INTEGRATION CHARTER SCHOOLS

CONFLICT OF INTEREST POLICY (Amended)

The purpose of this Conflict of Interest Policy (the "Policy") is to protect the interests of Integration Charter Schools ("ICS" or the "Corporation") when it is contemplating entering into a transaction or arrangement that may benefit the private interests of a Trustee, Officer, Key Person or employee of the Corporation. Before entering into any transaction or arrangement that may benefit the private interests of a Trustee, Officer, Key Person, or employee of the Corporation, the Board of Trustees of the Corporation (the "Board") shall determine whether the transaction or arrangement is prohibited under this Policy.

Article 1
Conflicts of Interest

Section 1. Subject to certain limited exceptions, no Trustee, Officer or employee of the Corporation shall have an interest in any contract with ICS or any of its schools; and no chief fiscal officer, treasurer, or his/her deputy or employee, shall have an interest in a bank or trust company designated as a depository, paying agent, registration agent or for investment of funds of the Corporation. This provision shall not preclude the payment of lawful compensation and necessary expenses of such Trustee, Officer or employee in holding his or her position with ICS, as applicable.

The term "interest" means a direct or indirect pecuniary or material benefit accruing to a Trustee, officer or employee as the result of a contract with ICS or any of its schools. A Trustee, officer or employee shall be deemed to have an interest in the contract of (i) his or her spouse, minor children or dependents, except a contract of employment with ICS, (ii) a firm, partnership or association of which such Trustee, officer or employee is a member or employee, (iii) a corporation of which such Trustee, officer or employee is an officer, director or employee or (iv) a corporation any stock of which is owned or controlled directly or indirectly by such Trustee, officer or employee.

Section 2. The Corporation shall not enter into any Related Party Transaction, which is not already prohibited by Section 1 above, unless the Board determines that the transaction is fair, reasonable and in the best interests of the Corporation at the time of such determination. With respect to any Related Party Transaction involving a charitable corporation and in which a Related Party has a substantial financial interest, the Board shall consider alternative transactions to the extent available, approve the transaction by not less than a majority vote of those present at the meeting, and contemporaneously document in writing the basis for the approval and the consideration of any alternative transactions.

Section 3. No Trustee, Officer or employee shall directly or indirectly, solicit any gift, or accept or receive any gift having a value of seventy-five dollars ($75.00) or more, whether in the form of money, service, loan, travel, entertainment, hospitality, thing or promise, or in any other form without prior approval of the Board.

Section 4. Employees of ICS may not serve on the Board.

Article 2
Disclosure and Voting

Any person with a potential or actual conflict of interest described in Article 1 of this Policy, including an interest in a Related Party Transaction, must promptly disclose such potential or actual conflict of interest in good faith in writing to his or her immediate supervisor, as applicable, and to each member of the Board, together with all material facts known to such Trustee, Officer, Key Person or employee with respect to the actual or potential conflict of interest. Such written disclosure shall be made part of and be set forth in the minutes of the Board. All such potential or actual conflicts of interest shall be reviewed by the Board.

Any Trustee, Officer, Key Person or employee to which the potential or actual conflict of interest relates shall not be present at or participate in the Board or committee deliberation or vote on the matter giving rise to such conflict; provided that nothing shall prohibit the Board or a committee from requesting that the person with the conflict of interest present information as background or answer questions at a committee or Board meeting prior to the commencement of deliberations or voting relating thereto.

If not prohibited by Article 1 of this Policy, any matter involving an actual or potential conflict of interest shall be approved by not less than a majority vote of the Board members present and voting at the meeting; provided, that a Trustee to which the potential or actual conflict of interest relates shall not be permitted to vote. No Trustee, Officer, Key Person or employee shall attempt to influence improperly the deliberations or voting on the matter giving rise to the conflict. Any attempt to improperly influence deliberations or voting on the matter giving rise to the conflict may be grounds for removal from the Board or termination of employment with ICS.

Article 3
Committee Review

The Board may delegate to the Audit Committee, if any, or any Board committee comprised solely of Independent Trustees (each a "Committee"), the implementation of and compliance with this Policy. The Board may delegate to such Committee review and approval of any potential or actual conflict of interest; provided that if the potential or actual conflict of interest is of a nature that would otherwise require full Board approval, the Committee shall provide a recommendation as to whether or not to approve the potential or actual conflict of interest to the full Board, and the Board shall be responsible for making a final determination. In the event the Board delegates the review and

approval of conflicts of interest to a committee, all references to the Board in this Policy shall be deemed to refer to such Committee and all references to a majority of the Board shall be deemed to refer to a majority of such Committee.

