhead.

7.2. Expenditures by Board members in furtherance of the Adult Center mission may be authorized by a majority of the Board. Whether in connection with travel or not, Board members shall be reimbursed for reasonable and expected out-of-pocket expenses incurred and authorized by the Board in advance. All expenses shall be documented with original receipts.

7.3. A Board member shall not intervene in a matter involving the day-to-day supervision of Adult Center staff, but shall bring such matter to the attention of the executive director and, as may be appropriate, to the Board. If an Adult Center member registers a comment or complaint with a Board member, that Board member shall direct the individual to discuss the concern with the Executive Director. (Of course, any compliments shall be passed on.)

APPENDIX A

Board Member Confidentiality Agreement

As a member of the Adult Center of Prescott, Inc. board, I acknowledge the importance of confidentiality with respect to the affairs of the Adult Center of Prescott, Inc. In light of this acknowledgement, I agree to keep confidential, during and after service on the board, all confidential information acquired pertaining to the Adult Center of Prescott, Inc. and any related activities in the course of membership on the board.

I particularly recognize the sensitivity of information regarding capital decisions, real estate purchases, decisions regarding closures, mergers and other strategic plans that may have impact on the Adult Center of Prescott, Inc.'s competitive position relative to other organizations.

I agree that this confidentiality agreement includes, but is not limited to:

- information pertaining to performance of Adult Center of Prescott, Inc. employees or staff, including evaluation data, compensation, and grievances.
- issues related to the board's legal, moral and regulatory responsibility for the oversight of statistical data, risk management information and litigation information, and reviews of attitudes and opinions from those who work at the Adult Center of Prescott, Inc.

I understand that it is the board president's responsibility to address infractions of confidentiality by individual board members and to take action to remedy the problem. I also understand that if infractions of confidentiality by individual board members continue, it is the expectation that the board president will ask for the resignation of the individual board member who has violated this confidentiality agreement.

If requested by a majority vote of the board members, I agree to resign my board membership for any confidentiality infraction.

Board member Signature

Date

APPENDIX B

Conflict of Interest Statement

I have read and am familiar with the Adult Center of Prescott, Inc. board policy concerning conflict of interests, and I have initialed the line opposite the appropriate paragraph below.

_____ During the past year, neither I, nor to the best of my knowledge, any member of my family has had an interest or taken any action which would contravene the policy of this board.

_____ During the past year, neither I, nor to the best of my knowledge, any member of my family has had an interest or taken any action which would contravene the policy of this board, except such interest or action fully disclosed below:

Board member Signature

Date