



**2015 Form 990 Tax Questionnaire  
Covering the Period July 1, 2014 through June 30, 2015**

Name:  
Title: Director

In connection with the preparation of the Northern Arizona University Foundation 2014 Federal Form 990 ("Return of Organization Exempt From Income Tax"), your assistance is requested in responding to the following questions. Per IRS guidance, your responses will assist the Foundation in making the reasonable effort required to obtain this information and provide accurate information on its return.

Please complete only the question(s) that apply to your status with the Foundation, NAREH, LLC, OR NAU Ventures, LLC.

We have also included a glossary of the terms in bold to assist you with completing this questionnaire.

If you have any questions, please contact Bobbi J. Ortega at (928) 523-6806.

**Question #1**

*To be completed by **voting** members of the governing body.*

Are you "independent" from the Foundation and subsidiary LLC's?  
 Yes     No

**Reason for question**

The Foundation is required to report on its Form 990 the number of voting members of all governing bodies that are "independent."

**Explanation**

A **member of the governing body** is considered "independent" only if all three of the following circumstances applied at all times during the organization's tax year:

- 1) You were not compensated as an **officer** or other employee of the Foundation or of a **related organization**.
- 2) You did not receive total **compensation** or other payments exceeding \$10,000 during the Foundation's tax year from the Foundation or from related organizations as an **independent contractor**, other than reimbursement of expenses under an **accountable plan** or **reasonable compensation** for services provided in the capacity as a member of the governing body. For example, a person who receives reasonable expense reimbursements and reasonable compensation as a director of the organization does not cease to

be independent merely because he or she also receives payments of \$7,500 from the organization for other arrangements.

- 3) Neither you, nor any of your **family members**, were involved in a transaction with the Foundation (whether directly or indirectly through affiliation with another organization) that is required to be reported in response to Questions #3 or #4 below, for the organization's tax year, or in a transaction with a related organization of a type and amount that would be included in the responses to Questions #3 or #4 below if with the related organization.

## **Question #2**

*To be completed by all officers, directors, trustees, and key employees.*

Did you have a family relationship or a business relationship with any other officer, director, trustee, or key employee of the Foundation (see a list of all the officers, directors, trustees and key employees of the Foundation for the **tax year**, attached)?

Yes     No

*If "Yes", please attach a statement that identifies such individuals and explains if the relationship is a family or a business relationship.*

### **Reason for question**

On the Form 990, the Foundation is required to disclose if any of its **officers, directors, trustees, or key employees** had a **family relationship** or **business relationship** with another of its officers, directors, trustees, or key employees, at any time during the tax year. For each family and business relationship, the Foundation is to identify the persons and describe their relationship.

### **Explanation**

**Business relationship.** Business relationships between two persons include any of the following:

- 1) One person is employed by the other in a sole proprietorship or by an organization with which the other is associated as a **trustee, director, officer, key employee**, or greater-than-35% owner;
- 2) One person is transacting business with the other (other than in the ordinary course of either party's business on the same terms as are generally offered to the public), directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued in excess of \$10,000 in the aggregate during the Foundation's tax year (indirect transactions are transactions with an organization with which the one person is associated as a trustee, director, officer, key employee, or greater-than-35% owner); and
- 3) The two persons are each a director, trustee, officer, or greater than 10% owner in the same business or investment entity.

Ownership is measured by stock ownership (either voting power or value) of a corporation, profits or capital interest in a partnership or limited liability company, membership interest in a nonprofit organization, or beneficial interest in a trust. Ownership includes indirect ownership (e.g., ownership in an entity that has ownership in the entity in question); there may be ownership through multiple tiers of entities.

Privileged relationship exception. For purposes of this question, a “business relationship” does not include a relationship between (1) attorney and client, (2) medical professional (including psychologist) and patient, or (3) priest/clergy and penitent/communicant.

### **Question #3**

*To be completed by current and former officers, directors, trustees, and key employees; and related persons.*

Did the Foundation provide you or a related person with a grant or any other assistance?

