

---

**EQUITABLE SCHOOL REVOLVING FUND, LLC**

**ANNUAL REPORT  
FOR THE  
FISCAL YEAR ENDED DECEMBER 31, 2022**

**Dated: June 27, 2023**

---

## I. INTRODUCTION

Equitable School Revolving Fund, LLC, a Delaware limited liability company (“ESRF”), pursuant to the Continuing Disclosure Agreement, dated August 30, 2022 (the “2022 Continuing Disclosure Agreement”) relating to the Arizona Industrial Development Authority Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2022A - Social Bonds, the California Infrastructure and Economic Development Bank Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2022B - Social Bonds, the Continuing Disclosure Agreement, dated October 20, 2021 (the “2021 Continuing Disclosure Agreement”) relating to the Arizona Industrial Development Authority Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2021A - Social Bonds, the California Infrastructure and Economic Development Bank Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2021B - Social Bonds, the Massachusetts Development Finance Agency Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2021C - Social Bonds, and the City of Albany Capital Resource Corporation Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2021D - Social Bonds (collectively, the “Series 2021 Bonds”), the Continuing Disclosure Agreement, dated August 27, 2020 (the “2020 Continuing Disclosure Agreement”), relating to the Arizona Industrial Development Authority Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2020A - Social Bonds and the California Infrastructure and Economic Development Bank Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2020B - Social Bonds (collectively, the “Series 2020 Bonds”), and the Continuing Disclosure Agreement, dated August 29, 2019 (the “2019 Continuing Disclosure Agreement” and, together with the 2021 Continuing Disclosure Agreement and the 2020 Continuing Disclosure Agreement, the “Continuing Disclosure Agreements”) relating to the Arizona Industrial Development Authority National Charter School Revolving Loan Fund Revenue Bonds, Series 2019A and the California Infrastructure and Economic Development Bank National Charter School Revolving Loan Fund Revenue Bonds, Series 2019B (collectively, the “Series 2019 Bonds and, together with the Series 2022 Bonds, the Series 2021 Bonds, and the Series 2020 Bonds, the “Bonds”), described further below, hereby provides its annual report for the fiscal year ended December 31, 2022 (the “Annual Report”). Capitalized terms used but not defined herein have the meanings set forth in the Official Statement relating to the Series 2022 Bonds, dated August 30, 2022 (the “Official Statement”).

### **Bond Issues (with CUSIPS for final maturities for each series)**

Arizona Industrial Development Authority National Charter School Revolving Loan Fund Revenue Bonds, Series 2019A, dated August 29, 2019 (04052FAX3)

California Infrastructure and Economic Development Bank National Charter School Revolving Loan Fund Revenue Bonds, Series 2019B, dated August 29, 2019 (13035AAT6)

Arizona Industrial Development Authority Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2020A - Social Bonds, dated August 27, 2020 (04052FBV6)

California Infrastructure and Economic Development Bank Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2020B - Social Bonds, dated August 27, 2020 (13035ABS7)

Arizona Industrial Development Authority Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2021A - Social Bonds, dated October 20, 2021 (04052FCT0)

California Infrastructure and Economic Development Bank Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2021B - Social Bonds, dated October 20, 2021 (13035ACF4)

Massachusetts Development Finance Agency Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2021C - Social Bonds, dated October 20, 2021 (57563UAB8)

City of Albany Capital Resource Corporation Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2021D - Social Bonds, dated October 20, 2021 (012430AB0)

Arizona Industrial Development Authority Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2022A - Social Bonds, dated August 30, 2022 (04052FDS1)

California Infrastructure and Economic Development Bank Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2022B - Social Bonds, dated August 30, 2022 (13035ADC0)

## **Annual Report**

ESRF's Annual Report includes this Introduction and Section II hereto and comprises: Section II(A), "Annual Financial Information" of ESRF as defined in the Continuing Disclosure Agreements as audited financial statements of ESRF, prepared on a combined basis and for the several funds of ESRF; and II(B), "Operating Data" as defined in the Continuing Disclosure Agreements as an annual update of the data regarding the Loan Program and the Charter School Borrowers of the type contained in the Official Statement in Appendix A in the tables entitled "PORTFOLIO TABLE BY ORIGINATION DATE" (excepting information in the column "Obligor Description" with respect to the 2021 Continuing Disclosure Agreement and the 2022 Continuing Disclosure Agreement), and "BORROWER METRICS" (solely with respect to the 2019 Continuing Disclosure Agreement and the 2020 Continuing Disclosure Agreement; this information is not a requirement of the 2021 and 2022 Continuing Disclosure Agreements).

## **Other Matters**

This Annual Report is provided solely for purposes of the Continuing Disclosure Agreements described above. The Continuing Disclosure Agreements provide that ESRF is required to file its Annual Report not later than June 30 of each year for the fiscal year which ended on the previous December 31. The filing of this Annual Report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about ESRF and the Bonds, or (iii) that no changes, circumstances, or events have occurred since the end of the fiscal year to which this Annual Report relates, or that no other information exists, which may have a bearing on ESRF's financial condition, the security for the Bonds, or an investor's decision to buy, sell, or hold the Bonds.

The information contained in this Annual Report has been obtained from sources that are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this Annual Report should be construed as a prediction or representation about future financial performance of ESRF.

Dated: June 27, 2023

**II(A). AUDITED FINANCIAL REPORT FOR EQUITABLE SCHOOL REVOLVING  
FUND, LLC FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022**



**EQUITABLE SCHOOL REVOLVING FUND, LLC**

**Financial Statements**

**For the Years Ended December 31, 2022 and 2021**

**With Independent Auditor's Reports**



**MITCHELL TITUS**  
ACHIEVING EXCELLENCE TOGETHER

**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
Financial Statements  
For the Years Ended December 31, 2022 and 2021

**TABLE OF CONTENTS**

	<b><u>Page(s)</u></b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1–3
<b>FINANCIAL STATEMENTS</b>	
Balance Sheets	4
Statements of Operations and Comprehensive Income	5
Statements of Member's Equity	6
Statements of Cash Flows	7–8
Notes to Financial Statements	9–21



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Equitable School Revolving Fund, LLC

### ***Opinion***

We have audited the financial statements of Equitable School Revolving Fund, LLC (the Organization), which comprise the balance sheet as of December 31, 2022, the related statements of operations and comprehensive income, member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued.

80 Pine Street  
New York, NY 10005  
T +1 212 709 4500  
F +1 212 709 4680  
[mitchelltitus.com](http://mitchelltitus.com)



### ***Auditor's Responsibilities for the Audits of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.





**MITCHELL TITUS**

***Other Matter***

The financial statements of the Organization for the year ended December 31, 2021 were audited by other auditors whose report dated April 25, 2022 expressed an unmodified opinion on those financial statements.

