

## **IDEA Florida Conflict of Interest**

### **Section 1: Purpose and General Principles**

- 1.1 The following Conflict of Interest Policy of IDEA Florida, Inc. Schools of Hope Charter Schools (the “Organization” or “Charter Schools”) is to protect this tax-exempt Organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an Officer, Director, Governing Board member of the Organization or might result in a possible excess benefit transaction, and to follow the requirements of applicable Florida conflict of interest laws. It is also intended to serve as a guide for the Organization’s Governing Board with respect to conflicts of interest and voting pursuant to Florida laws pertaining to charter school governing boards.
- 1.2 As a tax-exempt public charity, IDEA Florida, Inc shall expend funds and record those expenditures in a manner that advances the charitable and educational mission and objectives of IDEA Florida, Inc, and not the private interests of Directors or Officers. Directors and Officers shall conduct themselves in an honest and ethical manner, including the ethical handling of actual or apparent conflicts of interest, as set forth below.
- 1.3 ***Even if permitted by Florida law, and notwithstanding the below provisions of this policy, IDEA Florida, Inc., shall not enter into any contract or agreement (written or otherwise) with any other person or entity (not including contracts with IDEA affiliates) that is an Executive Officer or Director of IDEA Florida Inc., or IDEA Public Schools and its affiliates, who has a reportable conflict of interest in the matter or that someone who is related to any current Executive Officer or Director within the third degree by consanguinity or the third degree by affinity (See Appendix A for definitions) has a reportable conflict of interest in. The following requirements shall be followed at all times and regardless of the source of funds.***
- 1.4 The Organization shall comply with the federal regulations regarding private benefit and excess benefit transactions as described in Section 4958 of the Internal Revenue Code and 26 CFR § 53.4958 (the “federal tax rules”) when it is contemplating entering into a transaction or arrangement that may benefit the private interest of a Director or Officer or other individual deemed to be an “interested person” which means a disqualified person under the federal tax rules. A “disqualified person” includes Directors and Officers, and any person who is in a position “to exercise substantial influence over the affairs of the corporation.” A “disqualified person” includes Family of the disqualified person. Federal

law has a five-year lookback for purposes of identifying disqualified persons.

- 1.5 As a 501(c)(3) tax-exempt public charity, IDEA Florida, Inc. shall not engage in political activities. Directors and Officers shall not use their relationship with IDEA to promote or oppose political candidates or parties, or to create the appearance that IDEA endorses or opposes a political candidate or party for elected office. The IDEA name, logo, letterhead, or other intellectual property may not be used by any person to endorse or gain support for a cause without prior authorization in writing from the Board.
- 1.6 Should a Director or Officer believe a colleague is violating the obligations or expectations of this Policy, or is otherwise acting in an illegal or unethical manner, it is his or her duty to report the matter to the Chair of the Board of Directors, or the Chief Executive Officer or Superintendent, or Counsel for the Board, as appropriate.

## **Section 2: Definitions**

- 2.1 Interested Person. An “Interested Person” is any person serving as a member of the Governing Board of this Organization who, as of the date of discussion or action by the Board, either: (i) has a direct or indirect Financial Interest, as defined in Section 2.2 below; (ii) intends, or understands it to be more probable than not, that he or she will acquire such a direct or indirect Financial Interest at any time during the pendency of the proposed transaction or arrangement; (iii) has an Other Interest that qualifies as a Conflict of Interest, as defined in Section 2.6 or Article 6, below.
- 2.2 Financial Interest. A “Financial Interest” is an interest, whether through business, investment, or Relative, which can be described as one or more of the following:
  - 2.2.1 An ownership or investment interest in any entity with which the Organization has a transaction or arrangement; or
  - 2.2.2 A Compensation Arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement; or
  - 2.2.3 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.
  - 2.2.4 A Financial Interest need not be held as of the date of discussion or action by the Board; rather, it is sufficient, for purposes of this Policy, if, as of the date of discussion or action by the Board, the Interested Person intends, or understands it to be more probable than not, that he or she will acquire a Financial Interest at any time during the pendency of the proposed transaction or arrangement that is the subject of discussion or action by the Board.
- 2.3 Other Interest. An “Other Interest,” for purposes of this Policy, is any circumstance in which an Interested Person may be influenced, or may appear to be influenced, either in whole or in part by any purpose or motive other than the success and well-being of the

Organization as a whole and the achievement of its tax exempt purposes. An “Other Interest” may also be an interest set forth in Article 6, below, that does not otherwise constitute a Financial Interest.