Yes     No

*If "Yes", please attach a statement that identifies your relationship with the Foundation and the amount of such grants or a description of the assistance and an estimate of its value.*

### **Reason for question**

On Schedule L of the Form 990, the Foundation is required to report each grant or other assistance (including provision of goods, services, or use of facilities), regardless of amount, provided by the Foundation to any current or former officer, director, trustee, or key employee, and certain related persons at any time during its tax year.

### **Explanation**

For this question, a **related person** means:

- a **family member** of any of the Foundation’s current or former officers, directors, trustees, or key employees, or
- a **35% controlled entity** of any of the Foundation’s current or former officers, directors, trustees, or key employees.

**Exceptions.** Do not report the following:

- loans.
- business transactions that do not contain any gift element and that are engaged in to serve the direct and immediate needs of the Foundation, such as payment of **compensation** (including taxable and nontaxable fringe benefits treated as compensation) to an **employee** or consultant in exchange for services of comparable value.
- **compensation** to a person listed in Form 990, Part VII, Section A (including taxable and nontaxable fringe benefits treated as compensation).
- **grants or assistance provided to you as a member of a charitable class that the Foundation intended as a benefit in furtherance of its exempt purpose, if provided on similar terms as provided to other members of the class, such as short-term disaster relief or trauma counseling. However, grants for travel, study, or other similar purposes (such as to achieve a specific objective, produce a report or other similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee) like those described in §4945(d)(3) are not excluded from reporting under this exception.**

#### Question #4

To be completed by current and former officers, directors, trustees, and key employees.

During the tax year, did you:

- A. Have a direct **business relationship** with the Foundation (other than as an officer, director, trustee, or key employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other current or former officers, directors, trustees, or key employees and/or their family members)?  
\_\_ Yes \_\_ No
- B. Have a **family member** who had a direct or indirect business relationship with the Foundation?  
\_\_ Yes \_\_ No
- C. Serve, at the time of the transaction, as (1) an officer, (2) a director, (3) a trustee, (4) a key employee, (5) a partner or member with an ownership interest in excess of 5% if the entity is treated as a partnership, or (6) a shareholder with an ownership interest in excess of 5% if the entity is a professional corporation doing business with the Foundation (other than a tax-exempt organization under section 501(c))?  
\_\_ Yes \_\_ No

If "Yes", please attach a statement that identifies the name of the interested person, relationship between the interested person and the Foundation, the amount of the transaction, a description of the transaction, and whether the interested person shared in the revenues of the Foundation.

#### Reason for question

On Schedule L of the Form 990, the Foundation is required to report certain business transactions for which payments were made during its **tax year** between the Foundation and certain individuals, regardless of when the transaction was entered into by the parties.

#### Explanation

**Business transactions.** Business transactions include but are not limited to contracts of sale, lease, license, and performance of services, whether initiated during the organization's **tax year** or ongoing from a prior year. Business transactions also include **joint ventures**, whether new or ongoing, in which either the profits or capital interest of the organization and of the interested person each exceeds 10%. The organization's charging of membership dues to its **officers, directors**, etc. are not considered business transactions for purposes of this question.

A business transaction also includes a transaction between the Foundation or subsidiary LLC's, and a **management company** of which a former **officer, director, trustee, or key employee** of the Foundation (within the last five **tax years**) is a direct or indirect 35% owner, or an officer, director, trustee, or key employee.

**Ownership.** Ownership is measured by stock ownership (voting power or value, whichever greater) of a corporation, profits or capital interest (whichever greater) in a partnership or limited liability company, beneficial interest in a trust, or control of a nonprofit organization. Ownership includes indirect ownership (e.g., ownership in an entity that has ownership in the entity doing business with the organization); there may be ownership through multiple tiers of entities.