*Mitchell Titus, LLP*

June 14, 2023

**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
Balance Sheets  
As of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 152,460,165	\$ 94,163,913
Restricted cash	<u>8,000,000</u>	<u>-</u>
Total cash and cash equivalents	160,460,165	94,163,913
Investment securities	31,414,651	158,539,258
Loans receivable	939,232,216	580,126,050
Other assets	<u>3,545,435</u>	<u>1,973,112</u>
<b>Total assets</b>	<u>\$ 1,134,652,467</u>	<u>\$ 834,802,333</u>
<b>LIABILITIES AND MEMBER'S EQUITY</b>		
<i>Liabilities</i>		
Bonds payable, net	\$ 791,139,415	\$ 571,507,350
<i>Accrued and other liabilities</i>		
Accrued interest	6,779,950	3,586,133
Related party payable	2,503,176	918,513
Other accrued expenses	<u>681,747</u>	<u>224,784</u>
Total liabilities	<u>801,104,288</u>	<u>576,236,780</u>
<i>Member's equity</i>		
Member's equity	334,659,001	258,399,539
Accumulated other comprehensive (loss) income	<u>(1,110,822)</u>	<u>166,014</u>
Total member's equity	<u>333,548,179</u>	<u>258,565,553</u>
<b>Total liabilities and member's equity</b>	<u>\$ 1,134,652,467</u>	<u>\$ 834,802,333</u>

The accompanying notes are an integral part of these financial statements.

**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
 Statements of Operations and Comprehensive Income  
 For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>INTEREST INCOME</b>		
Loans	\$ 29,511,381	\$ 18,217,380
Securities	<u>1,411,058</u>	<u>453,779</u>
Total interest income	30,922,439	18,671,159
Interest expense, net	20,069,307	11,095,052
Provision for loan losses	<u>-</u>	<u>-</u>
Net interest income after provision for loan losses	<u>10,853,132</u>	<u>7,576,107</u>
<b>NONINTEREST (INCOME) EXPENSE</b>		
Realized (gains) losses on interest rate swaps	153,000	(1,799,089)
Professional services	5,105,953	1,847,258
Loan servicing	<u>85,170</u>	<u>48,099</u>
Total noninterest expense	<u>5,344,123</u>	<u>96,268</u>
Net income	<u>5,509,009</u>	<u>7,479,839</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		
Reclassification of (gain) loss on interest rate swaps included in net income	153,000	(1,799,089)
Unrealized loss on securities	(1,276,836)	(38,846)
Unrealized gain (loss) on interest rate swaps	<u>(153,000)</u>	<u>1,799,089</u>
Total other comprehensive income (loss)	<u>(1,276,836)</u>	<u>(38,846)</u>
<b>Comprehensive income</b>	<u>\$ 4,232,173</u>	<u>\$ 7,440,993</u>

The accompanying notes are an integral part of these financial statements.

**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
Statement of Member's Equity  
For the Years Ended December 31, 2022 and 2021

	<u>Member's Equity</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total</u>
<b>Balance - January 1, 2021</b>	\$ 201,153,469	\$ 204,860	\$ 201,358,329
Cash contribution from EFF	49,766,231	-	49,766,231
Net income	7,479,839	-	7,479,839
Reclassification of gains on interest rate swaps included in net income	-	(1,799,089)	(1,799,089)
Unrealized gain on interest rate swaps	-	1,799,089	1,799,089
Unrealized loss on securities	-	(38,846)	(38,846)
<b>Balance - December 31, 2021</b>	258,399,539	166,014	258,565,553
Cash contribution from EFF	70,750,453	-	70,750,453
Net income	5,509,009	-	5,509,009
Reclassification of gains on interest rate swaps included in net income	-	153,000	153,000
Unrealized gain on interest rate swaps	-	(153,000)	(153,000)
Unrealized loss on securities	-	(1,276,836)	(1,276,836)
<b>Balance - December 31, 2022</b>	<u>\$ 334,659,001</u>	<u>\$ (1,110,822)</u>	<u>\$ 333,548,179</u>

The accompanying notes are an integral part of these financial statements.

**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
 Statements of Cash Flows  
 For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 5,509,009	\$ 7,479,839
<i>Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities</i>		
Amortization of loan premium	1,917,100	712,269
Amortization of bond issuance costs	452,249	(335,496)
Amortization of bond premium	(4,828,403)	(3,546,671)
Reclassification of realized (gains) losses on interest rate swaps	153,000	(1,799,089)
<i>Net change in</i>		
Other assets	(1,572,323)	(1,110,649)
Accrued expenses and other liabilities	<u>5,235,443</u>	<u>1,763,869</u>
Net cash and cash equivalents provided by operating activities	<u>6,866,075</u>	<u>3,164,072</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<i>Activity in available-for-sale securities</i>		
Reinvestment of interest income	-	(639,798)
Principal paydown	9,037,737	568,388
Sales (purchases)	125,847,771	(149,926,517)
Issuance of loans receivable	<u>(370,061,003)</u>	<u>(185,495,168)</u>
Net cash and cash equivalents used in investing activities	<u>(235,175,495)</u>	<u>(335,493,095)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions from EFF	70,750,453	49,766,231
Proceeds from the issuance of bonds	233,044,824	251,782,336
Principal payments on bonds	(6,850,000)	(3,130,000)
Bond issuance costs	(2,186,605)	(2,679,118)
Proceeds from (fees paid on) sale of interest rate swaps	<u>(153,000)</u>	<u>1,679,197</u>
Net cash and cash equivalents provided by financing activities	<u>294,605,672</u>	<u>297,418,646</u>

The accompanying notes are an integral part of these financial statements.

**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
 Statements of Cash Flows *(continued)*  
 For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Net increase (decrease) in cash and cash equivalents	\$ 66,296,252	\$ (34,910,377)
Cash and cash equivalents and restricted cash - beginning of year	<u>94,163,913</u>	<u>129,074,290</u>
<b>Cash and cash equivalents and restricted cash - end of year</b>	<u>\$ 160,460,165</u>	<u>\$ 94,163,913</u>
<b>CLASSIFICATION OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents	\$ 152,460,165	\$ 94,163,913
Restricted cash	<u>8,000,000</u>	<u>-</u>
<b>Total cash and cash equivalents</b>	<u>\$ 160,460,165</u>	<u>\$ 94,163,913</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
<b>Cash paid for interest on bonds payable</b>	<u>\$ 21,250,568</u>	<u>\$ 13,677,274</u>

The accompanying notes are an integral part of these financial statements.

**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**NOTE 1      NATURE OF ORGANIZATION**

On February 20, 2018, Equitable School Revolving Fund, LLC, a wholly owned subsidiary of the Equitable Facilities Fund, Inc. (EFF), was formed as a Delaware limited liability company for the purposes of furthering EFF's charitable objective by holding and managing a revolving loan fund through which loans or other financing transactions to assist charter schools are made.

