EQUITABLE SCHOOL REVOLVING FUND, LLC

ANNUAL REPORT
FOR THE
FISCAL YEAR ENDED DECEMBER 31, 2020

Dated: June 22, 2021

I. INTRODUCTION

Equitable School Revolving Fund, LLC, a Delaware limited liability company ("ESRF"), pursuant to the Continuing Disclosure Agreement dated August 27, 2020 (the "2020 Continuing Disclosure Agreement"), relating to the Senior National Charter School Revolving Loan Fund Revenue, Series 2020A-Social Bonds and the Senior National Charter School Revolving Loan Fund Revenue, Series 2020B-Social Bonds (the "Series 2020 Bonds"), and the Continuing Disclosure Agreement dated August 29, 2019 (the "2019 Continuing Disclosure Agreement" and together with the 2020 Continuing Disclosure Agreement, the "Continuing Disclosure Agreements") relating to the National Charter School Revolving Fund, Series 2019A and the National Charter School Revolving Fund, Series 2019B (the "Series 2019 Bonds and together with the Series 2020 Bonds, the "Bonds"), described further below, hereby provides its annual information for the fiscal year ended December 31, 2020 (the "Annual Report"). Capitalized terms used but not defined herein have the meanings set forth in the Official Statement for the Series 2020 Bonds, dated August 12, 2020 (the "Official Statement").

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

Arizona Industrial Development Authority, Equitable School Revolving Fund National Charter School Revolving Loan Fund Revenue, Series 2019A Bonds, dated August 29, 2019 (04052FAX7)

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

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

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

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" and "BORROWER METRICS."

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 22, 2021

II(A). AUDITED FINANCIAL REPORT FOR EQUITABLE SCHOOL REVOLVING FUND, LLC FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

Equitable School Revolving Fund, LLC

Financial Report
December 31, 2020

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Plante Moran, PC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Directors
Equitable School Revolving Fund, LLC

We have audited the accompanying financial statements of Equitable School Revolving Fund, LLC (the "Organization"), which comprise the balance sheet as of December 31, 2020 and 2019 and the related statements of operations and comprehensive income (loss), member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Equitable School Revolving Fund, LLC as of December 31, 2020 and 2019 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Plante Moran, PC

April 28, 2021

Balance Sheet

December 31, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	$ 128,934,290	$ 167,213,071
Restricted cash (Note 3)	140,000	600,000
Total cash	129,074,290	167,813,071
Investment securities (Note 4)	8,580,177	8,978,300
Loans receivable (Note 5)	395,343,151	154,885,632
Other assets	1,436,262	798,289
Total assets	**$ 534,433,880**	**$ 332,475,292**
Liabilities and Member's Equity		
Liabilities		
Bonds payable - Net (Note 7)	$ 329,416,299	$ 129,637,785
Accrued and other liabilities:		
Accrued interest	2,969,523	1,808,009
Interest rate swap (Note 8)	119,892	593,456
Related party payable (Note 9)	569,837	788,907
Total liabilities	333,075,551	132,828,157
Member's Equity		
Member's equity	201,153,469	198,993,897
Accumulated other comprehensive income	204,860	653,238
Total member's equity	201,358,329	199,647,135
Total liabilities and member's equity	**$ 534,433,880**	**$ 332,475,292**

Statement of Operations and Comprehensive Income (Loss)

Years Ended December 31, 2020 and 2019

	2020	2019
Interest Income		
Loans	$ 10,042,165	$ 3,287,669
Securities	902,433	2,656,114
Total interest income	10,944,598	5,943,783
Interest Expense - Net	6,026,504	1,609,666
Provision for Loan Losses	-	-
Net Interest Income after Provision for Loan Losses	4,918,094	4,334,117
Noninterest Expense		
Realized losses on interest rate swaps	2,206,791	4,733,425
Professional services	1,273,303	412,111
Loan servicing	6,000	7,351
Total noninterest expense	3,486,094	5,152,887
Net Income (Loss)	1,432,000	(818,770)
Other Comprehensive Income (Loss)		
Reclassification of losses on interest rate swaps included in net income	2,206,791	-
Reclassification of unrealized gains on cash equivalents	(60,167)	-
Unrealized (loss) gain on securities	(268,319)	543,264
Unrealized loss on interest rate swaps	(2,326,683)	-
Total other comprehensive income (loss)	(448,378)	543,264
Comprehensive Income (Loss)	**$ 983,622**	**$ (275,506)**

See notes to financial statements.

