

# CONFLICT OF INTEREST POLICY

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*adopted by the Chi Phi Educational Trust in April 2001; amended June 12, 2009*

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## I. Introduction

- A. The Chi Phi Educational Trust (the "Trust"), as a nonprofit, tax-exempt organization, depends on charitable contributions from the public. Maintenance of its tax-exempt status is important both for its continued financial stability and for the receipt of contributions and public support. Therefore, the Trust must operate in such a way so that it fulfills all legal requirements. The Trust also depends on the public trust and thus is subject to scrutiny by and accountability to both governmental authorities and members of the public.
- B. Consequently, there exists between the Chi Phi Educational Trust and its Trustees, Board of Governors, officers, committee members, volunteers and management employees a fiduciary duty that carries with it a broad and unbending duty of loyalty and fidelity. The Trustees, Governors, officers, and management employees have the responsibility of administering the affairs of the Trust honestly and prudently, and of exercising their best care, skill, and judgment for the sole benefit of the Trust. Those persons shall exercise the utmost good faith in all transactions involved in their duties, and they shall not use their positions with the Trust or knowledge gained from the Trust for their personal benefit or the benefit of a particular Chi Phi chapter, Alumni Association, Alumni Club or other Chi Phi-related entity. The interests of the Chi Phi Educational Trust must have the first priority in all decisions and actions.

II. **Persons Concerned:** This policy is directed to Trustees, Governors, officers, committee members, volunteers and employees who can influence the actions of the Trust (collectively referred to as "Covered Persons").

III. **Key Areas in Which Conflict May Arise:** Conflicts of interest may arise in the relations between Covered Persons and any of the following third parties:

- A. Persons and firms supplying goods and services to the Trust
- B. Persons and firms from whom the Trust leases property and equipment
- C. Persons and firms with whom the Trust is dealing or planning to deal in connection with the gift, purchase or sale of real estate, securities, or other property

- D. Competing or affinity organizations, including the Chi Phi Fraternity and individual Chi Phi chapters, Alumni Associations, Alumni Clubs and other Chi Phi-related entities
- E. Donors and others supporting the Trust
- F. Recipients of grants from the Trust
- G. Agencies, organizations, and associations that affect the operations of the Trust
- H. Family members, friends, and other employees

IV. **Nature of Conflicting Interest:** A material conflicting interest may be defined as an interest, direct or indirect, with any persons and firms mentioned in this policy. Such an interest might arise, for example, through:

- A. Owning stock or holding debt or other proprietary interests in any third party dealing with the Trust
- B. Holding office, serving on the board, participating in management, or being otherwise employed (or formerly employed) by any third party dealing with the Trust
- C. Receiving remuneration for services with respect to individual transactions involving the Trust
- D. Using Trust time, personnel, equipment, supplies, or good will other than for approved Trust activities, programs, and purposes
- E. Receiving personal gifts or loans from third parties dealing with the Trust especially any gift valued at more than \$100.

V. **Interpretation of this Policy**

- A. The areas of conflicting interest listed in this policy, and the relations in those areas that may give rise to conflict are not exhaustive. Conceivably, conflicts might arise in other areas or through other relations. It is assumed that the trustees, officers, and management employees will recognize such areas and relation by analogy.
- B. The fact that one of the interests described in this policy exists does not mean necessarily that
  - 1. a conflict exists, or
  - 2. that the conflict, if it exists, is material enough to be of practical importance, or

3. if material that upon full disclosure of all relevant facts and circumstances that it is necessarily adverse to the interests of the Trust.
- C. However, it is the policy of the Chi Phi Educational Trust that the existence of any of the interests described in this policy shall be disclosed on a timely basis and always before any transaction is consummated. It shall be the continuing responsibility of Covered Persons to scrutinize their transactions and outside business interests and relationships for potential conflicts and to immediately make such disclosures.