Equitable School Revolving Fund, LLC is referred to as the "Organization."

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Organization have been prepared on the basis of generally accepted accounting principles in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses.

Cash and Cash Equivalents

For the purpose of the accompanying statements of cash flows, cash and cash equivalents include interest-bearing deposits with a maturity of three months or less and restricted cash. Cash and cash equivalents amounting to \$160,458,664 and \$94,162,412 were held under the Master Trust Indenture agreement, as disclosed in Note 7, as of December 31, 2022 and 2021, respectively.

Investment Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as held to maturity and recorded at amortized cost. Securities not classified as held to maturity or trading are classified as available for sale and are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive loss. All debt securities the Organization held as of December 31, 2022 and 2021 are classified as available for sale.

**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Investment Securities *(continued)*

Purchase premiums and discounts are recognized in interest income using the interest method. For purchase premiums and discounts on equity securities and noncallable debt securities, the amounts are recognized into income over the term of the securities. For premiums on callable debt securities, the premium is amortized against income over the period until the earlier of the first call date or maturity.

Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method. Declines in the fair value of available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Organization to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Certain changes in assets and liabilities, however, such as unrealized gains and losses on available-for-sale securities and interest rate swaps, are reported as a direct adjustment to the equity section of the balance sheet. Such items, along with net income, are considered components of comprehensive income.

Income Taxes

The Organization is a single-member limited liability company and is treated as a disregarded entity for federal and state income tax purposes. The Organization's earnings are included in the consolidated federal and state income taxes of EFF.

EFF is exempt from income tax under the provisions of Internal Revenue Code Section 501(c)(3).



**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Derivative Financial Instruments

The Organization periodically holds derivative financial instruments for the purpose of hedging certain identifiable and anticipated transactions. In general, the types of risks hedged are those relating to the variability of future cash flows. Such derivative instruments typically held by the Organization are interest rate swaps that are used specifically to manage the risk associated with fixed-rate loans that are financed by fixed-rate bonds. Interest rate swaps are recognized in the accompanying consolidated statement of financial position at fair value. Changes in fair value are recognized as an unrealized gain or loss on derivatives in the consolidated statement of activities and changes in net assets, with a corresponding adjustment to the derivative liability in the consolidated statement of financial position. Derivatives are held only for the purpose of hedging such risks, not for speculation. There were no outstanding derivative holdings as of December 31, 2022 and 2021.

Loans Receivable

The Organization's loans are reported at original issue amount plus any unamortized premium from the issuance and accrued interest, less principal repaid. Interest is recognized according to terms of the specific loan. An allowance for loan losses is determined based on a specific assessment of loans that are delinquent or determined to be doubtful to be collected. Loans are considered delinquent if the repayment terms are not met. All amounts deemed to be uncollectible are charged against the allowance for loan losses in the period that determination is made.

Allowance for Loan Losses

The allowance for loan losses (the "Allowance") is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the Allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the Allowance.

The Allowance is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The Allowance consists of only specific components since there are only 57 and 39 loans as of December 31, 2022 and 2021, respectively, and the longest outstanding loan was originally issued on October 12, 2018.

**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Allowance for Loan Losses *(continued)*

A loan is considered impaired when, based on current information and events, it is probable that the Organization will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis.

A troubled debt restructuring (TDR) of a loan is undertaken to improve the likelihood that the loan will be repaid in full under the modified terms in accordance with a reasonable repayment schedule and is classified as impaired. AU modified loans are evaluated to determine whether the loan should be reported as a troubled debt restructuring. A loan is a TOR when the Organization, for economic or legal reasons related to the borrower's financial difficulties, grants a concession to the borrower by modifying or renewing a loan under terms that the Organization would not otherwise consider. To make this determination, the Organization must determine whether (a) the borrower is experiencing financial difficulties and (b) the Organization granted the borrower a concession. This determination requires consideration of all of the facts and circumstances surrounding the modification. An overall general decline in the economy or some level of deterioration in a borrower's financial condition does not inherently mean the borrower is experiencing financial difficulties.

Some of the factors considered by management when determining whether a borrower is experiencing financial difficulties are: (1) is the borrower currently in default on any of its debts; (2) has the borrower declared or is the borrower in the process of declaring bankruptcy; and, (3) absent the current modification, would the borrower likely default. As of December 31, 2022 and 2021, there are no TDRs.

Based upon management's assessment of the factors discussed above, the Organization has determined no allowance for loan losses is required in the accompanying financial statements as of December 31, 2022 and 2021.

**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Debt Issuance Costs and Premium/Discount on Bonds Payable

Debt issuance costs were incurred by the Organization in connection with obtaining the debt to finance loan operations. These costs are recorded as a reduction in the recorded balance of the outstanding debt. The costs are amortized over the term of the related debt and reported as a component of interest expense. Premiums and discounts on issuance of bonds payable are also recorded as an adjustment to the bonds payable balance and amortized over the term of the debt as a component of interest expense.

Upcoming Accounting Pronouncement

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The ASU includes increased disclosures and various changes to the accounting and measurement of financial assets, including the Organization's loans and available-for-sale debt securities. Each financial asset presented on the balance sheet would have a unique allowance for credit losses valuation account that is deducted from the amortized cost basis to present the net carrying value at the amount expected to be collected on the financial asset. The amendments in this ASU also eliminate the probable initial recognition threshold in current GAAP and instead reflect an entity's current estimate of all expected credit losses using reasonable and supportable forecasts. The new credit loss guidance will be effective for the Organization's year ending December 31, 2023. Upon adoption, the ASU will be applied using a modified retrospective transition method to the beginning of the first reporting period in which the guidance is effective. A prospective transition approach is required for debt securities for which an other-than-temporary impairment had been recognized before the effective date. Early adoption for all institutions is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Organization is still determining the impact of the new standard.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 14, 2023, which is the date the financial statements were available to be issued.

**NOTE 3      RESTRICTIONS ON CASH**

Under the terms of its derivative agreements with a bank, the Organization set up a cash collateral account. The Organization is required to make cash payments in increments of \$10,000 any time exposure is equal to or exceeds \$100,000. As of December 31, 2022 and 2021, there were no restrictions on cash associated with derivative agreements.

**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**NOTE 3 RESTRICTIONS ON CASH** *(continued)*

As of December 31, 2022, the Organization had \$8,000,000 of restricted cash consisting of funds received under the U.S. Department of Education credit enhancement program.