**Exceptions.** Do not report the following:

- loans;
- grants and other assistance reported in the response to Question #3; or
- **compensation** paid to you during the tax year.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## Glossary

### 35% controlled entity

An entity that is owned, directly or indirectly (e.g., under constructive ownership rules), by a given person, such as the organization's current or former **officers, directors, trustees, or key employees**, or the **family members** thereof (listed persons) as follows:

1. A corporation in which listed persons own more than 35% of the total combined voting power;
2. A partnership in which listed persons own more than 35% of the profits interest; or
3. A trust or estate in which listed persons own more than 35% of the beneficial interest.

### Accountable plan

A reimbursement or other expense allowance arrangement that satisfies the requirements of section 62(c) by meeting the requirements of business connection, substantiation, and returning amounts in excess of substantiated expenses.

### Compensation

Unless otherwise provided, all forms of cash and non-cash payments or benefits provided in exchange for services, including salary and wages, bonuses, severance payments, deferred payments, retirement benefits, fringe benefits, and other financial arrangements or transactions such as personal vehicles, meals, housing, personal and family educational benefits, below-market loans, payment of personal or family travel, entertainment, and personal use of the organization's property.

### Contributions

Unless otherwise provided, includes donations, gifts, bequests, grants, and other transfers of money or property to the extent that adequate consideration is not provided in exchange and that the contributor intends to make a gift, whether or not made for charitable purposes. A transaction may be a partly a sale and partly a contribution.

### Control

For purposes of determining **related organizations**, control means, in regards to nonprofit organizations, whether taxable or tax-exempt:

In the case of a parent/subsidiary relationship:

- power to remove and replace (or to appoint or elect, if such power includes a continuing power to appoint or elect periodically or in the event of vacancies) a majority of the nonprofit organization's or other organization's **directors or trustees**,
- management or board overlap where a majority of the subsidiary organization's directors or trustees are trustees, directors, **officers, employees**, or agents of the parent organization.

In the case of brother/sister nonprofit organizations:

- the same persons constitute a majority of the **members of the governing body** of both organizations.

In the case of stock corporations and other organizations with owners or persons having beneficial interests, whether such organization is taxable or tax-exempt, control means any of the following relationships:

- ownership of more than 50% of the stock (by voting power or value) of a corporation,
- ownership of more than 50% of the profits or capital interest in a partnership,
- ownership of more than 50% of the profits or capital interest in a limited liability company taxed as a partnership, regardless of the designation under state law of the ownership interests as stock, membership interests, or otherwise,
- being a managing partner or managing member in a partnership or limited liability company which has three or fewer managing partners or managing members (regardless of which partner or member has the most actual control),
- being a general partner in a limited partnership which has three or fewer general partners (regardless of which partner has the most actual control),
- being the sole member of a **disregarded entity**, or
- ownership of more than 50% of the beneficial interest in a trust.

Control may be indirect. In other words, if the organization controls Entity A which in turn controls (under the definition of **control** above) Entity B, the organization will be treated as controlling Entity B. To determine indirect control through constructive ownership of a corporation, the principles of the rules under section 318 (relating to constructive ownership of stock) shall apply for purposes of determining constructive ownership of another entity (a partnership or trust). If an entity (X) controls an entity taxed as a partnership by being one of three or fewer partners or member, then an organization that controls X also controls the partnership.

#### **Director or trustee**

A member of the organization's **governing body**, but only if the member has any voting rights. A member of an advisory board that does not exercise any governance authority over the organization is not considered a director or trustee.

#### **Disregarded entity/entities**

An entity wholly owned by the organization that is not a separate entity for Federal tax purposes. See Regulations sections 301.7701-2 and -3.

#### **Employee**

Any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee, and any other individual who is treated as an employee for federal employment tax purposes.

#### **Family member, family relationship**

Unless specified otherwise, 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.

#### **Governing body**

The group of persons authorized under state law to make governance decisions on behalf of the organization and its shareholders or members, if applicable. The governing body is, generally speaking, the board of **directors** (sometimes referred to

as board of **trustees**) of a corporation or association, or the board of trustees of a trust (sometimes referred to simply as the trustees, or trustee if only one trustee).

### **Independent contractor**

A person who provides services to the organization but who is not treated as an **employee**.

