

# NATIONAL COLLEGE TESTING ASSOCIATION CONFLICT OF INTEREST POLICY

## Article I: Purpose

This conflict of interest policy is designed to foster public confidence in the integrity of the National College Testing Association (the “Organization” or “NCTA”) and to protect the Organization’s interests when it is contemplating entering a transaction (defined below) that might benefit the private interest of a member of the Board of Directors, a member of any committee established by the Board of Directors, or an employee of NCTA.

## Article II: Definitions

Each member of the Board of Directors (the “Board”) of NCTA, each member of any committee established by the Board, and each employee of NCTA are considered *insiders* for the purposes of this policy.

*Interest* means any significant personal or professional relationship, or material financial interest, whether through commitment, investment, employment, relationship, obligation, involvement or otherwise, direct or indirect, that may influence a person’s judgment, including but not limited to receipt of compensation from the Organization, a sale, loan, or exchange transaction with the Organization.

A *conflict of interest* is present when, in the judgment of the body or individual determining whether a conflict exists, an insider or person related to the insider by family or business relationship (“interested person”) has an interest that may or may not be financial in nature suggesting divided loyalty on the part of the insider between obligations to NCTA and perceived or actual obligations to the insider’s or the interested person’s personal or financial interests or to the interests of some other organization or cause. A conflict of interest can arise from an anticipated or completed transaction between NCTA and an insider, or between NCTA and an interested person, or between NCTA and a third party, or because of the insider’s or interested person’s relationship with a third party (personal, professional, financial or otherwise) which might, in fact or in appearance, call into question the insider’s duty of loyalty to NCTA.

*Transaction* means any proposed or existing agreement or arrangement between an insider and the Organization, or between an interested person and the Organization, or between the Organization and any third party where an insider or an interested person has a material financial interest in the transaction or any party to the transaction.

## **Article III: Procedures**

### *1. Duty to Disclose*

Each insider shall disclose to the Board all material facts regarding his or her interest in the transaction, promptly upon learning of the proposed transaction.

### *2. Determining Whether a Conflict of Interest Exists*

With regard to an insider, the Board shall determine if a conflict of interest exists. The insider(s) and any other interested person(s) involved with the transaction shall not be present during the Board's discussion or determination of whether a conflict of interest exists, and shall not attempt to influence any such determination, except as provided in Article IV below.

### *3. Procedures for Addressing a Conflict of Interest*

The Board shall follow the procedures set forth in Article IV in order to decide what measures are needed to protect the Organization's interests in light of the nature and seriousness of the conflict, to decide whether to enter into the transaction and, if so, to ensure that the terms of the transaction are appropriate.

## **Article IV: Review by the Board**

The Board may ask questions of and receive presentation(s) from the insider(s) and any other interested person(s), but shall deliberate and vote on the transaction in their absence. The Board shall ascertain that all material facts regarding the transaction and the insider's conflict of interest have been disclosed to the Board and shall compile appropriate data, such as comparability studies, if appropriate, to determine fair market value for the transaction.

After exercising due diligence, which may include investigating alternatives that present no conflict, the Board shall determine whether the transaction is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable to the Organization; the majority of disinterested members of the Board then in office may approve the transaction. The Board may consult legal counsel in reviewing and considering conflicts of interest.

## **Article V: Records of Proceedings**

The minutes of any meeting of the Board pursuant to this policy shall contain the name of each insider who disclosed or was otherwise determined to have an interest in a transaction; the nature of the interest and whether it was determined to constitute a conflict of interest; any alternative transactions considered; the members of the Board who were present during the deliberations on the transaction, those who voted on it, and to what extent interested persons were excluded from the deliberations; any comparability data or other information obtained and relied upon by the Board and how the information

was obtained; and the result of the vote, including, if applicable, the terms of the transaction that was approved and the date it was approved.

### **Article VI: Disclosure and Compliance Statements**

Each member of the Board and each member of any committee established by the Board shall sign a statement on the form attached, that:

- affirms that the person has received a copy of this conflict of interest policy, has read and understood the policy, and has agreed to comply with the policy; and
- discloses the person's financial interests and personal or professional relationships that could give rise to conflicts of interest.

The form shall be completed and submitted to the Board by each insider within ten (10) business days of the Board adopting this Conflict of Interest Policy. The form shall also be completed within ten (10) business days of each person starting employment with NCTA, being appointed or elected to the Board or any committee of the Board, and on or before January 25 each year thereafter for the duration of service on the Board or committee, or as an employee. The form shall also be updated and re-submitted promptly upon any change of facts or circumstances previously reported in the disclosure form.

### **Article VII: Violations**

If the Board has reasonable cause to believe that an insider of the Organization has failed to disclose actual or possible conflicts of interest, including those arising from a transaction with a related interested person, it shall inform such insider of the basis for this belief and afford the insider an opportunity to explain the alleged failure to disclose. If, after hearing the insider's response and making further investigation as warranted by the circumstances, the Board determines that the insider has failed to disclose an actual or possible conflict of interest, the Board shall take appropriate disciplinary and corrective action. Such action may include, but is not limited to, termination of the insider's role on the Board and/or committee on which the person serves.

### **Article VIII: Annual Reviews**

To ensure that the Organization operates in a manner consistent with its status as an organization exempt from federal income tax, the Board shall authorize and oversee an annual review of the administration of this conflict of interest policy. The review may be written or oral. The review shall consider the level of compliance with the policy, the continuing suitability of the policy, and whether the policy should be modified and improved. The Board may consult legal counsel in conducting annual reviews of the policy.

**NATIONAL COLLEGE TESTING ASSOCIATION**

**CONFLICT OF INTEREST POLICY:  
ACKNOWLEDGMENT AND DISCLOSURE STATEMENT**

The National College Testing Association (the "Organization" or "NCTA") follows a conflict of interest policy designed to foster public confidence in our integrity and to protect our interest when we are contemplating entering a transaction or arrangement that might benefit the private interest of a member of the Board of Directors (the "Board") of NCTA or each member of any committee established by the Board.

**Part I. Acknowledgment of Receipt**

I hereby acknowledge that I have received a copy of the conflict of interest policy of the National College Testing Association, have read and understood it, and agree to comply with its terms.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

**Part II. Disclosure of Potential Conflicts of Interest**

We are required annually to file Form 990 with the Internal Revenue Service, and the form we file is available to the public. To complete Form 990 fully and accurately, we need each member of the Board of Directors (the “Board”) of NCTA and each member of any committee established by the Board to disclose the information requested in this Part II.

A “conflict of interest” is defined in Article II of the NCTA Conflict of Interest Policy. You must understand the definition to complete this Disclosure.

- Part II** Please check ONE of the following boxes:
- My interests and relationships have not changed since my last disclosure of interests. [Proceed to signature block below. Do not complete the tables.]
- OR**
- I hereby disclose or update my interests and relationships that could give rise to a conflict of interest: [Provide the information requested below. Use additional pages as needed.]

Personal Relationships	Names of those presenting a potential conflict of interest
Include spouse/domestic partner, living ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great grandchildren, and spouses/ domestic partners of brothers, sisters, children, grandchildren, and great grandchildren, others	

Type of interest	Description of interest that could lead to a conflict of interest
Transactions or arrangements with the Organization	
Transactions or affiliations with other nonprofit organizations	
Substantial business or investment holdings	
Transactions or affiliations with businesses not listed above	
Employment by another organization or company	
Non-financial situation not listed above	

- I am not aware of any personal, professional or financial interest involving me or a family member that could present a conflict of interest that I have not disclosed either above or in a previous disclosure statement.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name