**NOTE 4 INVESTMENT SECURITIES**

The details of the Organization's investments in available-for-sale debt securities are as follows:

	<b>2022</b>			
	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Municipal bonds (Village Tech Schools Series 2018)	\$ 7,975,000	\$ -	\$ (1,003,654)	\$ 6,971,346
Certificates of deposit	-	-	-	-
U.S. Treasury securities	<u>25,108,843</u>	<u>-</u>	<u>(665,538)</u>	<u>24,443,305</u>
<b>Total debt securities</b>	<u>\$ 33,083,843</u>	<u>\$ -</u>	<u>\$ (1,669,192)</u>	<u>\$ 31,414,651</u>
	<b>2021</b>			
	<u>Amortized Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized Losses</u>	<u>Fair Value</u>
Municipal bonds (Village Tech Schools Series 2018)	\$ 8,120,425	\$ 492,316	\$ -	\$ 8,612,741
Certificates of deposit	124,999,469	-	(44,977)	124,954,492
U.S. Treasury securities	<u>25,178,435</u>	<u>-</u>	<u>(206,410)</u>	<u>24,972,025</u>
<b>Total debt securities</b>	<u>\$ 158,298,329</u>	<u>\$ 492,316</u>	<u>\$ (251,387)</u>	<u>\$ 158,539,258</u>

The Organization's municipal bonds (Village Tech Schools Series 2018) and U.S. Treasury securities have maturity dates of August 15, 2048 and August 31, 2023, respectively. All certificates of deposit matured in 2022.

**NOTE 5 LOANS RECEIVABLE**

The loans receivable at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Year-end balances individually evaluated for impairment - Loans receivable, bearing interest from 2.67% to 5.25%, due in monthly installments of \$22,877 to \$140,419, including interest, maturity between September 2027 and November 2056	\$ 896,316,027	\$ 555,861,432
Unamortized premium	<u>42,916,189</u>	<u>24,264,618</u>
<b>Total</b>	<u>\$ 939,232,216</u>	<u>\$ 580,126,050</u>

**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**NOTE 5      LOANS RECEIVABLE** *(continued)*

Credit Quality Indicators

The Organization internally assesses the quality of loans based on a number of key credit quality indicators and statistics, such as delinquency, loan balance to estimated collateral value, and the financial strength of individual borrowers. Because many of these indicators are difficult to apply across an entire class of receivables, the Organization evaluates individual loans on an annual basis and classifies these loans into categories based on the key credit quality indicators for the individual note. The Organization reviews individual loans on a quarterly basis against the annual evaluation.

The Organization classifies loans receivable as doubtful if credit quality indicators suggest full collection of principal and interest is unlikely. Loans receivable classified as stable are deemed to be fully collectible based on the credit quality indicators. The Organization uses its judgment when credit quality indicators have deteriorated but believes collection of full principal and interest is probable but not certain. As of December 31, 2022 and 2021, all loans are considered to be fully collectible and, therefore, are classified as stable. As of December 31, 2022 and 2021, there were no loans with delinquency, impairment, or nonaccrual status.

**NOTE 6      FAIR VALUE MEASUREMENTS**

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability. The Organization currently does not hold any assets or liabilities valued using Level 3 inputs.

**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**NOTE 6 FAIR VALUE MEASUREMENTS** *(continued)*

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The following tables present information about the Organization's assets and liabilities measured at fair value on a recurring basis at December 31, 2022 and 2021 and the valuation techniques used by the Organization to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2022
<b>ASSETS</b>				
Municipal bonds (Village Tech Schools Series 2018)	\$ -	\$ 24,443,305	\$ -	\$ 24,443,305
U.S. Treasury securities	-	6,971,346	-	6,971,346
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 31,414,651</u>	<u>\$ -</u>	<u>\$ 31,414,651</u>

	Assets Measured at Fair Value on a Recurring Basis at December 31, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2021
<b>ASSETS</b>				
Municipal bonds (Village Tech Schools Series 2018)	\$ -	\$ 8,612,741	\$ -	\$ 8,612,741
Certificates of deposit	-	124,954,492	-	124,954,492
U.S. Treasury securities	-	24,972,025	-	24,972,025
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 158,539,258</u>	<u>\$ -</u>	<u>\$ 158,539,258</u>

The fair values of municipal bonds, certificates of deposit, and U.S. Treasury securities investments at December 31, 2022 and 2021 and the derivatives liability at December 31, 2021 were determined primarily based on Level 2 inputs. The Organization estimates the fair value of the investments based on similar investments that are traded on a secondary market and the derivatives liability based on a variety of observable inputs, including contractual terms, interest rate curves, yield curves, credit curves, measures of volatility, and correlations of such inputs.

**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**NOTE 7 BONDS PAYABLE**

Bonds payable at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Series 2019A bonds payable - All bearing interest from 4% to 5%, with semiannual interest payments beginning in May 2020; annual principal payments beginning in November 2020; and maturity dates ranging from November 1, 2020 to 2049. All bonds payable not previously matured are callable on November 1, 2028	\$ 88,455,000	\$ 90,215,000
Series 2019B bonds payable - All bearing interest of 5%, with semiannual interest payments beginning in May 2020; annual principal payments beginning in November 2020; and maturity dates ranging from November 1, 2020 to 2049. All bonds payable not previously matured are callable on November 1, 2028	18,120,000	18,485,000
Series 2020A bonds payable - All bearing interest from 4% to 5%, with semiannual interest payments beginning in May 2021; annual principal payments beginning in November 2021; and maturity dates ranging from November 1, 2021 to 2050. All bonds payable not previously matured are callable on November 1, 2030	120,065,000	122,065,000
Series 2020B bonds payable - All bearing interest from 4% to 5%, with semiannual interest payments beginning in May 2021; annual principal payments beginning in November 2021; and maturity dates ranging from November 1, 2021 to 2055. All bonds payable not previously matured are callable on November 1, 2030	46,740,000	47,650,000
Series 2021A bonds payable - All bearing interest of 4%, with semiannual interest payments beginning in May 2022; annual principal payments beginning in November 2022; and maturity dates ranging from November 1, 2022 to 2051	121,080,000	122,985,000

**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**NOTE 7      BONDS PAYABLE (continued)**

	<u>2022</u>	<u>2021</u>
Series 2021B bonds payable - All bearing interest of 4%, with semiannual interest payments beginning in May 2022; annual principal payments beginning in November 2032; and maturity dates ranging from November 1, 2032 to 2056	\$ 30,650,000	\$ 30,650,000
Series 2021C bonds payable - All bearing interest of 4%, with semiannual interest payments beginning in May 2022; annual principal payments beginning in November 2042; and maturity dates ranging from November 1, 2042 to 2051	17,925,000	17,925,000
Series 2021D bonds payable - All bearing interest of 4%, with semiannual interest payments beginning in May 2022; annual principal payments beginning in November 2042; and maturity dates ranging from November 1, 2042 to 2051	25,020,000	25,020,000
Series 2021E bonds payable - All bearing interest of 4%, with semiannual interest payments beginning in May 2022; annual principal payments beginning in November 2032; and maturity dates ranging from November 1, 2032 to 2051	21,325,000	21,325,000
Series 2022A bonds payable – All bearing interest from 4% to 5%, with semiannual interest payments beginning in May 2023; annual principal payments beginning in November 2025; and maturity dates through November 2052	153,525,000	-
Series 2022B bonds payable – All bearing interest from 4% to 5%, with semiannual interest payments beginning in May 2023; annual principal payments beginning in November 2025; and maturity dates through November 2057	<u>65,885,000</u>	<u>-</u>
Total par value of bonds payable	708,790,000	496,320,000
Unamortized premium	91,534,987	82,728,566
Unamortized bond issuance costs	<u>(9,185,572)</u>	<u>(7,451,216)</u>
<b>Bonds payable plus unamortized premium and less debt issuance costs</b>	<u><u>\$ 791,139,415</u></u>	<u><u>\$ 571,597,350</u></u>