Statement of Member's Equity

Years Ended December 31, 2020 and 2019

	Member's Equity	Accumulated Other Comprehensive Income	Total
Balance - January 1, 2019	$ 49,812,667	$ 109,974	$ 49,922,641
Cash contribution from EFF	150,000,000	-	150,000,000
Net loss	(818,770)	-	(818,770)
Unrealized gain on securities	-	543,264	543,264
Balance - December 31, 2019	198,993,897	653,238	199,647,135
Cash contribution from EFF	727,572	-	727,572
Net income	1,432,000	-	1,432,000
Reclassification of losses on interest rate swaps included in net income	-	2,206,791	2,206,791
Reclassification of unrealized gains on cash equivalents	-	(60,167)	(60,167)
Unrealized loss on interest rate swaps	-	(2,326,683)	(2,326,683)
Unrealized loss on securities	-	(268,319)	(268,319)
Balance - December 31, 2020	**$ 201,153,469**	**$ 204,860**	**$ 201,358,329**

See notes to financial statements.

Statement of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Net income (loss)	$ 1,432,000	$ (818,770)
Adjustments to reconcile net income (loss) to net cash and cash equivalents from operating activities:		
Amortization of loan premium	85,581	2,925
Amortization of bond issuance costs	(491,230)	32,598
Amortization of bond premium	(1,931,858)	(233,865)
Unrealized loss on interest rate swaps	-	267,475
Reclassification of unrealized gains on cash equivalents	(60,167)	-
Net change in:		
Other assets	(637,973)	(785,310)
Accrued expenses and other liabilities	942,444	2,546,916
Net cash and cash equivalents (used in) provided by operating activities	(661,203)	1,011,969
Cash Flows from Investing Activities		
Activity in available-for-sale securities:		
Reinvestment of interest income	(440,408)	(288,453)
Principal paydown	570,212	288,224
Net change in loans	(240,543,100)	(144,578,834)
Net cash and cash equivalents used in investing activities	(240,413,296)	(144,579,063)
Cash Flows from Financing Activities		
Contributions from EFF	727,572	150,000,000
Proceeds from the issuance of bonds	205,904,234	132,772,842
Principal payments on bonds	(1,005,000)	-
Bond issuance costs	(2,697,632)	(2,933,790)
Sale of interest rate swaps	(593,456)	-
Net cash and cash equivalents provided by financing activities	202,335,718	279,839,052
Net (Decrease) Increase in Cash and Cash Equivalents	(38,738,781)	136,271,958
Cash and Cash Equivalents - Beginning of year	167,813,071	31,541,113
Cash and Cash Equivalents - End of year	**$ 129,074,290**	**$ 167,813,071**
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	$ 128,934,290	$ 167,213,071
Restricted cash	140,000	600,000
Total cash and cash equivalents	**$ 129,074,290**	**$ 167,813,071**
Supplemental Cash Flow Information - Cash paid for interest on bonds payable	$ 5,573,688	$ -

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 - 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 (GAAP).

Use of Estimates

The preparation of financial statements in conformity with 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.

Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. While the Organization's results of operations, cash flows, and financial condition were not significantly impacted, the extent of any future impact cannot be reasonably estimated at this time.

Cash and Cash Equivalents

For the purpose of the accompanying statement 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 $128,932,789 and $167,173,031 were held under the Master Trust Indenture agreement as disclosed in Note 7 as of December 31, 2020 and 2019, 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 income (loss). All debt securities the Organization held as of December 31, 2020 and 2019 are classified as available for sale.

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.

Note 2 - Significant Accounting Policies (Continued)

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 (Loss)

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 (loss).

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).

Derivative Financial Instruments

The Organization 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. The derivative instrument held by the Organization is an interest rate swap as of December 31, 2020 and 2019 that is used to specifically manage the risk associated with fixed-rate loans that are financed by fixed-rate bonds. The interest rate swap is recognized in the accompanying balance sheet at fair value. Changes in fair value are recognized as an unrealized gain or loss on derivatives in the statement of operations and comprehensive income (loss), with a corresponding adjustment to the derivative liability in the balance sheet. Derivatives are held only for the purpose of hedging such risks, not for speculation.