Article 4
Records of Proceedings

The minutes of all meetings of the Board and all committee meetings at which a potential or actual conflict of interest is considered shall contain the following:

(i) The names of the persons who disclosed or otherwise were determined to have a potential or actual conflict of interest, including an interest in a Related Party Transaction; the nature of the potential or actual conflict of interest; any action taken to determine whether a conflict of interest exists, including any determinations required by Article 1, Section 2 of this Policy with respect to Related Party Transactions; and the Board's decision as to whether a conflict of interest exists.

(ii) The names of the persons who were present for discussions and votes relating to any determinations under this Policy, including whether the Trustee, Officer, Key Person or employee left the room during any such discussions, the content of such discussions, and whether or not the transaction was approved by the Board.

The minutes shall be documented contemporaneously to the discussion and decision regarding the conflict of interest.

Article 5
Disclosures

Prior to the initial election or appointment of a Trustee to the Board, and thereafter on an annual basis, all Trustees shall disclose in writing to the Board Secretary:

(i) Any entity of which the Trustee is an officer, director, trustee, member, owner (either as a sole proprietor or a partner) or employee and with which the Corporation has a relationship;

(ii) Any entity of which a Relative of the Trustee is an officer, director, trustee, member, owner (either as a sole proprietor or a partner) or employee and with which the Corporation has a relationship;

(iii) Any Financial Interest the Trustee or a Relative of the Trustee has in any corporation, organization, partnership or other entity which provides professional or other goods or services to the Corporation for a fee or other compensation;

(iv) Any transaction in which the Corporation is a participant and in which the Trustee might have a conflicting interest;

(v) Any position or other material relationship the Trustee or a Relative of the Trustee may have with any not-for-profit corporation with which the Corporation has a relationship; and

(vi) Any position or other material relationship the Trustee may have with any entity with which the Corporation has a relationship.

Each Trustee shall also annually sign and submit to the Board Secretary a statement which affirms such person: (a) has received a copy of this Policy, (b) has read and understands the Policy, and (c) has agreed to comply with the Policy. The Secretary shall provide a copy of all completed statements to the Board Chair.

Article 6
Miscellaneous

Section 1. Any contract willfully entered into by or with the Corporation which is prohibited by this Conflict of Interest Policy shall be null, void and wholly unenforceable.

Section 2. In no instance shall a trustee, officer or employee of a for-profit educational management organization having a business relationship with ICS serve as a voting member of the Board for the duration of such business relationship.

Section 3. Trustees, officers, or employees of any single external organization shall hold no more than 40% of the total seats comprising the Board.

Section 4. Trustees, Officers, Key Persons and employees shall avoid at all times engaging in activities that would appear to be unduly influenced by other persons who have a special interest in matters under consideration by the Board. If this occurs, such Trustee, Officer, Key Person or employee shall disclose in writing all known facts prior to participating in a Board discussion of these matters and the Trustee, Officer, Key Person or employee's interest in the matter will be reflected in the Board minutes.

Section 5. Trustees, Officers, Key Persons and employees shall make all appropriate disclosures whenever a grievance or conflict of interest is lodged against them.

Section 6. In addition to any penalty contained in any other provision of law, any person who shall knowingly and intentionally violate this Conflict of Interest Policy may be fined, suspended or removed from office or employment in the manner provided by law.

Section 7. No Trustee, Officer or employee shall disclose confidential information acquired by him or her in the course of his or her official duties or use such information to further his or her personal interests.

Section 8. Trustees, Officers and employees may never ask a subordinate, a student or a parent of a student to work on or give to any political campaign.

Article 7
Definitions

Capitalized terms used herein shall have the meanings ascribed to such terms below:

(i) **Affiliate**. An affiliate of the Corporation is a person or entity that is directly or indirectly through one or more intermediaries, controlled by, in control of, or under common control with the Corporation.

(ii) **Financial Interest**. A person has a Financial Interest if such person would receive an economic benefit, directly or indirectly, from any transaction, agreement, or compensation agreement, including direct or indirect remuneration as well as gifts or favors that are not insubstantial or other arrangements involving the Corporation.