**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**NOTE 7 BONDS PAYABLE** *(continued)*

As of December 31, 2022 and 2021, amortization of bond premium amounted to \$4,828,403 and \$3,546,671, respectively.

The balance of the above debt matures as follows:

<u>Years Ending</u>	<u>Amount</u>
2023	\$ 8,525,000
2024	9,230,000
2025	11,350,000
2026	12,160,000
2027	57,775,000
Thereafter	<u>609,750,000</u>
<b>Total</b>	<u><u>\$ 708,790,000</u></u>

Interest expense for 2022 and 2021 was \$24,444,385 and \$14,293,884, respectively.

Legal and accounting fees, printing costs, and other expenses associated with the issuance of the Series 2022A and Series 2022B bonds payable totaling \$2,186,605 in 2022 and Series 2021A through Series 2021E bonds payable totaling \$2,679,118 in 2021 were capitalized as bond issuance costs and are amortized over the term of the bonds. Bond issuance costs are shown net amortization expense on the statement of financial position. Amortization expense in 2022 and 2021 was \$452,249 and \$335,496, respectively, and was properly reported as interest expense on the statement of activities and changes in net assets.

Under the Master Trust Indenture (the Trust) dated September 1, 2018 and amended and restated on August 1, 2020, the Organization has pledged certain loans, revenue, and investments to secure the bonds payable. The cash and cash equivalents and investments are held in funds designated by the Trust to maintain use restrictions. The funds include the following:

- Revenue Funds - To receive loan payments, pay certain fees and bond payments, and hold bond proceeds designated for specific loans. Funds are pledged to bondholders.
- Debt Service Reserve Fund - To make up any deficiency in the Revenue Funds for bond payments. Funds are pledged to bond holders.
- Loan Program Funds and Other Unpledged Funds - To maintain contributions and bond reimbursements, specifically for the purpose of issuing loans. Funds are not pledged to bondholders.

**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**NOTE 7      BONDS PAYABLE** *(continued)*

	<u>2022</u>	<u>2021</u>
Revenue funds	\$ 32,792,870	\$ 99,664,051
Debt service reserve funds	25,167,351	24,972,025
Loan program funds and other unpledged funds	<u>126,267,961</u>	<u>119,236,046</u>
<b>Total</b>	<u>\$ 184,228,182</u>	<u>\$ 243,872,122</u>

**NOTE 8      INTEREST RATE SWAPS**

The Organization entered into several interest rate swap agreements to manage its variable rate interest exposure.

An interest rate swap agreement entered in December 2020 had a forward starting effective date of November 1, 2021 and mandatory termination date of November 1, 2021; was set to expire on December 1, 2050; and effectively fixed the interest rate at 1.376% on a portion of the bonds with a notional value of \$25,645,236. The agreement was terminated on October 6, 2021 and resulted in a gain of \$1,507,633.

An interest rate swap agreement entered in July 2021 had a forward starting effective date of December 1, 2021 and mandatory termination date of November 1, 2022; was set to expire on July 1, 2056; and effectively fixed the interest rate at 1.614% on a portion of the bonds with a notional value of \$12,432,240. The agreement was terminated on October 6, 2021 and resulted in a gain of \$291,456.

An interest rate swap agreement entered into on April 21, 2022 had a forward starting effective date of November 1, 2022 and a mandatory termination date of November 1, 2022, was set to expire on February 1, 2057 and effectively fixed the interest rate at 2.5875% on a portion of the bonds with a notional value of \$20,619,963. The agreement was terminated on August 16, 2022 and resulted in a loss of \$153,000.

As each interest rate swap was terminated before the forward starting effective date, no interest expense was incurred for the years ended December 31, 2022 and 2021.

**EQUITABLE SCHOOL REVOLVING FUND, LLC**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

**NOTE 9      RELATED PARTY TRANSACTIONS**

The following is a description of transactions between the Organization and related parties:

*Accounts Payable and Accrued Expenses*

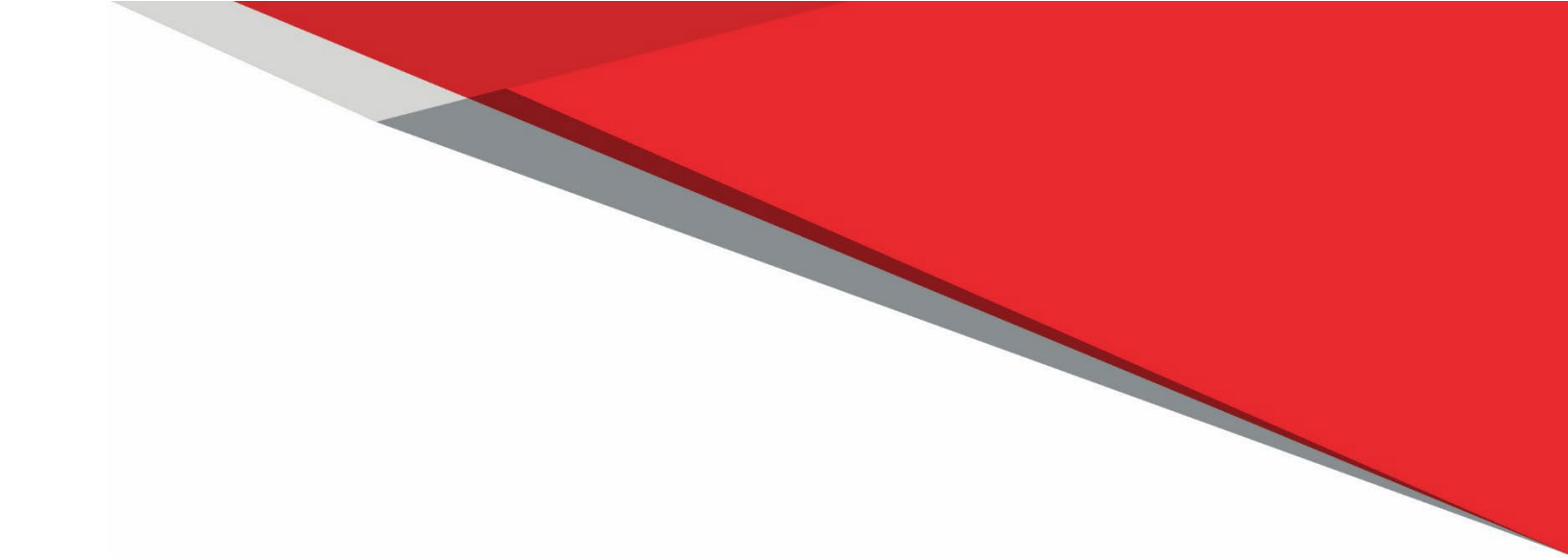
At December 31, 2022 and 2021, the Organization had accounts payable and accrued expenses payable to EFF totaling \$2,503,176 and \$918,513, respectively.

