
EQUITABLE SCHOOL REVOLVING FUND, LLC

**ANNUAL REPORT
FOR THE
FISCAL YEAR ENDED DECEMBER 31, 2023**

Dated: June 28, 2024

I. INTRODUCTION

Equitable School Revolving Fund, LLC, a Delaware limited liability company (“ESRF”), pursuant to the Continuing Disclosure Agreement, dated December 19, 2023 (the “2023 Continuing Disclosure Agreement”) relating to the Arizona Industrial Development Authority Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2023A - Social Bonds (the “Series 2023 Bonds”), 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 and the California Infrastructure and Economic Development Bank Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2022B - Social Bonds (collectively, the “Series 2022 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 2023 Continuing Disclosure Agreement, the 2022 Continuing Disclosure Agreement, 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 2023 Bonds, 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, 2023 (the “Annual Report”). Capitalized terms used but not defined herein have the meanings set forth in the Official Statement relating to the Series 2023 Bonds, dated December 6, 2023 (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)

Arizona Industrial Development Authority Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2023A - Social Bonds, dated December 19, 2023 (04052FEM3)

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, the 2022 Continuing Disclosure Agreement, and the 2023 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, 2022, and 2023 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 28, 2024

**II(A). AUDITED FINANCIAL REPORT FOR EQUITABLE SCHOOL REVOLVING
FUND, LLC FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

EQUITABLE SCHOOL REVOLVING FUND, LLC

Financial Statements

For the Years Ended December 31, 2023 and 2022

With Independent Auditor's Reports



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

EQUITABLE SCHOOL REVOLVING FUND, LLC
Financial Statements
For the Years Ended December 31, 2023 and 2022

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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 sheets as of December 31, 2023 and 2022, the related statements of operations and comprehensive income, member's equity, and cash flows for the years 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, 2023 and 2022 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.

Basis for Opinion

We conducted our audits 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 audits. 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.

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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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Mitchell Titus, LLP

June 26, 2024

EQUITABLE SCHOOL REVOLVING FUND, LLC

Balance Sheets

As of December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------------|--------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 251,039,167 | \$ 152,456,740 |
| Restricted cash | <u>20,249,208</u> | <u>8,003,425</u> |
| Total cash and cash equivalents | 271,288,375 | 160,460,165 |
| Investment securities | 77,227,087 | 31,414,651 |
| Loans receivable | 1,105,452,701 | 939,232,216 |
| Other assets | <u>4,723,454</u> | <u>3,545,435</u> |
| Total assets | <u>\$ 1,458,691,617</u> | <u>\$ 1,134,652,467</u> |
| LIABILITIES AND MEMBER'S EQUITY | | |
| <i>Liabilities</i> | | |
| Bonds payable, net | \$ 1,074,666,885 | \$ 791,139,415 |
| <i>Accrued and other liabilities</i> | | |
| Accrued interest | 5,046,605 | 6,779,950 |
| Related-party payable | - | 2,503,176 |
| Other accrued expenses | 843,605 | 681,747 |
| Other liability | <u>2,520,396</u> | <u>-</u> |
| Total liabilities | <u>1,083,077,491</u> | <u>801,104,288</u> |
| <i>Member's equity</i> | | |
| Member's equity | 375,955,742 | 334,659,001 |
| Accumulated other comprehensive (loss) income | <u>(341,616)</u> | <u>(1,110,822)</u> |
| Total member's equity | <u>375,614,126</u> | <u>333,548,179</u> |
| Total liabilities and member's equity | <u>\$ 1,458,691,617</u> | <u>\$ 1,134,652,467</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, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|---------------------|
| INTEREST INCOME | | |
| Loans | \$ 39,333,221 | \$ 29,511,381 |
| Securities | 6,456,931 | 1,411,058 |
| Total interest income | 45,790,152 | 30,922,439 |
| Interest expense, net | 25,843,660 | 20,069,307 |
| Provision for loan losses | - | - |
| Net interest income after provision for loan losses | 19,946,492 | 10,853,132 |
| NONINTEREST (INCOME) EXPENSE | | |
| Realized (gain) loss on interest rate swaps | (2,031,400) | 153,000 |
| Professional services | 5,142,333 | 5,105,953 |
| Loan servicing | 109,655 | 85,170 |
| Total noninterest expense | 3,220,588 | 5,344,123 |
| Net income | 16,725,904 | 5,509,009 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | |
| Reclassification of (gain) loss on interest rate swaps included in net income | (2,031,400) | 153,000 |
| Unrealized gain (loss) on securities | 769,206 | (1,276,836) |
| Unrealized gain (loss) on interest rate swaps | 2,031,400 | (153,000) |
| Total other comprehensive income (loss) | 769,206 | (1,276,836) |
| Comprehensive income | <u>\$ 17,495,110</u> | <u>\$ 4,232,173</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, 2023 and 2022

