



BOARD OF DIRECTORS AND KEY EMPLOYEE CONFLICT OF INTEREST POLICY

Statement of Policy

No board member or key employee¹ shall use his or her position, or the knowledge gained from participating as a board member or key employee of the NIU Foundation, in such a manner that a conflict between the interest of Northern Illinois University Foundation or any of its related entities or affiliates² and his or her personal interests arises. A conflict of interest shall be defined as an actual or perceived interest in a board decision that results in, or has the appearance of resulting in, personal, organizational, or professional gain by a board member or a party related³ or friend or key employee or party related³ or friend.

Each board member and key employee has a duty to place the interest of Northern Illinois University Foundation foremost in any dealings with the Foundation and has a continuing responsibility to comply with the requirements of this policy.

If a board member or key employee has an interest in a proposed transaction with Northern Illinois University Foundation in the form of a personal financial interest in the transaction or in any organization involved in the transaction, or holds a position as trustee, director, or officer in any such organization, he or she must make full disclosure of such interest before any discussion or negotiation of such transaction.

Any board member or key employee who is aware of a potential conflict of interest with respect to any matter coming before the board or committee, shall recuse himself or herself from the discussion and vote.

Disclosure

To implement this policy, board members and key employees of Northern Illinois University Foundation will submit annual disclosure reports on the attached forms and, if not having previously made disclosure, will do so before any relevant board or committee action.

These reports will be reviewed by the Audit Committee and shared with appropriate committee chairs who will attempt to resolve any actual or potential conflict(s) and, in the absence of resolution, will refer the matter to the Board of Directors.

At the start of each meeting of the board, there will be a call for any conflicts of interest.

Notes

¹ Key Employee: According to the IRS and Form 990 reporting requirements of Trustees, Officers, Directors and Key Employees (TDOKE), a key employee is:

- the Chief employed officer as defined within the organization's bylaws; or
- other individuals having responsibilities, power or influence over the organization as a whole that are similar to chief employed executives or board members; managing a discrete segment or activity of the organization that represents 10% or more of the



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activities, assets, income or expenses of the organization, as compared to the organization as a whole; or having or sharing authority to control or determine 10% or more of the organization's capital expenditures, operating budget, or compensation for employees.”

² A related entity or affiliate. According to IRS guidance a related entity is an entity where there is common control of the board membership or other control. An affiliate is another entity that would be required to be aggregated as a part of a controlled group.

- Example: The NIU Real Estate Foundation is a related entity, due to the control of the board membership.
- Example: NIU is not a related entity. According to IRS guidance, per NIU Foundation CPA advice, a related entity appoints board members or otherwise has control of the Foundation. Due to the significance of the relationship between the NIU Foundation and NIU, relationships and dealings are encouraged to be voluntarily disclosed.

IRS guidance indicates that only voting board members have reportable conflicts. The NIU Foundation President and CEO, a non-voting foundation board member, is ex officio the NIU Vice President for Development. The Foundation Secretary, a non-voting foundation board member is an employee of the university.

³ A party related. Defined as a member of your family, an estate, trust, or partnership in which you or your family member has a present or vested future beneficial interest, and a corporation or entity in which you or your family member is a beneficial owner of more than five percent (5%) of the voting interests. References to ‘you,’ ‘me’ or ‘yourself’ also pertain to parties related to you.

The Internal Revenue Services’ defines a family member *as*: “The family of an individual includes only his or her spouse, ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren and great-grandchildren.”



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BOARD OF DIRECTORS AND KEY EMPLOYEES ANNUAL STATEMENT CONCERNING CONFLICT OF INTEREST

Name of Director: _____

I acknowledge receipt of a copy of the Northern Illinois University Foundation’s Conflict of Interest Policy dated June 26, 2020. By my signature affixed below, I acknowledge my agreement with the spirit and intent of this resolution, and I agree to report to the Audit Committee and/or NIU Foundation President any possible conflicts, other than those stated below, that may develop before completion of my next annual statement.

Further, I understand it is important to disclose my relationships with the NIU Foundation, related entities and/or NIU, as well as my relationships with other board members and their businesses, in order to meet annual reporting requirements to the Internal Revenue Service regarding the independence of members of the board of directors.

1. Are you aware of any relationships between NIU or the NIU Foundation and yourself or a party related to you² as defined by the letter or spirit of this policy?

Yes No

If yes, please list such relationships and the details of annual or potential financial benefit as you can best estimate them.

2. In addition to your position with the NIU Foundation board, do you or a party related to you³ serve on other boards or advisory committees of any corporation, either for-profit or non-profit, government or other organization:

Yes No

If yes, please list such boards/committees:

3. During the past 12 months, did you or a party related to you receive any remuneration, gifts, or loans from any source from which the foundation, related entity or affiliate, buys goods or services or otherwise has significant business dealings?

Yes No

If yes, please list them, their source, and their approximate value:



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4. Do you or a party related to you, have any relationship(s) or business dealing(s) with another board member or party related or key employee¹? (Examples: Is another board member a family member? Do you or a party related to you serve on the board of directors of an organization of a fellow board member or related party? Do you or a party related to you have any business dealings with a fellow board member or related party?)

Yes No

If yes, please list them:

5. Except as outlined below, neither I nor any party related to me has had any material interest, direct or indirect, in any transaction in the last five years, and has no material interest in any pending or incomplete transaction, to which Northern Illinois University Foundation or related entities or affiliates was or is to be a party. This would include money owed to me by NIUF, related entities or affiliates or money owed to the foundation, related parties or affiliates by me or a party related to me; except for gift pledges.

Exception: _____

I agree to report to the Audit Committee any possible conflicts, other than those stated in this document, that may develop before completion of my next annual statement by calling the Foundation office, 815-753-9506, or e-mailing the Foundation President.

The answers to the foregoing questions are accurately stated to the best of my knowledge and belief.

Name: _____ Date: _____

Signature: _____

¹A key employee is a:
- Chief employed officer defined by the Foundation bylaws; or
- Other individual having responsibilities, power or influence over the Foundation as a whole that are similar to chief employed executives or board members; managing a discrete segment or activity of the Foundation that represents 10% or more of the activities, assets, income or expenses of the Foundation, as compared to the Foundation as a whole; or having or sharing authority to control or determine 10% or more of the Foundation's capital expenditures, operating budget, or compensation for employees."



²A related entity or affiliate. A related entity is an entity where there is common control of the board membership or other control. An example is the NIU Real Estate Foundation. An affiliate is an entity. NIU is not a related entity because it does not appoint the board members or otherwise control the foundation. In the spirit of transparency, and due to the significance of this relationship, relationships and dealings are voluntarily disclosed.

The NIU Foundation President and CEO, a non-voting foundation board member, is ex officio the NIU Vice President for Development. The Board Secretary, a non-voting foundation board member is an employee of the university. IRS guidance indicates that only voting board members have reportable conflicts.

³A party related to you is defined as a member of your family an estate, trust, or partnership in which you or your family member has a present or vested future beneficial interest; and a corporation or entity in which you or your family member is a beneficial owner of more than five percent (5%) of the voting interests. References to 'you,' 'me' or 'yourself' also pertain to parties related to you.

The Internal Revenue Services' defines a *family member as*: "The family of an individual includes only his or her spouse, ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren and great-grandchildren."