

**THE DEVELOPMENT FOUNDATION OF THE
NORTH CAROLINA CENTER FOR THE ADVANCEMENT OF TEACHING
CONFLICT OF INTEREST POLICY**

Section 1. Purpose. The purpose of this Conflict of Interest Policy ("Policy") is to protect the integrity and interests of the Development Foundation of the North Carolina Center for the Advancement of Teaching, Inc. (hereinafter the "Corporation") when it is contemplating entering into a transaction or arrangement that might benefit the private or business interests of an employee, officer or director of the Corporation. This Policy is intended to supplement but not replace any applicable state laws governing conflicts of interest relating to nonprofit and charitable corporations, or applicable policies of the State Board of Education.

Section 2. Definitions.

(a) **Interested Person.** Any employee, officer, director or member of a committee with board-delegated powers who has a direct or indirect financial interest, as defined below, is an interested person (hereinafter "Interested Person"). If an individual is an Interested Person with respect to any affiliated entity (an entity controlling controlled by, or under common control with the Corporation), he or she is an Interested Person with respect to all affiliated entities.

(b) **Financial Interest.** A person has a financial interest (hereinafter "Financial Interest") if the person has, directly or indirectly, through personal, professional, business, investment or family relationships, any of the following interests:

- (1) an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement, or
- (2) a compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
- (3) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

For purposes of this Policy, the term compensation includes direct and indirect remuneration, and gifts or favors that are substantial in nature. The board of directors must make a determination whether a particular Financial Interest gives rise to an actual, potential or perceived conflict of interest.

Section 3. Procedures.

(a) Duty to Disclose. In connection with any actual or potential conflict of interest, an Interested Person must disclose the existence and nature of his/her Financial Interest to the board of directors for its consideration of the proposed transaction or arrangement. Before the board makes a determination whether the Financial Interest of an Interested Person rises to the level of an actual conflict of interest, the Interested Person must be given the opportunity to disclose all material facts relating to his/her Financial Interest.

(b) Determining Whether a Conflict of Interest Exists. After the Interested Person has disclosed all material facts relating to his/her Financial Interest, the directors may ask relevant questions for clarification and/or request additional information. After the directors are satisfied that they understand the proposed transaction, the Interested Person shall excuse him/herself from the meeting and shall not be involved in the board's discussion and decision with respect to whether a conflict of interest exists and whether the Corporation should enter into the proposed transaction.

(c) Procedures for Addressing the Conflict of Interest.

- (1) If the board determines that a conflict of interest exists with respect to any proposed transaction, the chairperson of the board shall investigate, or may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- (2) After exercising due diligence, the board shall determine whether the Corporation can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- (3) If a more advantageous transaction or arrangement is not reasonably available under circumstances that would not give rise to a conflict of interest, the board shall determine by a majority vote of the disinterested directors whether (i) the transaction or arrangement is in the Corporation's best interest and for its own benefit, and (ii) the transaction is fair and reasonable to the Corporation. The board shall make its decision as to whether to enter into the proposed transaction in conformity with this determination.

(d) Violations of the Conflicts of Interest Policy.

- (1) If the board of directors has reasonable cause to believe that an employee, officer, director or member of a committee with board-delegated powers has failed to disclose an actual or potential conflict 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.
- (2) If, after hearing the response of the individual and making such further investigation as may be warranted under the circumstances, the board determines that the member has in fact failed to disclose an actual or potential conflict of interest, it shall take appropriate disciplinary and corrective action, up to and including removal from the board of directors or termination from employment.

Section 4. Records of Proceedings. The minutes of a board of directors meeting at which actual or potential conflicts of interest are considered shall include the following information:

(a) the name of the individual who disclosed or otherwise was found to have a Financial Interest in connection with an actual or potential conflict of interest, the nature of the Financial Interest, any action taken to determine whether a conflict of interest existed, and the board's decision as to whether a conflict of interest in fact existed; and

(b) the names of the directors who were present for discussions and votes relating to the proposed transaction or arrangement, the substance of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

Section 5. Corporation Scholarships. No Corporation scholarship or fellowship award may be made to an employee, officer or director of the Corporation, or to a family member of such person, unless the recipient of the award is determined by an independent awards committee established by the board of directors.

Section 6. Annual Statements. Each employee, officer, director, and member of a committee with board-delegated powers shall annually sign a statement which affirms the following: (a) that such individual has received a copy of this Policy; (b) that such individual has read and understands this Policy; (c) that such individual has agreed to comply with this Policy; and (d) that such individual understands that the Corporation is a charitable organization and that it must engage in only those activities that further its tax-exempt purposes to maintain its tax-exempt status.

Section 7. Periodic Reviews. To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as a tax-exempt organization, the board of directors shall arrange for routine and periodic reviews of compliance with this Policy and all related corporate transactions, contractual arrangements, and financial commitments, including whether transactions or compensation arrangements are commercially reasonable, are the result of arm's-length bargaining, and are consistent with fair market value.

Adopted on the 19th day of October, 2009.

**DISCLOSURE STATEMENT
REGARDING CONFLICTS OF INTEREST**

I affirm that I have received a copy of the Development Foundation of the North Carolina Center for the Advancement of Teaching, Inc. Conflict of Interest Policy ("Policy"), setting forth the policies and disclosure requirements of the Development Foundation of the North Carolina Center for the Advancement of Teaching, Inc. (the "Corporation") concerning conflicts of interest. I have read and understand the Policy, and agree to comply with the requirements of the Policy.

I understand that the Corporation is a charitable organization, and that in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

I understand that in connection with any actual or possible conflicts of interest, I must disclose the existence and nature of my financial interests to the board of directors for its consideration of the proposed transaction or arrangement. Except as fully disclosed below, I represent, to the best of my knowledge and belief, as of the date of this Disclosure Statement, that neither I, nor any member of my family, has an existing or possible financial interest in a transaction or arrangement which may reasonably be, or appears to be, adverse to the Corporation's best interest, or in violation of the Corporation's Policy.

Description of financial interests

() No reportable financial interests

Signature/Title

Date