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Carolus Online Academy Conflict of Interest Policy
Effective Date: 7/23/2023

Purpose: To establish the Conflict of Interest Policy for the Carolus Online Academy by the Board of Directors of South Carolina Education Futures.

Article I
Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II
Definitions

1. **Interested Person** Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

2. **South Carolina Ethics** Pursuant to S.C. Code Ann. § 8-13-700, to duties related to conflicts of interest for board members extend to any action or decision which affects an economic interest of a family member or an individual or business with which the board member is associated (as defined in that law). A “family member” is a member of the board member’s immediate family, a spouse, parent, brother, sister, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandparent, or grandchild; a child residing in the board member’s household; or an individual claimed by the board member or the board member’s spouse as a dependent for income tax purposes.

3. **Financial Interest** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

    a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,

    b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or

c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.

d. Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Article III
Procedures

1. **Duty to Disclose** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement. Pursuant to S.C. Code Ann. § 8-13-700(B) the board member must prepare a written statement describing the matter requiring action or decisions and the nature of the potential conflict of interest.

2. **Determining Whether a Conflict of Interest Exists** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. **Procedures for Addressing the Conflict of Interest**

    a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

    b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.

    c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.

d. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organization's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflict of Interest Policy

a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV
Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V
Compensation

1. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

3. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

Article VI
Annual Statements

1. **Annual Statement** Each director, principal officer, and member of a committee with governing board delegated powers shall annually sign a statement which 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 Organization 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.

2. **Periodic Reviews** To ensure the Organization operates in a manner consistent with charitable purposes, and doesn't engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

    a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit, or in an excess benefit transaction.

3. **Annual Statement of Economic Interest** The South Carolina Attorney General issued an advisory opinion to the South Carolina State Ethics Commission (Walker) dated October 16, 2018, stating that charter board members are not required to file annual statements of economic interest. Should that opinion or the law change, the Organization will ensure that filing requirements of the law are met.

Article VIII
Use of Outside Experts

When conducting the periodic reviews, as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Article IX
South Carolina Provisions

1. **Removal by the Governor** Pursuant to S.C. Code Ann. § 59-40-75(B), any board member who willfully engages in conflicts of interest may be removed from office by the Governor.

2. **Ethics and Accountability** Pursuant to S.C. Code Ann. § 59-40-50(B)(11), the charter school is subject to the ethics and governmental accountability requirements of Chapter 13, Title 8, of the South Carolina Code. Those rules include that a board member or public employee must not:

   a. use his or her position or office for financial gain of the board member, a family member, an individual with whom the board member is associated, or a business with which he or she is associated (Section 8-13-700(a));

   b. make, participate in making or in any way attempt to use the board member’s office to influence a governmental decision in which he or she, a member of his or her family, an individual with whom he or she is associated or a business with which he/she is associated has an economic interest (Section 8-13-700(b));

c. fail to report the receipt of anything of value worth $25 or more under certain circumstances (Section 8-13-710);

d. receive compensation to influence action (Section 8-13-705);

e. receive additional monies as payment for advice or assistance given in the course of their employment (Section 8-13-720);

f. receive anything of value for speaking before a public or private group if the employee is acting in an official capacity (Section 8-13-715);

g. use government personnel, equipment or materials in an election campaign (Section 8-13-765);

h. use or disclose confidential information gained in the course of employment (Section 8-13-725);

i. cause the employment, appointment, promotion, transfer or advancement of a family member to a state or local office or position in which the public official, public member or public employee supervises or manages (Section 8-13-750(A));

j. participate in an action relating to the discipline of the public official's, public member's or public employee's family member (Section 8-13-750(B)); or

k. serve as a member or employee of a governmental regulatory commission that regulates any business with which the employee is associated (Section 8-13-730).

Certificate of Adoption of Conflict of Interest Policy

I do hereby certify that the above Conflict of Interest Policy for South Carolina Educations Futures was approved by the board of directors on July 20, 2023, and that this constitutes the complete Conflict of Interest Policy of the corporation.

Kristen Bell
Board Secretary, SC Education Futures
Date:7/23/2023

Revision Date(s): 7/23/2023