Loans Receivable

The Organization's loans are reported at original issue amount plus 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 collectibility 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.

Note 2 - Significant Accounting Policies (Continued)

The Allowance consists of only specific components, since there are only 27 and 12 loans as of December 31, 2020 and 2019, respectively, and the longest outstanding loan was originally issued on October 12, 2018.

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. All modified loans are evaluated to determine whether the loan should be reported as a troubled debt restructuring. A loan is a TDR 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, 2020 and 2019, 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, 2020 and 2019.

Debt Issuance Costs

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.

Note 2 - Significant Accounting Policies (Continued)

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.

Reclassification

The 2019 amounts for investments - pledged have been reclassified to cash and cash equivalents on the balance sheet, statement of cash flows, Note 4, and Note 6 to conform to the 2020 presentation.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 28, 2021, 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, 2020 and 2019, $140,000 and $600,000, respectively, of cash was restricted for that purpose.

Note 4 - Investment Securities

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

	2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Municipal bonds (Village Tech Schools Series 2018)	$ 8,255,425	$ 324,752	$ -	$ 8,580,177

	2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Municipal bonds (Village Tech Schools Series 2018)	$ 8,385,229	$ 593,071	$ -	$ 8,978,300

The Organization's municipal bonds (Village Tech Schools Series 2018) have a maturity date of August 15, 2048.

Note 5 - Loans Receivable

The loans receivable at December 31, 2020 and 2019 are as follows:

	2020	2019
Year-end balances individually evaluated for impairment - Loans receivable, bearing interest from 3.15 to 5.25 percent, due in monthly installments of $25,716 to $134,902, including interest, maturity between August 2040 and May 2056	$ 387,651,431	$ 153,850,205
Unamortized premium	7,691,720	1,035,427
Total	$ 395,343,151	$ 154,885,632

Credit Quality Indicators

The Organization internally assess 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, 2020 and 2019, all loans are considered to be fully collectible and, therefore, are classified as stable. As of December 31, 2020 and 2019, 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.

The following tables present information about the Organization's assets and liabilities measured at fair value on a recurring basis at December 31, 2020 and 2019 and the valuation techniques used by the Organization to determine those fair values.

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.

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.

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2020			
	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, 2020
Assets - Municipal bonds (Village Tech Schools Series 2018)	$ -	$ 8,580,177	$ -	$ 8,580,177
Liabilities - Derivatives	$ -	$ 119,892	$ -	$ 119,892

	Assets and Liabilities Measured at Fair Value on a Recurring Basis at December 31, 2019			
	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, 2019
Assets - Municipal bonds (Village Tech Schools Series 2018)	$ -	$ 8,978,300	$ -	$ 8,978,300
Liabilities - Derivatives	$ -	$ 593,456	$ -	$ 593,456

The fair values of municipal bonds investments and the derivatives liability at December 31, 2020 and 2019 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.

Note 7 - Bonds Payable

Bonds payable at December 31, 2020 and 2019 are as follows:

	2020	2019
Series 2020A bonds payable - All bearing interest from 4.00 percent to 5.00 percent, 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	$ 122,710,000	$ -
Series 2020B bonds payable - All bearing interest from 4.00 percent to 5.00 percent, 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	48,115,000	-

Note 7 - Bonds Payable (Continued)

	2020	2019
Series 2019A bonds payable - All bearing interest from 4.00 percent to 5.00 percent, 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	$ 91,885,000	$ 92,715,000
Series 2019B bonds payable - All bearing interest of 5.00 percent, 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	18,835,000	19,010,000
Total par value of bonds payable	281,545,000	111,725,000
Unamortized premium	52,978,893	20,813,977
Unamortized bond issuance costs	(5,107,594)	(2,901,192)
Bonds payable plus unamortized premium and less debt issuance costs	$ 329,416,299	$ 129,637,785

As of December 31, 2020 and 2019, amortization of bond premium equaled $1,931,858 and $233,865, respectively.