*Underwriting and Bond Administration Fees*

For the years ended December 31, 2022 and 2021, there were no loan underwriting costs charged by EFF.

*Administrative Overhead Fee*

Commencing in January 2022, the Organization is charged an administrative overhead fee of \$5,006,351 payable to EFF in equal installments semiannually on July 10 and January 10. This annual fee set forth herein will be effective from January 1, 2022 through December 31, 2026. Commencing on January 1, 2027, the fee will be computed at 0.35% of the average principal amount of loans outstanding pursuant to all charter school loan agreements during the previous semiannual period (January 1 through June 30 and July 1 through December 31, respectively). For the years ended December 31, 2022 and 2021, the administrative overhead fee was \$5,006,351 and \$1,685,356, respectively.



## II(B)(1). PORTFOLIO TABLE BY ORIGINATION DATE AS OF DECEMBER 31, 2022

Portfolio Table by Origination Date											
Loan #	LOAN ORIGINATION DATE	OBLIGOR NAME	LOCATION	OBLIGOR DESCRIPTION <sup>1</sup>	YEAR OPENED	ORIGINAL EFF LOAN \$	OUTSTANDING EFF LOAN(S) (as of 12/31/2022)	OBLIGOR % OF ESRF PORTFOLIO (as of 12/31/22)	LOAN MATURITY DATE	LOAN PAYMENT CURRENT?	S&P RATING (as of 12/31/22)
1	10/12/2018	The Soulsville Charter School	Memphis, TN	Single campus school	2005	\$10,330,105.94	\$9,644,824.30	1.1%	10/1/2048	Yes	NR
2	12/20/2018	Village Tech Academy	Duncanville, TX	Single campus school	2013	\$8,385,000.00	\$7,975,000	0.9%	8/15/2048	Yes	BB
3	2/12/2019	Arizona School for the Arts	Phoenix, AZ	Single campus school	1995	\$10,620,000.00	\$9,897,257	2.0%	7/1/2048	Yes	BB+
4	2/25/2019	Choices in Learning Academy	Winter Springs, FL	Single campus school	2001	\$9,199,407.41	\$8,346,666	0.9%	11/1/2043	Yes	BBB-
5	3/14/2019	KIPP Northern California Public Schools (formerly KIPP Bay Area)	Northern California	6 school Obligated Group (19 school network)	2002	\$16,000,000.00	\$14,937,828	6.5% <sup>2</sup>	4/1/2049	Yes	BBB
6	3/21/2019	Arlington Classics Academy	Arlington, TX	3 schools on 2 campuses	1999	\$15,635,234.39	\$13,871,980	1.5%	8/1/2040	Yes	BBB-
7	4/26/2019	Blackstone Valley Preparatory Academy	Providence, RI Region	6 school network	2009	\$16,000,000.00	\$14,986,895	4.8% <sup>2</sup>	5/1/2049	Yes	BB+
8	5/31/2019	Rocketship United Academy	Nashville, TN	Single school Obligated Group (3 school network)	2015	\$7,282,964.14	\$6,830,247	0.8%	6/1/2049	Yes	NR
9	6/5/2019	KIPP Nashville	Nashville, TN	7 school network	2005	\$10,500,000.00	\$9,825,606	2.9% <sup>2</sup>	6/1/2049	Yes	BBB <sup>3</sup>
10	8/30/2019	James Irwin Charter Schools	Colorado Springs, CO	5 school network	1999	\$24,580,312.72	\$23,091,413	2.6%	8/1/2049	Yes	BBB
11	10/17/2019	Itineris Early College High School	West Jordan, UT	Single campus school	2004	\$7,965,982.00	\$7,520,546	0.8%	12/1/2049	Yes	BB
12	12/5/2019	Alliance for College-Ready Public Schools	Los Angeles, CA	15 school Obligated Group (23 school network)	2003	\$26,916,708.58	\$25,414,302	2.8%	7/1/2049	Yes	BBB
13	2/27/2020	Caliber: ChangeMakers Academy	Vallejo, CA	Single school Obligated Group (2 school network)	2014	\$14,219,046.00	\$13,461,496	1.5%	2/1/2050	Yes	BBB- <sup>5</sup>
14	3/19/2020	TEAM Academy: KIPP NJ	Newark, NJ	14 school network	2001	\$21,500,000.00	\$21,500,000	2.4%	9/1/2050	Yes	BBB
15	3/31/2020	Renaissance Arts Academy	Los Angeles, CA	Single campus school	2003	\$16,121,412.40	\$15,617,688	1.7%	5/1/2056	Yes	BBB-

