

PROFESSIONAL DISC GOLF ASSOCIATION

Conflicts of Interest Policy (rev. 9/30/01 DR, approved BOD 10/17/01)

I. GENERAL CONSIDERATIONS

The purpose of the Conflicts of Interest Policy of the Professional Disc Golf Association (the "PDGA") is to bring to the attention of our Officers the policies and procedures regarding conflicts of interest which apply to the PDGA.

By assuming his or her office or duties, each officer commits allegiance to the PDGA and acknowledges that the best interests of the PDGA and its members must prevail over any individual interest of his or her own. The choice of individuals or organizations with whom the PDGA may have a business relationship must be determined solely on the basis of the best interests of the PDGA and its membership.

A potential conflict would exist whenever the officer has an interest in, or connection with, an organization with which the PDGA transacted or might transact business (or with individuals associated with such an organization) where that interest is of such a nature that it might influence the independent judgment of the officer. It should be understood that the conflicting interest referred to throughout this policy may be direct or indirect (the interest might be that of the officer, that of another person such as a relative or friend of the officer, or that of an organization in which the officer or such other person has an interest).

It is not possible to enumerate all situations which constitute a conflict. The fact of each situation will determine whether the interest in question is such as to bring it within the area of potential conflict. Such facts would include the amount of business involved, the extent to which the officer could influence the PDGA's decisions with respect to the transaction, and whether the interest is of such a nature that it might affect the objectivity or the business judgment of the Officer. In determining whether a conflict is involved, there is no substitute for sound judgment in each case based upon the particular facts involved.

II. WHAT CONSTITUTES A CONFLICT OF INTEREST?

A. Type of Transactions in Which Conflicts May Arise. Common types of transactions in which there may be conflicts of interest include, for example, the selection and use of consultants or other professional advisors; the selection or supervision of contractors, suppliers, or vendors; the sale of products; the purchase of materials, supplies and equipment; the purchase, sale and lease of real estate; the purchase of advertising space and time; and the investment and borrowing of funds. Compensation arrangements and employment contracts directly affecting the Officer involve obvious conflicts. In addition, when an opportunity, commonly referred to as a "corporate opportunity" to acquire property or to seize some financial or business advantage come to the attention of an officer as a result of his or her relationship to the PDGA in a way that would permit its personal realization, and is relevant to the PDGA's present or prospective purposes or goals, the Officer must first present the opportunity to the PDGA. Only after an informed evaluation and determination by a disinterested majority of the Board of Directors that the PDGA should not pursue such corporate opportunity, should the officer pursue the matter for his or her own account or for the benefit of others.

B. Typical Conflicts of Interest Conflicts tend to be narrowly defined: the personal financial interest of an officer, either direct or indirect, must be involved. Such interest would include the financial interests of a spouse, a relative, a close friend or a business associate, as well as indirect financial interests through a corporation, partnership or other organization. They usually exclude nonfinancial conflicts. Generally speaking, it would be considered in conflict with the PDGA's interest for an Officer, directly or indirectly, to engage in any of the activities described in the following paragraphs without disclosure in advance to the Board of Directors and without the prior approval of the Board of Directors.

1. Interest in Another Organization To have an interest in any organization (other than owning securities of a corporation traded on a national securities exchange or regularly reported in over-the-counter

quotations, where the number of securities owned is insignificant compared to the number of securities outstanding) which has, or is seeking to have, business dealings with the PDGA where there is an opportunity for preferential treatment to be given to or received from such organization.

2. Interest in Property Transaction To buy, sell, or lease any kind of property, facilities or equipment from or to the PDGA, or to any organization or individual that has, or is seeking to have, a business relationship with the PDGA, such as a customer, contractor, or supplier.

3. Acting in any Capacity for a Customer, Contractor or Supplier. To serve as an officer or director of any other organization, or in any management capacity for, or as a consultant to or employee of any individual or other organization which is doing or seeking to do business with the PDGA.

4. Revealing Confidential Information. To give, release or discuss with anyone not associated with the PDGA any data or information not already known or available to the public that might adversely affect the PDGA's interests or, concerning the PDGA's activities, such as relating to decisions, operations, procedures or plans; or to use such information to the personal advantage of the Officer.

C. Prohibition against Loans and Gifts.

1. Loans. No loans shall be made by PDGA to any of its officers. Any officer or director who assents to or participates in the making of any such loan shall be liable to the PDGA for the amount of such loan until the repayment thereof.

2. Gifts. No Officer or any relative of any Officer may accept from a third party any substantial gift or any other similar benefit where the gift or benefit results out of the course of the Officer's duties for or relationship with the PDGA. Gifts of cash or cash equivalents from a third party of any amount are not permitted. If an Officer is offered any cash or substantial gift or similar benefit from a third party, he or she should immediately report it to the Board of Directors. The giving or receipt of common courtesies, occasional meals or reasonable entertainment appropriate to the business relationship and associated with business discussions are regarded as consistent with sound business practice. Unusual items, however, Must be reviewed in advance by the Board of Directors.

III. IMPLEMENTING THE PDGA'S CONFLICT OF INTEREST POLICY

The intrinsic fairness of the transaction to the PDGA should be the primary concern for both the interested Officer and the disinterested directors entertaining a request for favorable action. Reasonable efforts to ascertain the fairness of the transaction and the availability of alternatives to the PDGA. Procedures can range from formal, competitive bidding on major contracts to comparison shopping by obtaining informal price quotation for simple goods and services. The key is for the Board of Directors to conclude in good faith that the proposed transaction is on at least as favorable terms to the PDGA as might be available (assuming appropriate comparability) from disinterested individuals or organizations in arms-length transactions. It may be advisable in certain situations (particularly if the disinterested majority of the directors approving the transaction is few in number) for the Board of Directors to seek the advise of disinterested legal counsel.

IV. COMPLIANCE, ENFORCEMENT AND REPORTING OF VIOLATIONS

The purpose of this Policy is to help all Officers avoid possibly unpleasant consequences, such as personal liability for monetary damages. Aside from this, there is no intent to interfere with the personal interests or activities of any Officer. All Officers shall be responsible for compliance with and enforcement of this Policy. All transactions are subject to audit by the PDGA and its independent auditors to ensure compliance. Conflicts of interest situations which are discovered but which have not been disclosed should be brought to the attention of the Board of Directors. In instances where a conflicts of interest transaction is not approved, the following alternatives, among others, should be considered: (a) the Officer should

divest himself or herself of the conflicting interest or terminate the conflicting relationship; (b) the Officer's resignation should be requested or the Officer should be removed from the Board of Directors or from any Officer positions which he or she holds, if the circumstances warrant such an action; or (c) the Officer should be disciplined or terminated if required under the circumstances. If the Officer is given the option to make a divestiture of his or her inappropriate interest or relationship, a reasonable period of time should be established during which the divestiture should be completed.