The balance of the above debt matures as follows:

Years Ending	Amount
2021	$ 3,130,000
2022	5,035,000
2023	5,550,000
2024	5,795,000
2025	6,050,000
Thereafter	255,985,000
Total	$ 281,545,000

Interest expense for 2020 and 2019 was $7,467,132 and $1,843,531, respectively.

Legal and accounting fees, printing costs, and other expenses associated with the issuance of the Series 2020A and Series 2020B bonds payable totaling $2,697,632 in 2020 and Series 2019A and Series 2019B bonds payable totaling $2,933,790 in 2019 were capitalized and are amortized over the term of the bonds. Bond issuance costs are shown net amortization expense on the balance sheet. Amortization expense charged to operations in 2020 and 2019 was $491,230 and $32,598, respectively, and was properly reported as interest expense on the statement of operations and comprehensive income (loss).

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 are held in funds designated by the Trust to maintain use restrictions. The funds include the following:

- Revenue Funds - To receive loan payments and pay certain fees and bond payments. Funds are pledged to bond holders.
- Debt Service Reserve Fund - To make up any deficiency in the Revenue Funds for bond payments. Funds are pledged to bond holders.

Note 7 - Bonds Payable (Continued)

- Loan Program Funds and Other Unpledged Funds - To maintain contributions and bond proceeds. Funds are not pledged to bond holders.

	2020	2019
Revenue funds	$ 38,310,661	$ 12,342,573
Debt service reserve funds	18,322,054	8,029,709
Loan program funds and other unpledged funds	72,300,074	146,800,789
Total	$ 128,932,789	$ 167,173,071

Note 8 - Interest Rate Swaps

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

An interest rate swap agreement entered in November 2018 had a forward starting effective date and mandatory termination date of November 1, 2019; was set to expire on October 1, 2048; and effectively fixed the interest rate at 3.377 percent on a portion of the bonds with a notional value of $3,912,675. The agreement was terminated on August 8, 2019 and resulted in a loss of $988,740.

An interest rate swap agreement entered in December 2018 had a forward starting effective date and mandatory termination date of January 1, 2020; was set to expire on October 1, 2048; and effectively fixed the interest rate at 2.887 percent on a portion of the bonds with a notional value of $3,123,617. The agreement was terminated on August 8, 2019 and resulted in a loss of $546,920.

An interest rate swap agreement entered in February 2019 had a forward starting effective date and mandatory termination date of March 1, 2020; was set to expire on October 1, 2048; and effectively fixed the interest rate at 2.811 percent on a portion of the bonds with a notional value of $7,793,473. The agreement was terminated on August 8, 2019 and resulted in a loss of $1,155,165.

An interest rate swap agreement entered in March 2019 had a forward starting effective date and mandatory termination date of March 1, 2020; was set to expire on April 1, 2049; and effectively fixed the interest rate at 2.772 percent on a portion of the bonds with a notional value of $12,888,064. The agreement was terminated on August 8, 2019 and resulted in a loss of $1,775,125.

An interest rate swap agreement entered in June 2019 had a forward starting effective date of August 1, 2020 and mandatory termination date of January 1, 2021; expires on June 1, 2049; and effectively fixes the interest rate at 2.323 percent on a portion of the bonds with a notional value of $12,593,606. This agreement is considered a derivative financial instrument and is reported at fair value as a liability of $119,892 at December 31, 2019. An unrealized loss on interest rate swap of $267,475 is reported on the statement of operations and comprehensive income (loss) for the year ended December 31, 2019. The agreement was terminated on August 27, 2020 and resulted in a loss of $2,098,799.

An interest rate swap agreement entered in April 2020 had a forward starting effective date and mandatory termination date of November 1, 2020; was set to expire on May 1, 2055; and effectively fixes the interest rate at 0.85 percent on a portion of the bonds with a notional value of $6,390,040. The agreement was terminated on August 27, 2020 and resulted in a loss of $131,523.

An interest rate swap agreement entered in July 2020 had a forward starting effective date and mandatory termination date of November 1, 2020; was set to expire on August 1, 2050; and effectively fixes the interest rate at 0.844 percent on a portion of the bonds with a notional value of $31,074,018. The agreement was terminated on August 27, 2020 and resulted in a loss of $96,361.