(iii) **Independent Trustee**. A member of the Board who:

a. Is not, and has not been within the last three (3) years, an employee or a Key Person of the Corporation or an Affiliate of the Corporation;

b. Does not have a Relative who is, or has been within the last three (3) years, a Key Person of the Corporation or an Affiliate of the Corporation;

c. Has not received more than $10,000 in direct compensation from the Corporation or an Affiliate of the Corporation in any of the last three (3) fiscal years (not including reimbursement for expenses reasonably incurred as a Trustee, as set by the Corporation);

d. Does not have a Relative who has received more than $10,000 in direct compensation from the Corporation or an Affiliate of the Corporation in any of the last three (3) fiscal years (not including reimbursement for expenses reasonably incurred as a Trustee, as set by the Corporation);

e. Is not a current employee of or does not have a substantial Financial Interest in any entity that has provided payments, property or services to or received payments, property or services from, the Corporation or an Affiliate of the Corporation in excess of the sliding scale amounts set forth in New York Not-for-Profit Corporation Law §102(21), over the last three fiscal years (the term "payment" does not include charitable contributions

and other items as set forth in New York Not-for-Profit Corporation Law §102(21));

f. Does not have a Relative who is a current officer of or has a substantial Financial Interest in any entity that has provided payments, property or services to or received payments, property or services from, the Corporation or an Affiliate of the Corporation in excess of the sliding scale amounts set forth in New York Not-for-Profit Corporation Law §102(21), over the last three fiscal years (payment does not include charitable contributions and other items as set forth in New York Not-for-Profit Corporation Law §102(21));

g. Is not a current owner, director, officer or employee of the Corporation's outside auditor or who has worked on the Corporation's audit at any time during the past three years;

h. Does not have a Relative who is a current owner, director, officer or employee of the Corporation's outside auditor or who has worked on the Corporation's audit at any time during the past three years.

i. Is not in an employment relationship with or under control or direction of any Related Party and does not receive payments subject to approval of a Related Party;

j. Does not have a Relative who is in an employment relationship with or under control or direction of any Related Party and receives payments subject to approval of a Related Party;

(iv) **Key Person**. Any person, other than a Trustee or officer, whether or not an employee of the Corporation, who (a) has responsibilities, or exercises powers or influence over the Corporation as a whole similar to the responsibilities, powers, or influence of directors or trustees and officers; (b) manages the Corporation, or a segment of the Corporation that represents a substantial portion of the activities, assets, income or expenses of the Corporation; or (c) alone or with others controls or determines a substantial portion of the Corporation's capital expenditures or operating budget.

(v) **Officer**. A person who has the authority to bind the Corporation as designated in the By-Laws of the Corporation.

(vi) **Related Party**. Persons who may be considered a Related Party of the Corporation under this Policy include:

a. Trustees, Officers, or Key Persons of the Corporation or any Affiliate of the Corporation;

b. Relatives of any individual described in subparagraph (a) of this subsection;

c. Any entity in which a person in subparagraph (a) or (b) of this subsection has a 35% or greater ownership or beneficial interest or, in the case of a partnership or professional corporation, a direct or indirect ownership interest in excess of 5%; and

d. Founders of the Corporation.

(vii) **Related Party Transaction**. Any transaction, agreement or any other arrangement in which a Related Party has a Financial Interest and in which the Corporation or any Affiliate of the Corporation is a participant, except that a transaction shall not be a Related Party Transaction if: (i) the transaction or the Related Party's financial interest in the transaction is de minimis; (ii) the transaction would not customarily be reviewed by the Board or boards of similar organizations in the ordinary course of business and is available to others on the same or similar terms; or (iii) the transaction constitutes a benefit provided to a Related Party solely as a member of a class of the beneficiaries that the Corporation intends to benefit as part of the accomplishment of its mission which benefit is available to all similarly situated members of the same class on the same terms.

(viii) **Relative**. A spouse or domestic partner as defined in section 2994-A of the New York Public Health Law; ancestors, brothers and sisters (whether whole or half-blood), children (whether natural or adopted), grandchildren, great-grandchildren; or spouses or domestic partners of brothers, sisters, children, grandchildren, and great-grandchildren.

(ix) **Trustee**. Any voting or non-voting member of the governing board of the Corporation.