16	5/14/2020	Not Your Ordinary School (NYOS)	Austin, TX	Single campus school	1998	\$25,295,892.03	\$25,035,408	2.8%	6/1/2050	Yes	BB
17	5/29/2020	Scuola Vita Nuova	Kansas City, MO	Single campus school	1999	\$8,885,902.93	\$8,617,798	1.0%	6/1/2050	Yes	BB+
18	6/22/2020	KIPP Nashville	2nd Loan for Obligor - See Loan #9 for school information			\$16,991,882.94	\$16,608,976	See Loan #9 <sup>2</sup>	7/1/2050	See Loan #9	
19	6/29/2020	Arizona School for the Arts	2nd Loan for Obligor - See Loan #3 for school information			\$8,536,764.32	\$7,858,356	See Loan #3 <sup>2</sup>	7/1/2041	See Loan #3	
20	6/30/2020	Brookside	Kansas City, MO	Single campus school	2002	\$5,655,705.00	\$5,391,654	0.6%	7/1/2050	Yes	BB
21	7/22/2020	Sarasota School for the Arts	Sarasota, FL	Single campus school	1997	\$8,935,316.00	\$8,195,332	0.9%	7/1/2040	Yes	BBB-
22	7/24/2020	Dayspring Academy	New Port Richey, FL	5 school network (expansion to 6 in 2024)	2000	\$10,682,688.36	\$10,401,663	1.2%	8/1/2050	Yes	BB
23	7/31/2020	Public Prep: Boys Prep	Bronx, NY		2005	\$7,029,431.00	\$6,718,258	0.7%	8/1/2050	Yes	BBB <sup>4</sup>
24	10/2/2020	Alma del Mar Charter School	New Bedford, MA		2011	\$21,000,000.00	\$20,925,274	2.3%	11/1/2050	Yes	BB
25	10/30/2020	IDEA Louisiana	Baton Rouge, LA		2018	\$17,500,000.00	\$16,919,792	1.9%	11/1/2050	Yes	NR
26	12/4/2020	KIPP Albany	Albany, NY		2005	\$24,537,151.60	\$23,784,732	2.6%	12/1/2050	Yes	BBB-
27	12/22/2020	Equitas	Los Angeles, CA		2009	\$30,811,625.00	\$30,594,045	3.4%	12/1/2055	Yes	BB+
28	3/5/2021	Blackstone Valley Preparatory Academy	2nd Loan for Obligor - See Loan #7 for school information			\$15,955,000.00	\$15,399,179	See Loan #7 <sup>2</sup>	3/1/2051	See Loan #7	
29	3/5/2021	Austin Achieve	Austin, TX		2012	\$29,756,423.26	\$29,644,044	3.3%	6/1/2048	Yes	BBB-
30	3/19/2021	Impact Public Schools	Seattle, WA		2016	\$10,102,561.39	\$9,925,341	1.1%	3/1/2056	Yes	NR
31	4/16/2021	Great Oaks Legacy Charter School	Newark, NJ		2011	\$14,897,472.30	\$14,799,599	1.6%	4/1/2051	Yes	BB+
32	4/28/2021	KIPP Northern California Public Schools	2nd Loan for Obligor - See Loan #5 for school information			\$11,733,266.48	\$11,483,413	See Loan #5 <sup>2</sup>	3/1/2056	See Loan #5	

33	6/24/2021	Paramount School of Excellence	Indianapolis, IN		2010	\$11,521,110.91	\$11,288,685	1.2%	7/1/2051	Yes	BB+
34	7/9/2021	Memphis Rise Academy	Memphis, TN		2014	\$9,680,868.34	\$9,465,907	1.0%	7/1/2051	Yes	BBB-
35	8/10/2021	LISA Academy	Little Rock Region, AR		2004	\$16,189,436.04	\$16,189,436	1.8%	8/1/2056	Yes	BB+
36	10/14/2021	Fortune School of Education	Sacramento Region, CA		2010	\$6,764,111.47	\$6,690,636	0.7%	11/1/2056	Yes	NR
37	10/15/2021	KIPP Jacksonville	Jacksonville, FL		2010	\$18,166,982.71	\$18,042,341	2.7%	10/1/2056	Yes	BBB-
38	11/5/2021	Palm Beach School for Autism	Palm Beach, FL		2003	\$15,073,410.22	\$14,778,810	1.6%	11/1/2051	Yes	BB+
39	12/30/2021	Western Academy	Royal Palm Beach, FL		2003	\$14,245,003.75	\$14,245,004	1.6%	12/1/2051	Yes	BB
40	1/28/2022	Mission Achievement and Success (MAS)	Alberquerque, NM		2012	\$30,700,119.16	\$30,700,119	3.4%	3/1/2052	Yes	BB
41	2/16/2022	Tulsa Honor Academy	Tulsa, OK		2015	\$10,602,566.33	\$10,602,566	1.2%	2/1/2052	Yes	BB
42	2/18/2022	Vista College Prep	Phoenix, AZ		2013	\$19,879,786.58	\$19,823,088	2.2%	2/1/2051	Yes	BB+
43	3/11/2022	Freedom Preparatory Academy	Memphis, TN		2009	\$18,979,986.28	\$18,816,596	2.1%	3/1/2052	Yes	BBB-
44	3/23/2022	Environmental Charter Schools	Los Angeles, CA		2010	\$27,782,756.77	\$27,607,663	3.1%	3/1/2057	Yes	BB+
45	4/7/2022	Achievement First Rhode Island	Providence and Cranston, RI		2013	\$36,952,866.62	\$36,952,867	4.1%	4/1/2052	Yes	BB+
46	5/27/2022	KIPP Jacksonville	2nd Loan for Obligor - See Loan #37 for school information			\$6,870,270.96	\$6,826,157	See Loan #37 <sup>2</sup>	10/1/2056	See Loan #37	
47	6/2/2022	KIPP Northern California	2nd Loan for Obligor - See Loan #5 for school information			\$32,226,266.30	\$32,106,282	See Loan #5 <sup>2</sup>	5/1/2057	See Loan #5	
48	7/21/2022	Friere Wilmington	Wilmington, DE		2016	\$10,668,632.28	\$10,629,599	1.2%	7/1/2052	Yes	BB
49	8/15/2022	Compass Rose	San Antonio and Austin, TX		2017	\$30,000,000.00	\$29,911,237	3.3%	9/1/2027	Yes	NR

50	8/31/2022	Partnerships to Uplift Communities Valley (PUC)	Los Angeles, CA		2007	\$22,881,484.48	\$22,739,929	2.5%	8/1/2044	Yes	BB+
51	9/2/2022	Valor Collegiate Academies	Nashville, TN		2014	\$32,298,197.74	\$32,176,837	3.6%	9/1/2052	Yes	BBB-
52	9/16/2022	e-STEM	Little Rock, AR		2008	\$10,105,974.00	\$10,095,950	1.1%	9/1/2057	Yes	NR
53	9/16/2022	Memphis School of Excellence	Memphis, TN		2010	\$9,970,104.00	\$9,958,238	1.1%	9/1/2052	Yes	BBB-
54	9/23/2022	Beatrice Mayes Institute	Houston, TX		2001	\$16,792,883.82	\$16,741,472	1.9%	10/1/2029	Yes	BBB-
55	10/26/2022	Blackstone Valley Preparatory Academy	3rd Loan for Obligor - See Loan #7 for school information			\$12,760,000.00	\$12,755,382	See Loan #7 <sup>2</sup>	10/1/2052	See Loan #7	
56	11/9/2022	Elevate Academy	Caldwell, ID		2019	\$11,965,000.00	\$11,965,000	1.3%	11/1/2052	Yes	BB
57	12/7/2022	Etoile Academy	Houston, TX		2018	\$8,055,436.73	\$8,055,437	0.9%	12/1/2052	Yes	NR
Total:						\$924,696,511.68	\$904,389,847	100%			
		mean	NA	NA	2007	\$16,222,746	\$15,866,489	2.0%	6/5/2050	NA	NA
		median	NA	NA	2007	\$14,897,472	\$14,245,004	1.7%	12/1/2050	NA	BB+

<sup>1</sup> Obligor description no longer required under ESRF's Continuing Disclosure Agreement.