Note 8 - Interest Rate Swaps (Continued)

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; expires on December 1, 2050; and effectively fixes the interest rate at 1.376 percent on a portion of the bonds with a notional value of $25,645,236. This agreement is considered a derivative financial instrument and is reported at fair value as a liability of $119,892 at December 31, 2020. An unrealized loss on interest rate swap of $119,892 is reported on the statement of operations and comprehensive income (loss) for the year ended December 31, 2020.

As each interest rate swap was either terminated before the forward starting effective date or has not passed its forward starting effective date, no interest expense was incurred for the year ended December 31, 2020. The interest rate swap is collateralized by the restricted cash disclosed in Note 3.

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, 2020 and 2019, the Organization had accounts payable and accrued expenses payable to EFF totaling $569,837 and $788,907, respectively.

Underwriting and Bond Administration Fees

For the year ended December 31, 2020, the Organization was charged direct costs of $75,000 and $0 for loan underwriting costs and bond administration costs, respectively, by EFF. For the year ended December 31, 2019, the Organization was charged direct costs of $250,000 and $279,313 for loan underwriting costs and bond administration costs, respectively, by EFF. These administrative costs may not necessarily be indicative of the expenses the Organization may have incurred on its own account.

Administrative Overhead Fee

The Organization is charged an administrative overhead fee payable to EFF in equal installments semiannually on July 10 and January 10. In 2020, the fee is computed as 0.35 percent 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 year ended December 31, 2020, the administrative overhead fee was $896,852.

In 2019, the fee was computed according to the following tiered structure: (i) $250,000 per annum, so long as the sum of the principal amount of loans outstanding as of the first day of the fiscal year plus the balance of the Loan Program Fund as of the first day of the fiscal year is less than $300,000,000; (ii) $500,000 per annum, so long as the sum of the principal amount of loans outstanding as of the first day of the fiscal year plus the balance of the Loan Program Fund as of the first day of the fiscal year is greater than $300,000,000 and less than $600,000,000; (iii) $1,000,000 per annum, so long as the sum of the principal amount of loans outstanding as of the first day of the fiscal year plus the balance of the Loan Program Fund as of the first day of the fiscal year is greater than $600,000,000 and less than $1,200,000,000; or (iv) $1,250,000 per annum, so long as the sum of the principal amount of loans outstanding as of the first day of the fiscal year plus the balance of the Loan Program Fund as of the first day of the fiscal year is equal to or greater than $1,200,000,000. For the year ended December 31, 2019, the administrative overhead fee was $250,000.

Note 9 - Related Party Transactions (Continued)

Portfolio Management Fee

In 2019, the Organization was charged a portfolio management fee payable to EFF in equal installments semiannually on July 10 and January 10. The fee is computed as follows: 0.1 percent of the sum of the principal amount of loans outstanding as of the first day of the fiscal year, plus the balance of the Loan Program Fund as of the first day of the fiscal year, provided that the portfolio management fee shall not exceed $1,000,000 in any fiscal year. For the year ended December 31, 2019, the portfolio management fee was $196,759. The portfolio management fee was discontinued beginning January 1, 2020.