- 2.4 Relative. For purposes of this Policy, unless otherwise provided herein, and pursuant to Section 112.3143, Florida Statutes, “Relative” means any father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, or daughter-in-law.
- 2.5 Compensation Arrangement. A “Compensation Arrangement” is any agreement or understanding pursuant to which a person may or shall receive either directly or indirectly, money or property from another person or organization, irrespective of whether such money or property is paid in consideration for the performance of services or the provision of other value.
- 2.6 Conflict of Interest. With respect to a matter for discussion or action by the Board, any circumstance under which an Interested Person, by virtue of a Financial Interest or Other Interest, may be influenced, or may appear to be influenced, either in whole or in part by any purpose or motive other than the success and well-being of the Organization and the achievement of its tax exempt purposes.
- 2.7 Other Interest. An “Other Interest,” for purposes of this Policy, is any circumstance in which an Interested Person may be influenced, or may appear to be influenced, either in whole or in part by any purpose or motive other than the success and well-being of the Organization as a whole and the achievement of its tax exempt purposes. An “Other Interest” may also be an interest set forth in Article 6, below, that does not otherwise constitute a Financial Interest.

### **Section 3: Disclosure of Financial or Other Interest and Determination of Conflict**

- 3.1 Disclosure of Financial or Other Interest. If, at any time, an Interested Person becomes aware that the Board may or shall discuss or act upon any transaction or arrangement which may have any bearing of any kind upon, or may relate in any manner to, a Financial or Other Interest of the Interested Person, such Interested Person shall disclose such Financial or Other Interest to the Board and the Board’s legal counsel as follows:

- 3.1.1 The Interested Person shall provide to the Board and the Board's legal counsel, in advance of such discussion or action by the Board, written (electronic or hard copy) disclosure of the existence, nature and extent of the Interested Person's Financial or Other Interest, or
  - 3.1.2 The Interested Person shall verbally inform the Board and the Board's legal counsel of the existence, nature and extent of the Interested Person's Financial or Other Interest during the Board meeting in advance of such discussion or action by the Board.
  - 3.1.3 Any and all written or verbal disclosures of Financial or Other Interests shall be made a formal part of the minutes of the Board. In the event that an Interested Person provides written disclosure of such Interested Person's Financial or Other Interest, no member of the Board may respond to such disclosure, either in writing or orally, except in a meeting that meets the requirements of Florida's Sunshine Law.
- 3.2 Recusal by Interested Person, if Legally Permissible. In connection with an Interested Person's disclosure of a Financial or Other Interest pursuant to Section 3.1, the Interested Person may voluntarily recuse himself or herself from discussion and action by the Board, at such time and in such form as is used by the Interested Person to disclose such Financial or Other Interest pursuant to Section 3.1, above. Such recusal would only be permissible if recusal is a permissible action pursuant to Florida law with respect to the particular Financial or Other Interest of the Interested Person.
- 3.3 Determination of Conflict of Interest. Where an Interested Person has provided advance written disclosure of a Financial or Other Interest but has not voluntarily recused himself or herself from discussion of or action upon the proposed transaction or arrangement, the Board shall, prior to commencing its discussion or taking action, and after advice of counsel, determine whether the Financial or Other Interest creates a Conflict of Interest, as defined above and as prohibited by law. The Interested Person shall not participate in any discussions or vote related to this determination except to the extent necessary to fully explain the Financial or Other Interest and the manner in which the proposed transaction or arrangement to be discussed or acted upon by the Board may or will bear upon or relate to the Financial or Other Interest.

#### **Section 4: Procedures Upon Determination of Conflict of Interest**

- 4.1 Exclusion from Discussion and Vote. In circumstances where the Board has determined that a Conflict of Interest exists, the Interested Person shall not participate in any discussion or vote regarding the transaction or arrangement at issue.
- 4.2 Removal from Board. Under some circumstances, Florida law does not allow a governing board member to be excluded from a vote in order to cure a Conflict of Interest. If such a Conflict of Interest exists, the Interested Person will be required to take action to cure the Conflict of Interest, resign from the Board, or will be removed from the Board.

- 4.3 Action by Board. With respect to any transaction or arrangement with regard to which the Board has determined that a Conflict of Interest exists, the Board shall discuss such transaction or arrangement as appropriate, but shall not formally approve such transaction or arrangement unless and until the non-interested members of the Board have decided, by majority vote, that the transaction or arrangement is in the best interests of, and for the benefit of, the Organization, and is fair and reasonable thereto in all respects. In complying with this Section 4.3, the Board shall recognize that, under certain circumstances, a decision made pursuant to this Section may necessitate an investigation of alternatives to the proposed transaction or arrangement, and/or a determination as to whether a more advantageous transaction or arrangement might be obtained with reasonable efforts under the circumstances.