### **Joint venture**

Unless otherwise provided, a partnership, limited liability company, or other entity treated as a partnership for federal tax purposes, as described in Regulations sections 301.7701-1 through 301.7701-3.

### **Key employee**

For purposes of Form 990 reporting, an **employee** of the organization (other than an **officer**, **director**, or **trustee**) who meets all three of the following tests:

1. \$150,000 Test. Receives **reportable compensation** from the organization and all **related organizations** in excess of \$150,000 for the **calendar year** ending with or within the organization's **tax year**;
2. Responsibility Test. The employee:
  - (a) has responsibilities, powers or influence over the organization as a whole that is similar to those of officers, directors, or trustees;
  - (b) manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole; or
  - (c) has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget, or compensation for employees.
3. Top 20 Test. Is one of the 20 employees (that satisfy the \$150,000 Test and Responsibility Test) with the highest reportable compensation from the organization and **related organizations** for the calendar year ending with or within the organization's **tax year**.

### **Management company**

An organization that performs management duties for another organization customarily performed by or under the direct supervision of the other organization's **officers**, **directors**, **trustees**, or **key employees**. These management duties include, but are not limited to, hiring, firing, and supervising personnel; planning or executing budgets or financial operations; and supervising exempt operations or **unrelated trades or businesses**.

### **Member of the governing body**

A person who serves on an organization's **governing body**, including a **director** or **trustee**, but not if the person lacks voting power.

### **Officer**

A person elected or appointed to manage the organization's daily operations, such as a president, vice-president, secretary, or treasurer. The officers of an organization are determined by reference to its organizing document, bylaws, or resolutions of its governing body, or as otherwise designated consistent with state law, but at a minimum include those officers required by applicable state law. For purposes of Form 990 reporting, treat the organization's **top management official** and top

financial official (the person who has ultimate responsibility for managing the organization's finances) as officers.

### **Public charity**

An organization described in section 501(c)(3) and section 509(a)(1) (which cross-references sections 170(b)(1)(A)(i) through (vi)), section 509(a)(2), section 509(a)(3), or section 509(a)(4).

### **Reasonable compensation**

The value that would ordinarily be paid for like services by like enterprises under like circumstances.

### **Related organization**

An organization that stands in one or more of the following relationships to the filing organization:

- Parent—an organization that **controls** (see examples of **control** in definition above) the filing organization
- Subsidiary—an organization controlled (see examples of **control** in definition above) by the filing organization
- Brother/Sister—an organization controlled (see examples of **control** in definition above) by the same person or persons that control the filing organization
- Supporting/Supported—an organization that is (or claims to be) at any time during the organization's tax year (i) a **supporting organization** of the filing organization within the meaning of section 509(a)(3), if the filing organization is a **supported organization** within the meaning of section 509(f)(3), or (ii) a supported organization, if the filing organization is a supporting organization

### **Supported organization**

A **public charity** described in section 509(a)(1) or 509(a)(2) that is supported by a **supporting organization** described in section 509(a)(3).

### **Supporting organization**

A **public charity** described in section 509(a)(3). A supporting organization is organized and operated to support **supported organizations**. Supporting organizations are classified as either Type I (operated, supervised, or controlled by one or more supported organizations), Type II (supervised or controlled in connection with one or more supported organizations), Type III functionally integrated (operated in connection with one or more supported organizations, if the supporting organization's activities perform the functions of, or carrying out the purposes of, such supported organizations, and but for the supporting organization's involvement, such activities would normally be engaged in by the supported organizations themselves), or Type III other (operated in connection with one or more supported organizations and not functionally integrated).

### **Tax year**

July 1, 2013 through June 30, 2014.

### **Unrelated trade or business**

Any trade or business, the conduct of which is not substantially related to the exercise or performance by the organization of its charitable, educational, or other purpose or function constituting the basis for its exemption.

**Voting member of the governing body**

A member of the organization's **governing body** with power to vote on all matters that may become before the governing body (other than a conflict of interest that disqualifies the member from voting).