II(B). OPERATING DATA AS OF DECEMBER 31, 2020

Portfolio Table by Origination Date

Loan #	LOAN ORIGINATION DATE	OBLIGOR NAME	LOCATION	OBLIGOR DESCRIPTION	YEAR FOUNDED	ORIGINAL EFF LOAN $	OUTSTANDING EFF LOAN(S) (12/31/2020)	% OF ESRF PORTFOLIO (12/31/2020)	LOAN MATURITY DATE	LOAN PAYMENT CURRENT?	S&P RATING
1	10/12/2018	The Soulsville Charter School	Memphis, TN	Single campus school	2005	$10,330,106	$9,993,815	2.5%	10/1/2048	Yes	NR
2	12/20/2018	Village Tech Academy	Duncanville, TX	Single campus school	2013	$8,385,000	$8,255,000	2.1%	8/15/2048	Yes	BB
3	2/12/2019	Arizona School for the Arts	Phoenix, AZ	Single campus school	1995	$10,620,000	$10,297,531	4.7% [1]	7/1/2048	Yes	BB+
4	2/25/2019	Choices in Learning Academy	Winter Springs, FL	Single campus school	2001	$9,199,407	$8,821,897	2.2%	11/1/2043	Yes	BBB-
5	3/14/2019	KIPP Northern California Public Schools (formerly KIPP Bay Area) [2]	Northern California	2 school Obligated Group (16 school network)	2002	$16,000,000	$15,530,565	3.9%	4/1/2049	Yes	BBB
6	3/21/2019	Arlington Classics Academy	Arlington, TX	Single school, 2 campuses	1999	$15,635,234	$14,786,643	3.7%	8/1/2040	Yes	BBB-
7	4/26/2019	Blackstone Valley Preparatory Academy [3]	Providence, RI Region	6 school network	2009	$16,000,000	$15,576,704	3.9%	5/1/2049	Yes	BB+
8	5/31/2019	Rocketship United Academy	Nashville, TN	Single school Obligated Group (2 school network)	2015	$7,282,964	$7,097,646	1.8%	6/1/2049	Yes	NR
9	6/5/2019	KIPP Nashville	Nashville, TN	7 school network	2005	$10,500,000	$10,219,951	6.9% [1]	6/1/2049	Yes	BBB-
10	8/30/2019	James Irwin Charter Schools	Colorado Springs, CO	5 school network	1999	$24,580,313	$24,031,818	6.1%	8/1/2049	Yes	BBB
11	10/17/2019	Itineris Early College High School	West Jordan, UT	Single campus school	2004	$7,965,982	$7,823,246	2.0%	12/1/2049	Yes	BB
12	12/5/2019	Alliance for College-Ready Public Schools	Los Angeles, CA	15 school Obligated Group (25 school network) [4]	2003	$26,916,709	$26,425,403	6.7%	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	$14,022,946	3.5%	2/1/2050	Yes	BBB- [5]
14	3/19/2020	TEAM: KIPP NJ	Newark, NJ	11 School network	2001	$21,500,000	$21,500,000	5.4%	9/1/2050	Yes	BBB
15	3/31/2020	Renaissance Arts Academy	Los Angeles, CA	Single campus school	2003	$16,121,413	$16,002,609	4.0%	5/1/2056	Yes	BBB-
16	5/14/2020	Not Your Ordinary School (NYOS)	Austin, TX	Single school, 2 campuses	1998	$25,295,892	$25,295,892	6.4%	6/1/2050	Yes	BB
17	5/29/2020	Scuola Vita Nuova	Kansas City, MO	Single campus school	1999	$8,885,903	$8,885,903	2.2%	6/1/2050	Yes	BB+
18	6/22/2020	KIPP Nashville	2nd Loan for Obligor - See Loan #9 for school information			$16,991,883	$16,991,883	See Loan #9	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	$8,425,535	See Loan #3	7/1/2041	See Loan #3	

20	6/30/2020	Brookside	Kansas City, MO	Single campus school	2002	$5,655,705	$5,612,270	1.4%	7/1/2050	Yes	BB
21	7/22/2020	Sarasota School for the Arts	Sarasota, FL	Single campus school	1997	$8,935,316	$8,840,279	2.2%	7/1/2040	Yes	BBB-
22	7/24/2020	Dayspring Academy	New Port Richey, FL	Single school, 6 campuses	2000	$10,682,688	$10,682,688	2.7%	8/1/2050	Yes	BB
23	7/31/2020	Public Prep: Boys Prep	Bronx, NY	Singel School Obligated Group (4 charter network on 5 campuses)	2005	$7,029,431	$6,987,224	1.8%	8/1/2050	Yes	BB+
24	10/2/2020	Alma del Mar Charter School	New Bedford, MA	2 schools, two campuses	2011	$21,000,000	$21,000,000	5.3%	8/1/2050	Yes	BB
25	10/30/2020	IDEA Louisiana	Baton Rouge, LA	Single School Obligated Group (2 school network)	2018	$17,500,000	$17,480,053	4.4%	11/1/2050	Yes	NR
26	12/4/2020	KIPP Albany	Albany, NY	2 charter network (4 campuses)	2005	$24,537,152	$24,537,152	6.2%	12/1/2050	Yes	BBB-
27	12/22/2020	Equitas	Los Angeles, CA	Six schools, five campuses	2009	$30,811,625	$30,811,625	7.8%	12/1/2055	Yes	BB+
					Total:	$401,118,534	$395,936,277	100%			
		Mean	NA	NA	2004	$14,856,241.98	$14,664,306.57	4.00%	2/23/2049	NA	NA
		Median	NA	NA	2003	$14,219,046.00	$14,022,945.68	3.92%	12/1/2049	NA	BB+