### **Section 5: Documentation of Disclosure and Procedures**

- 5.1 Meeting Minutes. Minutes of meetings of the Board shall include copies of all written disclosures of Financial and Other Interests and shall describe all verbal disclosures thereof. Such minutes shall further reflect the determination of the Board as to whether a Conflict of Interest exists, and the objection of the Interested Person, if any, to such determination. Where a Conflict of Interest has been determined to exist, the minutes should reflect the Board's compliance with the procedures described in Sections 4.1 and 4.2, above. With respect to any transaction or arrangement with regard to which a Conflict of Interest has been determined to exist, meeting minutes shall describe the substance of the discussions relating to the transaction or arrangement, and who was present for such discussions. In addition, minutes should identify the members who were present for any and all votes upon such transaction or arrangement, along with a record of the final vote.

### **Section 6: Other Prohibited Conflicts of Interest**

- 6.1 Prohibition on Solicitation or Acceptance of Gifts. Pursuant to Section 112.313(2), Florida Statutes, no member of the Board shall solicit or accept anything of value to the Board member, including a gift, loan, reward, promise of future employment, favor, or service, based upon any understanding that the vote, official action, or judgment of the Board member would be influenced thereby.
- 6.2 Prohibition on Doing Business with the Organization. Pursuant to Section 112.313(3), Florida Statutes, no employee of the Organization acting in his or her official capacity as a purchasing agent, or Board Member acting in his or her official capacity, shall either directly or indirectly purchase, rent, or lease any realty, goods, or services for his or her own Organization from any business entity of which the officer or employee or the officer's or employee's spouse or child is an officer, partner, director, or proprietor or in which such officer or employee or the officer's or employee's spouse or child, or any combination of them, has a material interest. Nor shall a Board Member or employee, acting in a private capacity, rent, lease, or sell any realty, goods, or services to the officer's or employee's own Organization.

- 6.3 **Conflicting Employment or Contractual Relationship.** Pursuant to Section 112.313(7), Florida Statutes, no Board member shall have or hold any employment or contractual relationship with any business entity or any agency doing business with the Organization; nor shall a Board member have or hold any employment or contractual relationship that will create a continuing or frequently recurring conflict between his or her private interests and the performance of his or her duties as a Board member or that would impede the full and faithful discharge of his or her duties as a Board member.
- 6.4 **Voting Where there is a Conflict of Interest.** Pursuant to Section 112.3143, Florida Statutes, no Board member shall vote in an official capacity upon any measure which would inure to his or her special private gain or loss; which he or she knows would inure to the special private gain or loss of any principal by whom he or she is retained or to the parent organization or subsidiary of a corporate principal by which he or she is retained; or which he or she knows would inure to the special private gain or loss of a Relative or business associate of the Board member.
- 6.5 **Prohibition of Certain Individuals Serving as Governing Board Members.** Pursuant to Section 1002.33(26)(c), Florida Statutes, an employee of the charter school overseen by this Organization, or his or her spouse, or an employee of a charter management organization, or his or her spouse, shall not be a member of the governing board of this Organization.

**Section 7: Restriction on Employment of Relatives, Pursuant to Section 1002.333(24), Florida Statutes**

- 7.1 For purposes of this Article 7, “Charter school personnel” means a charter school owner, president, chairperson of the Board of directors, superintendent, Board member, principal, assistant principal, or any other person employed by the charter school who has equivalent decision making authority and in whom is vested the authority, or to whom the authority has been delegated, to appoint, employ, promote, or advance individuals or to recommend individuals for appointment, employment, promotion, or advancement in connection with employment in a charter school, including the authority as a member of a governing body of a charter school to vote on the appointment, employment, promotion, or advancement of individuals.
- 7.2 For purposes of this Article 7, “Relative” means father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, or half-sister.
- 7.3 Charter school personnel may not appoint, employ, promote, or advance, or advocate for appointment, employment, promotion, or advancement, in or to a position in the charter school in which the personnel are serving or over which the personnel exercises jurisdiction or control any individual who is a relative. An individual may not be appointed, employed, promoted, or advanced in or to a position in a charter school if such

appointment, employment, promotion, or advancement has been advocated by charter school personnel who serve in or exercise jurisdiction or control over the charter school and who is a relative of the individual or if such appointment, employment, promotion, or advancement is made by the governing board of which a relative of the individual is a member.

- 7.4 The approval of budgets does not constitute “jurisdiction or control” for the purposes of this subsection.

### **Section 8: Disclosure of Identity of Relatives Employed by, or Assigned to Work at, Charter School**

- 8.1 On an annual basis, and in accordance with Section 1002.33(7)(a)18., Florida Statutes, the Charter School shall disclose to its sponsoring school district the identity of all relatives employed by, or assigned to work at, the charter school who are relatives of a member of the governing board of directors, superintendent, principal, assistant principal or any other person employed by, or assigned to work at, the Charter School. For purposes of this Article 8, the term “relative” has the same meaning as set forth in Article 7.2, above.