## VI. Disclosure Procedures

- A. Disclosure of any conflict or potential conflict should be made using the Conflict of Interest Questionnaire or by reporting a potential conflict of interest to the Trust Chairman or Vice Chairman as soon as possible.
- B. Transactions with related parties may be undertaken only if all of the following are observed:
1. A material transaction is fully disclosed in the audited financial statements of the organization;
  2. The related party is excluded from the discussion and approval of such transaction;
  3. A competitive bid or comparable valuation exists; and
  4. The Trustees have acted upon and demonstrated that the transaction is in the best interest of the organization.
- C. Disclosures should be made to the Executive Director (or if he or she is the one with the conflict, then to the Trust Chairman), who shall determine whether a conflict exists and is material, and if the matters are material, bring them to the attention of the full Board of Trustees.
- D. The Trustees shall determine whether a conflict exists and is material, and in the presence of an existing material conflict, whether the contemplated transaction may be authorized as just, fair, and reasonable to the Trust. The decision of the Trustees on these matters will rest in their sole discretion, and their concern must be the welfare of the Trust and the advancement of its purpose.

## VII. Violations of this Policy

- A. If the any Covered Person has reasonable cause to believe an individual has failed to disclose any actual or possible conflicts of interest, the person in question shall be informed of the basis for such belief and provided with an opportunity to explain the alleged failure to disclose.
- B. If, after hearing the individual's response and after making further investigation as warranted by the circumstances, the Trustees determine the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

## VIII. **Annual Statements:** Each Covered Person with Trust-delegated powers shall annually sign a statement that affirms 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 Trust is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

# CONFLICT OF INTEREST DISCLOSURE QUESTIONNAIRE

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For purposes herein, "affiliated persons" include the following:

- Any immediate family member,
- Any corporation or organization of which you are an officer or a partner or are, directly or indirectly, the beneficial owner of 10 percent or more of any class or equity securities,
- Any Chi Phi chapter, Alumni Association, Alumni Club or other Chi Phi-related entity of which you are an officer or board member, or
- Any trust or other estate in which you have a substantial beneficial interest or as to which you serve as a trustee or in a similar capacity.

1. Name (please print) \_\_\_\_\_

2. With the Chi Phi Educational Trust, I serve as:

- Trustee                       executive committee       officer  
 committee member       staff  
 other, specify: \_\_\_\_\_

3. Have you or any of your affiliated persons provided services or property to the Trust in the past year?     No     Yes -- If yes, please describe the nature of the services or property:

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4. Have you or any of your affiliated persons purchased services or property from the Trust in the past year?     No     Yes - If yes, please describe the purchased services or property:

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5. Please indicate whether you or any of your affiliated persons had, have, or will have any direct or indirect interest in any business transaction(s) to which the Trust was or is a party.                       No     Yes - If yes, describe the transaction(s):

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6. Did you or any of your affiliated persons owe money to the Trust at any time in the past year (other than travel advances or the like)?  No  Yes - If yes, please describe the indebtedness:

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7. In the past year, did you or any of your affiliated persons receive, or were entitled to receive, directly or indirectly, any benefits from, or as a result of your relationship with the Trust that in the aggregate could be valued in excess of \$100 that were not or will not be compensation directly related to your duties to the Trust?  No  Yes - If yes, please describe the benefit:

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8. Are you or any of your affiliated persons a party to or have an interest in any pending legal proceedings involving the Trust?  No  Yes - If yes, please describe the proceeding(s):

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9. Are you aware of any other events, transactions, arrangements, or other situations that you believe should be examined by the Trustees or the executive committee in accordance with the terms and intent of the Trust's conflict-of-interest policy?  
 No  Yes - If yes, please describe the situation(s):

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I HEREBY CONFIRM that:

- I have received, read, understand and agree to abide by the Trust's Conflict-of-Interest Policy,
- I understand the Trust is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.
- My responses to the above questions are complete and correct to the best of my knowledge and belief.

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Signature Date