[1] Percentage of portfolio includes outstanding par amounts from both loans

[2] A second loan for $11,733,266 was originated on 4/28/2021 but is not included in the table as it closed after 12/31/20; became a three school OG upon closing the new loan

[3] A second loan for $15,955,000 was originated on 3/5/2021 but is not included in the table as it closed after 12/31/20

[4] In September 2020, Alliance announced the closing of two of its 25 schools at the end of SY20-21 due to limited demand; neither is part of the Obligated Group

[5] Upgraded to "BBB-" from "BB+" in 2021

II(B). BORROWER METRICS AS OF DECEMBER 31, 2020

Borrower Metrics [1]

Loan #	OBLIGOR NAME	GRADES SERVED	OBLIGOR REPORTED ENROLLMENT (88 campuses)	REPORTED ENROLLMENT CHANGE FROM PRIOR YEAR[2]	REPORTED WAIT LIST AS % OF ENROLLMENT	CHARTER EXPIRATION DATE	STATE/AUTHORIZER RATING (if applicable) [3]	ELA PROFICIENCY RELATIVE TO DISTRICT[3]	MATH PROFICIENCY RELATIVE TO DISTRICT[3]	OBLIGOR TOTAL REVENUE	ANNUAL DSC	DEBT BURDEN (as % of total revenue)	DAYS CASH ON HAND
1	The Soulsville Charter School	6-12	655	0.5%	22.6%	6/30/2030	State: Level 3 (TVAAS)[4] Authorizer: 4.0 (SCPF)[5]	102.6%	99.4%	$7,754,162	1.34	9.2%	196.9
2	Village Tech Academy	PK-12	1,207	-1.0%	27.1%	7/31/2028	B	112.1%	102.1%	$11,126,237	1.19	23.7%	88.4
3	Arizona School for the Arts	5-12	843	-0.5%	45.9%	6/30/2031	A	238.0% [6]	185.0% [6]	$9,084,415	1.38	16.1%	116.0
4	Choices in Learning Academy	K-5	620	-9.8%	32.1%	6/30/2024	A	139.3%	148.2%	$5,923,755	1.54	10.2%	181.5
6	KIPP Northern California Public Schools (formerly KIPP Bay Area)	K-9	1121	12.2%	31.3%	Multiple	NA	122.4%	131.1%	$13,516,119	1.69	9.5%	115.7
5	Arlington Classics Academy	K-8	1,553	-0.6%	44.0%	7/31/2023	A	174.4%	129.8%	$15,191,710	2.12	10.5%	298.8
7	Blackstone Valley Preparatory Academy	K-12	2,112	0.4%	93.2%	6/30/2024	Multiple	151.8%	196.9%	$32,217,070	1.14	9.5%	114.0
8	Rocketship United Academy	K-4	573	4.4%	2.6%	6/30/2025	Level 3	108.8%	183.9%	$6,897,430	3.11	7.3%	67.9
9	KIPP Nashville	K-12	2,840	21.5%	29.2%	Multiple	Multiple	97.7%	271.2%	$31,606,599	2.44	6.4%	206.5
10	James Irwin Charter Schools	K-12	2,041	-2.3%	28.6%	Multiple	Multiple	123.0%	173.0%	$20,577,628	6.53	6.3%	448.6
11	Itineris Early College High School	10-12	395	-4.6%	4.3%	Evergreen	Exemplary	133.3%	203.3%	$4,102,936	1.24	14.1%	126.8
12	Alliance for College-Ready Public Schools	6-12	8,405	3.1%	14.7%	Multiple	NA	119.8%	144.0%	$121,260,707	1.60 [7]	8.3%	146.0
13	Caliber: ChangeMakers Academy	TK-8	825	9.9%	48.0%	6/30/2026	NA	146.3%	192.7%	$9,024,453	1.15	11.2%	41.4
14	TEAM Academy : KIPP NJ	K-12	5,222	10.3%	32.1%	6/30/2026	Lighthouse District	113.7%	153.0%	$100,622,379	2.02 [8]	4.2%	111.6
15	Renaissance Arts Academy	TK-12	527	-2.4%	63.8%	6/30/2023	NA	169.1%	138.4%	$7,029,425	1.16	23.9%	375.2
16	Not Your Ordinary School (NYOS)	PK-12	1,082	0.7%	232.0%	7/31/2023	A	123.6%	111.3%	$10,833,182	1.29	8.9%	147.2
17	Scuola Vita Nuova	K-8	339	8.0%	7.3%	6/30/2028	NA	185.3%	339.8%	$5,198,897	12.8	1.9%	239.7
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	732	-1.8%	29.3%	6/30/2022	NA	186.1%	227.3%	$12,695,519	8.53	3.3%	109.4
21	Sarasota School for the Arts	6-8	758	0.8%	45.8%	6/30/2028	A	118.2%	106.3%	$6,966,415	1.20	13.1%	102.6
22	Dayspring Academy	PK-12	1,000	9.8%	106.7%	6/30/2033	A	172.0%	195.4%	$7,816,108	2.32	3.9%	29.1

