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#### **Sec. 10-66mm-4. Prohibition of transfer of state and federal funds**

(a) A charter school shall not enter into any agreement whatsoever resulting in the transfer of any unsecured, noninterest bearing state or federal funds to another charter school.

(b) A charter school shall not enter into any agreement whatsoever resulting in the transfer of any unsecured, noninterest bearing state or federal funds to any charter management organization.

(c) A charter school that has entered into a cooperative arrangement pursuant to Section 10-66ee of the Connecticut General Statutes may make payments in a timely manner to another charter school or a charter management organization for reasonable and necessary costs and expenses expressed in the cooperative arrangement.

#### **Sec. 10-66mm-5. Direct and indirect costs**

(a) Allowable direct costs incurred by a charter school or an affiliated charter management organization means those costs specifically identified with or charged to the operation of a particular project, program or activity of the charter school or charter management organization. The allowable direct costs incurred shall be reasonable and necessary to the operation of such project, program or activity.

(b) Allowable indirect costs incurred by a charter school or affiliated charter management organization means those costs identified with or charged to the operation of common or joint activity but cannot be identified with or charged directly to a specific final cost objective of the project, program or activity of the charter school or charter management organization. The allowable indirect costs incurred shall be reasonable and necessary to the operation of such project, program or activity.

(c) Related party transactions shall be documented by a charter school or charter management organization. Such transactions shall be allowable if the costs incurred are (1) limited to the actual cost of goods or services; (2) applicable, appropriate and necessary to the transaction; and (3) do not exceed the fair market rate or value that a prudent person in a non-related party transaction would incur under the circumstances prevailing at the time.

#### **Sec. 10-66mm-6. Calculation of per pupil service fees**

(a) The method used to calculate an affiliated charter management organization's per pupil service fee shall be defined in the agreement between the charter school and the charter management organization. Any per pupil fee shall be based upon the number of students enrolled and attending the charter school as of October 1st of the current school year.

(b) Related parties shall not include mark-ups, profits or rates of return in their calculation of fees under subsection (a) of this section.

#### **Sec. 10-66mm-7. Collection of private donations**

(a) A charter management organization may collect private donations for distribution to charter schools.

(b) A charter management organization shall keep records of all donations received, accepted and disbursed to charter schools.































