



## NORTHERN ILLINOIS UNIVERSITY FOUNDATION

### **CONFLICT OF INTEREST POLICY**

#### **Purpose**

The Northern Illinois University Foundation's (Foundation) board of directors, board committee members, officers, and key employees (Responsible Persons) have a duty to conduct activities of the Foundation with the highest ethical standards and to make decisions concerning the Foundation solely to advance its mission and interests. This Conflict of Interest Policy ("Policy") is to assist the Foundation and Responsible Persons in identifying situations that present potential or actual conflicts of interest and to specify procedures for managing them. This Policy is intended to supplement, not supersede, any applicable federal and state laws governing conflicts of interest of tax-exempt, nonprofit corporations.

#### **When a Conflict of Interest May Arise**

A conflict of interest may arise when a Responsible Person has an existing or potential financial interest or other material interest that impairs, or might appear to impair, his or her independence or objectivity in the discharge of responsibilities and duties to the Foundation. Among other possible circumstances, a conflict of interest may arise in the following situations:

1. A Responsible Person enters into a transaction or arrangement with the Foundation (other than in his or her capacity as a Responsible Person);
2. A Responsible Person, directly or indirectly, through business, investment, or family member, has an ownership or investment interest in, or is a director, officer, or otherwise participates in management of, any entity with which the Foundation has a transaction or arrangement;
3. A Responsible Person, directly or indirectly, through business, investment, or family member, has a compensation arrangement with the Foundation (other than in his or her capacity as a Responsible Person) or with any entity or individual with which the Foundation has a transaction or arrangement;

4. A Responsible Person, directly or indirectly, through business, investment, or family member, has a potential ownership or investment interest in, is a director, officer, employee, or participates in management of, or has a compensation arrangement with, any entity or individual with which the Foundation is negotiating a transaction or arrangement;
5. An opportunity related to the Foundation's purposes comes to the attention of a Responsible Person, of which the Responsible Person may wish to take advantage of in his/her individual capacity; or 6. Personal use of Foundation confidential information, name, or property by a Responsible Person.

## **Procedures**

**Reporting.** Each Responsible Person must complete the Foundation's disclosure statement setting forth any and all potential and actual conflicts of interest that are anticipated to occur in the coming fiscal year. This statement will be distributed on an annual basis and shall disclose, as fully as possible, the circumstances of each actual or potential conflict. The results of the disclosure statement will be provided to the Chair of the Board to prepare his/her annual statement to the Board. In addition to the annual disclosure statement, a Responsible Person has the responsibility to promptly report in writing to the Chair of the Board any previously undisclosed circumstances. The Chair's annual statement and supplemental reports, if any, shall be reviewed by the Executive Committee and reported to the Board at a regular meeting.

**Determination of Conflict.** The Executive Committee, without the affected Responsible Person present, shall determine whether a conflict of interest exists (1) when a Responsible Person is uncertain as to whether particular circumstances constitute a conflict of interest; (2) at the Chair's request after a Responsible Person's disclosure regarding a conflict of interest; and (3) in the event of the Chair's disclosure regarding a conflict of interest. The Executive Committee may seek additional information necessary for its determination. If a conflict of interest exists, the material facts of the Responsible Person's conflict of interest will be disclosed to the Board or the Board Committee considering the transaction/arrangement.

**Action and Recusal.** The Board or Committee shall determine whether to authorize, approve or ratify the arrangement/transaction based solely on whether it is in the best interests of the Foundation in performing its mission. The affected Responsible Person shall not participate in or be permitted to hear the Board's or Committee's deliberation of the matter, and shall not vote on such matter. The authorization, approval and/or ratification must be accomplished by an affirmative vote, as applicable, of a majority of the directors on the Board or a majority of the Board Committee members who have no direct or indirect interest in the arrangement/transaction, but an authorization, approval or ratification may not be made by a single director. The minutes of the Board or

Committee's action shall reflect the recusal of the Responsible Person, the reason for the recusal, and whether the requisite majority of non-interested directors or Board Committee members authorized, approved and/or ratified the arrangement/transaction.

**Violations of the Conflicts of Interest Policy** If any person has reasonable cause to believe a Responsible Person has failed to disclose actual or possible conflicts of interest, he/she should report such belief to the Executive Committee or to the Chair of the Board.

Recommended by Leadership, April 28, 2015

Board Approved 06/05/2016

Approved with changes 03/04/2016

Approved with no changes 05/19/17