23	Public Prep: Boys Prep	PK-7	788	22.6%	75.4%	7/31/2024	NA	200.0% [9]	298.9% [9]	$15,549,381	1.70	4.2% [10]	102.8 [11]
24	Alma del Mar	K-8	794	22.2%	52.3%	6/30/2026	NA	226.3%	300.0%	$10,172,282	2.12	6.5%	136.9
25	IDEA Lousiana	K-8	728	26.0%	4.3%	7/1/2022	NA	77.1%	63.0%	$8,441,287	0.28 [12]	13.9%	13.8
26	KIPP Albany	K-8	1,536	10.7%	6.1%	Multiple	NA	264.6% [13]	2133.4% [13]	$24,108,865	2.66	9.3%	173.8
27	Equitas	TK-8	1,962	26.1%	24.6%	Multiple	NA	148.0%	204.0%	$29,608,426	1.64	15.1%	136.5
		Total	38,658							$527,325,387			
		Mean[14]	NA	1,546	6.6%	44.1%	NA	NA	150.1%	257.3%	$21,093,015	2.57	10.0%	153.1

[1] School data based on School Year 2020-21; financial data based on Fiscal Year 2020, unless otherwise noted

[2] School reporting dates may vary

[3] Based on highest grade tested and SAT/ACT when necessary, e.g., insufficient test data; data is latest available as ratings and testing were suspended in 2020 due to COVID

[4] Tennessee Value Added Assessment System - range is 1-5

[5] Shelby County Academic Component of the School Performance Framework - range is 1-5

[6] Comparison is to State of Arizona average rather than host district

[7] Debt service coverage based on management fees as expenses; if these expenses are subordinated in accordance with MTI, coverage is 2.69x for KIPP NorCal and 2.80x for Alliance

[8] Debt service coverage net of QZAB-related revenue and expense

[9] Comparison is with New York City Department of Education Community School District #7

[10] Debt burden net of Rental Assistance payments

[11] Liquidity covenant is based on entire education corporation rather than single school. Boys Prep alone represented 24.8 DCOH

[12] Borrower not in violation of covenant; In FY20, IDEA Innovation completed its 2nd year of operations. As IDEA Innovation continues to increase its enrollment, coverage is projected to reach 1.1x by FY21 when borrower is subject to loan covenants

[13] Academic results reflect average of two schools (KIPP Tech Valley and Albany Community Charter School) prior to merger that occurred on July 1, 2020. Individual 8th grade results for KTV: 358.3% (ELA) and 2966.7% (Math) and for ACCS 170.8% (ELA) and 1300.0% (Math).

[14] Portfolio statistical data is provided to indicate the general credit characteristics of the portfolio borrower. Note that while all of the loan payments are pledged to all of the ESRF bonds, the loan obligations of the individual borrowers are not cross-collateralized i.e., each borrower is responsible only for its repayment obligations.