### **Section 9: Employment of Relatives**

- 9.1 In the event that relatives, as defined above, are employed by, or assigned to work at, the Charter School, these procedures shall be followed to ensure compliance with Florida law and charter contract requirements.
- 9.2 Documentation shall be maintained in the employees’ files to verify that no relative advocated for the employment or advancement of such employee. In addition, such documentation shall include the non-related individual(s) responsible for direct supervision, evaluation and other employment decisions regarding the employees. Such documentation shall be presented as an information item to the Charter School governing board.

### **Section 10: Training and Background Screening Requirements**

- 10.1 Governance Training:
- 10.1.1 Pursuant to Section 1002.33(9)(j), Florida Statutes, each director of the governing board shall participate in governance training approved by the Florida Department of Education no later than 90 days after final appointment to the governing board.
- 10.1.2 Required governance training consists of a minimum of four (4) hours of instruction focusing on government in the sunshine, conflicts of interest, ethics, and financial responsibility.
- 10.1.3 After the initial four (4) hour training, each director of the governing board is

required, within the subsequent three (3) years as a governing board member, and

for each three (3) year period thereafter, to complete a two (2) hour refresher training on the four (4) topics above in order to retain his or her position on the board. Any director who fails to obtain the two (2) hour refresher training within any three (3) year period must take the four (4) hours of instruction again in order to regain eligibility as a director.

- 10.2 Pursuant to Section 1002.33(12)(g), Florida Statutes, each director of the governing board shall undergo fingerprinting and background screening no later than thirty (30) days following final appointment to the governing board. Fingerprinting and background screening shall be updated periodically as required by law. Until such time as required fingerprinting and background screening is completed and cleared for each director, no such director shall be permitted on campus while students are present without an escort of charter school staff.

### **Section 11: Initial and Annual Written Assent**

- 11.1 Each director, principal officer and member of a committee with governing board delegated powers shall, upon initial appointment and annually, sign a statement, which affirms such person:
- 11.1.1 Has received a copy of the conflicts of interest policy;
  - 11.1.2 Has read and understands the policy;
  - 11.1.3 Has agreed to comply with the policy;
  - 11.1.4 Understands the Organization is charitable and in order to maintain its federal tax exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes; and
  - 11.1.5 If a charter school governing board member, is current in background checks and governing board training as required by Florida law for charter school governing board members.
  - 11.1.6. Said form shall be updated from time to time to reflect changes in law and best practices for charter school governing boards.

### **Section 12: Periodic Reviews**

- 12.1.1. To ensure the Organization operates in a manner consistent with charitable purposes and does not 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:
- 12.1.2. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and are the result of arm's length bargaining.

12.1.2 Whether transactions or arrangements entered into by the Organization 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 personal inurement, impermissible private benefit or in an excess benefit transaction.

**Section 13:  
Use of Outside Experts**

When conducting the periodic reviews as provided for in Article 10, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of its responsibility for ensuring periodic reviews are conducted.

**Board Secretary Certificate**

I hereby certify that the foregoing Conflict of Interest and Policy for IDEA Florida, Inc., was adopted by a majority vote of a quorum of the Governing Board of Directors at a duly noticed meeting held on\_\_\_\_\_.

\_\_\_\_\_  
Board Secretary

\_\_\_\_\_  
Printed Name

## Appendix A

### A. Degrees of Affinity and Consanguinity for Purposes of Article 1 Section 1.3

(1) An individual's relatives within the third degree by consanguinity are the individual's:

- (a) parent or child (relatives in the first degree);
- (b) brother, sister, grandparent, or grandchild (relatives in the second degree); and
- (c) great-grandparent, great-grandchild, aunt who is a sister of a parent of the individual, uncle who is a brother of a parent of the individual, nephew who is a child of a brother or sister of the individual, or niece who is a child of a brother or sister of the individual (relatives in the third degree).

(2) Determination of affinity. Two individuals are related to each other by affinity if they are married to each other.

(a) A husband and wife are related to each other in the (first degree by affinity.) For other relationships by affinity, the degree of relationship is the same as the degree of the underlying relationship by consanguinity.

(b) spouse's brother, sister, grandparent, or grandchild (relatives in the second degree);

(c) spouse's great-grandparent, great-grandchild, aunt who is a sister of a parent of the individual, uncle who is a brother of a parent of the individual, nephew who is a child of a brother or sister of the individual, or niece who is a child of a brother or sister of the individual (relatives in the third degree).

### B. Definition of Executive Officer or Director for Purposes of Article 1 Section 1.3

Executive Officer shall mean any VP, Senior VP, Chief, Superintendent, CEO.

Director shall be defined as any member of the board of **IDEA Public Schools** or its affiliates, including the boards of all IDEA charter holders.