

National Tax Association Conflict of Interest Policy  
Approved at NTA Board Meeting, 11/13/09

Article I  
Purpose

The purpose of the conflict of interest policy is to protect the National Tax Association's (NTA) integrity and its tax-exempt status when it is contemplating entering into a transaction or arrangement that might directly or indirectly affect the financial interests of an officer or director of the NTA or might result in a possible excess benefit transaction. This policy complements applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II  
Definitions

An interested person is considered to be any member of the NTA board, any NTA officer, and the NTA's executive director.

Article III  
Procedures

1. **Duty to Disclose**  
In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.
2. **Determining Whether a Conflict of Interest Exists**  
After disclosure of the financial interest and all material facts, and after any discussion, the interested person shall leave the NTA board meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board members shall decide if a conflict of interest or a reasonable perception of a conflict exists. Alternatively, the interested person may voluntarily concede that a conflict of interest or perception of a conflict of interest could exist and recuse himself or herself from deliberations and votes with respect to the transaction as outlined in section 3 below.
3. **Procedures for Addressing the Conflict of Interest**
  - a. An interested person may make a presentation at the board 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 NTA President shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
  - c. If one or more NTA board members so requests, the NTA board or a delegated committee shall exercise due diligence to determine whether the NTA can obtain an equally or more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
  - d. The NTA board shall enter into the transaction or arrangement only if a majority vote of the disinterested directors conclude that the transaction or

arrangement is in the NTA's best interest, for its own benefit, and is fair and reasonable.

4. Violations of the Conflicts of Interest Policy
  - a. If the NTA board has reasonable cause to believe an interested person has failed to disclose actual or possible conflicts of interest, it shall inform the person of the basis for such belief and afford the person an opportunity to explain the alleged failure to disclose.
  - b. If, after hearing the person's response and after making further investigation as warranted by the circumstances, the NTA board determines the person has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

#### Article IV

##### Records of Proceedings

The minutes of the NTA board meetings shall contain:

- a. 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's decision as to whether a conflict of interest in fact existed.
- b. 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 V

##### Compensation

- a. A voting member of the NTA board who receives compensation, directly or indirectly, from the NTA for services is precluded from voting on matters pertaining to that member's compensation.
- b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the NTA for services is precluded from voting on matters pertaining to that member's compensation.
- c. Any voting member of the NTA board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the NTA, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

#### Article VI

##### Voluntary Recusal

Even when a financial conflict is not present, board members shall recuse themselves from deliberations and votes on whether to engage in any transaction or arrangement with any organization or agency that employs them.

#### Article VII

##### Annual Statements

Each director, principal officer and member of a committee with powers delegated by the NTA board shall annually sign a statement which affirms that 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 the NTA is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

#### Article VII Periodic Reviews

To ensure the NTA 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:

- a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the NTA's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.
- c. When conducting the periodic reviews, the NTA may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the NTA's board of its responsibility for ensuring periodic reviews are conducted.