<sup>2</sup> Obligor's multiple loans are combined for total % of portfolio.

<sup>3</sup> S&P upgraded KIPP Nashville rating to "BBB" from "BBB-" in 2022.

<sup>4</sup> S&P upgraded Boys Prep rating to "BBB" from "BB+" in 2022.

<sup>5</sup> Upgraded by S&P prior to 2022.



## II(B)(2). BORROWER METRICS AS OF DECEMBER 31, 2022

Borrower Metrics <sup>1,9,10</sup>													
Loan #	OBLIGOR NAME	GRADES SERVED	FALL 2022 OBLIGOR REPORTED ENROLLMENT	REPORTED ENROLLMENT CHANGE FROM PRIOR YEAR <sup>2</sup>	REPORTED WAIT LIST AS % OF ENROLLMENT	CHARTER EXPIRATION DATE	STATE/AUTHORIZER RATING (if applicable)	ELA PROFICIENCY RELATIVE TO DISTRICT <sup>3</sup>	MATH PROFICIENCY RELATIVE TO DISTRICT <sup>3</sup>	OBLIGOR TOTAL REVENUE	ANNUAL DSC	DEBT BURDEN (as % of total revenue)	DAYS CASH ON HAND
1	The Soulsville Charter School	6-12	628	-5.4%	39.2%	6/30/2030	State: Level 2 (TVAAS) <sup>4</sup>	66.2%	44.4%	\$10,338,476	4.25	7.2%	146.0
2	Village Tech Academy	PK-12	1,299	4.8%	44.3%	7/31/2028	C	111.4%	222.2%	\$14,785,373	1.57	18.9%	124.1
3	Arizona School for the Arts	5-12	815	-3.8%	10.4%	7/1/2031	A	322.3%	289.5%	\$9,971,308	1.55	12.3%	129.8
4	Choices in Learning Academy	K-5	682	1.2%	36.1%	6/30/2024	A	127.7%	112.3%	\$6,116,064	1.63	10.3%	199.4
5	KIPP Northern California Public Schools	K-11	1298	5.3%	21.3%	Multiple	NA	150.5%	120.5%	\$23,036,128	1.96 <sup>6</sup>	10.0%	142
6	Arlington Classics Academy	K-8	1,515	-0.7%	22.3%	7/31/2033	A	155.8%	164.3%	\$16,916,074	1.91	10.0%	286.8
7	Blackstone Valley Preparatory Academy	K-12	2,203	-0.6%	79.0%	6/30/2024	Multiple	200.8%	196.9%	\$42,212,058	2.16	7.2%	81.7
8	Rocketship United Academy	K-4	494	-13.3%	0.0%	6/30/2025	Level 5 (TVAAS) <sup>4</sup> Reward School <sup>5</sup>	90.4%	90.0%	\$9,828,731	4.14	5.2%	133.6
9	KIPP Nashville	K-12	3,145	7.4%	41.0%	Multiple	Multiple	158.2%	157.6%	\$59,863,747	5.31	6.8%	217.8
10	James Irwin Charter Schools	K-12	2,063	0.4%	9.3%	Multiple	Multiple	129.6%	159.1%	\$24,667,427	2.52	9.3%	326.3
11	Itineris Early College High School	10-12	329	-9.9%	0.0%	Evergreen	Exemplary	157.1%	242.1%	\$4,243,152	2.78	10.6%	215.3
12	Alliance for College-Ready Public Schools	6-12	8,385	-1.0%	9.3%	Multiple	NA	88.5%	77.5%	\$146,963,093	2.14 <sup>6</sup>	6.5%	179.9
13	Caliber: ChangeMakers Academy	K-8	922	9.9%	26.5%	6/30/2026	NA	45.7%	25.7%	\$12,537,382	1.02 <sup>6,7</sup>	6.2%	178.4
14	TEAM: KIPP NJ	K-12	6,109	8.0%	7.1%	6/30/2026	NA	141.5%	58.3%	\$153,173,337	4.33 <sup>8</sup>	3.6% <sup>8</sup>	96.5
15	Renaissance Arts Academy	TK-12	459	-9.1%	107.2%	6/30/2025	NA	210.3%	365.4%	\$8,195,331	1.8	22.7%	496.3
16	Not Your Ordinary School (NYOS)	PK-12	1,619	13.9%	148.6%	7/31/2023	B	120.3%	107.1%	\$17,221,193	1.64	8.2%	108.1
17	Scuola Vita Nuova	K-8	407	5.2%	14.3%	6/30/2028	NA	176.6%	228.7%	\$7,080,230	4.83	6.2%	315.1
18	KIPP Nashville	2nd Loan for Obligor - See Loan #9 for school information											
19	Arizona School for the Arts	2nd Loan for Obligor - See Loan #3 for school information											
20	Brookside Charter School	PK-8	729	-2.0%	4.8%	6/30/2028	NA	155.7%	105.1%	\$13,973,798	9.84	2.2%	164.7
21	Sarasota School for the Arts	6-8	742	-0.8%	63.2%	6/30/2028	A	120.0%	108.5%	\$7,923,608	2.67	8.3%	173.1
22	Dayspring Academy	PK-12	1,177	14.2%	68.1%	Multiple	A	128.9%	144.7%	\$11,272,510	1.17	5.0%	30

<sup>1</sup> School data based on School Year 2022-23; academic data based on School Year 2021-22, unless otherwise noted; and financial data based on Fiscal Year 2022, unless otherwise noted.  
<sup>2</sup> School reporting dates may vary.  
<sup>3</sup> Based on highest grade tested with available information.  
<sup>4</sup> Tennessee Value Added Assessment System - range is 1-5 with 5 the highest score.  
<sup>5</sup> Reward School is the highest distinction granted by the Tennessee Department of Education; top 5% for annual growth.  
<sup>6</sup> Debt service coverage based on management fees as expenses; if these expenses are subordinated in accordance with MTI, coverage would be materially higher.  
<sup>7</sup> Legal covenant for the annual debt service coverage calculation excludes CMO fees from the definition of expenses; thus, annual annual debt service was 2.08x, fully complying with the covenant.  
<sup>8</sup> Debt service coverage and debt burden net of QZAB-related revenue and expense.  
<sup>9</sup> Portfolio statistical data is provided to indicate the general credit characteristics of the portfolio borrower. Note: while all of the loan payments are pledged to all ESRF bonds, the loan obligations of the individual borrowers are not cross-collateralized i.e., each borrower is responsible only for its repayment obligations.  
<sup>10</sup> Only continuing disclosure agreements for Series 2019 and Series 2020 require the information contained in this table for ESRF's first 22 loans only.