| | <u>Member's Equity</u> | <u>Accumulated Other Comprehensive Income (Loss)</u> | <u>Total</u> |
|--|----------------------------|--|-----------------------|
| Balance - January 1, 2022 | \$ 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) |
| Balance - December 31, 2022 | 334,659,001 | (1,110,822) | 333,548,179 |
| Cash contribution from EFF | 24,570,837 | - | 24,570,837 |
| Net income | 16,725,904 | - | 16,725,904 |
| Unrealized gain on securities | - | 769,206 | 769,206 |
| Balance - December 31, 2023 | <u>\$ 375,955,742</u> | <u>\$ (341,616)</u> | <u>\$ 375,614,126</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, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 16,725,904 | \$ 5,509,009 |
| <i>Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities</i> | | |
| Amortization of loan premium | 2,256,121 | 1,917,100 |
| Amortization of bond issuance costs | 529,979 | 452,249 |
| Amortization of bond premium | (5,282,513) | (4,828,403) |
| Reclassification of realized (gains) losses on interest rate swaps | (2,031,400) | 153,000 |
| <i>Net change in</i> | | |
| Other assets | (1,178,019) | (1,572,323) |
| Accrued expenses and other liabilities | (4,074,663) | 5,235,443 |
| Other liability | 2,520,396 | - |
| Net cash and cash equivalents provided by operating activities | <u>9,465,805</u> | <u>6,866,075</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| <i>Activity in available-for-sale securities</i> | | |
| Principal paydown | 14,570,658 | 9,037,737 |
| Sales (purchases) | (45,043,230) | 125,847,771 |
| Issuance of loans receivable | <u>(183,047,264)</u> | <u>(370,061,003)</u> |
| Net cash and cash equivalents used in investing activities | <u>(213,519,836)</u> | <u>(235,175,495)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Contributions from EFF | 24,570,837 | 70,750,453 |
| Proceeds from the issuance of bonds | 299,518,183 | 233,044,824 |
| Principal payments on bonds | (8,524,999) | (6,850,000) |
| Bond issuance costs | (2,713,180) | (2,186,605) |
| Proceeds from (fees paid on) sale of interest rate swaps | <u>2,031,400</u> | <u>(153,000)</u> |
| Net cash and cash equivalents provided by financing activities | <u>314,882,241</u> | <u>294,605,672</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, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|--|------------------------------|------------------------------|
| Net increase in cash and cash equivalents | \$ 110,828,210 | \$ 66,296,252 |
| Cash and cash equivalents - beginning of year | <u>160,460,165</u> | <u>94,163,913</u> |
| Cash and cash equivalents - end of year | <u>\$ 271,288,375</u> | <u>\$ 160,460,165</u> |
| CLASSIFICATION OF CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents | \$ 251,039,167 | \$ 152,456,740 |
| Restricted cash | <u>20,249,208</u> | <u>8,003,425</u> |
| Total cash and cash equivalents | <u>\$ 271,288,375</u> | <u>\$ 160,460,165</u> |
| SUPPLEMENTAL CASH FLOW INFORMATION | | |
| Cash paid for interest on bonds payable | <u>\$ 32,329,538</u> | <u>\$ 21,250,568</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, 2023 and 2022

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 \$271,286,874 and \$160,458,664 were held under the Master Trust Indenture agreement, as disclosed in Note 7, as of December 31, 2023 and 2022, 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, 2023 and 2022 are classified as available for sale.

EQUITABLE SCHOOL REVOLVING FUND, LLC
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

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 (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).

EQUITABLE SCHOOL REVOLVING FUND, LLC
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

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, 2023 and 2022.

Loans Receivable

The Organization's loans are reported at their 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 69 and 57 loans as of December 31, 2023 and 2022, 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, 2023 and 2022

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, 2023 and 2022, 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, 2023 and 2022.

EQUITABLE SCHOOL REVOLVING FUND, LLC
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

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.

New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update (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 U.S. GAAP and instead reflect an entity's current estimate of all expected credit losses using reasonable and supportable forecasts. The Organization adopted this standard effective for the year ending December 31, 2023. The Organization modified its methodology to consider expected credit losses over the terms of its loans receivable. The adoption of this ASU did not have any significant impact on the amounts reported in the Organization's consolidated financial statements.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including June 26, 2024, 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, 2023 and 2022, 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, 2023 and 2022

NOTE 3 RESTRICTIONS ON CASH *(continued)*

As of December 31, 2023 and 2022, the Organization had \$20,249,208 and \$8,003,425, respectively, 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:

| | 2023 | | | |
|------------------------------|-----------------------|-------------------------------|--------------------------------|----------------------|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| Municipal bonds | \$ 40,135,000 | \$ - | \$ (599,395) | \$ 39,535,605 |
| U.S. Treasury securities | 37,321,088 | 370,394 | - | 37,691,482 |
| Total debt securities | \$ 77,456,088 | \$ 370,394 | \$ (599,395) | \$ 77,227,087 |
| | 2022 | | | |
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| Municipal bonds | \$ 7,975,000 | \$ - | \$ (1,003,654) | \$ 6,971,346 |
| U.S. Treasury securities | 25,108,843 | - | (665,538) | 24,443,305 |
| Total debt securities | \$ 33,083,843 | \$ - | \$ (1,669,192) | \$ 31,414,651 |

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, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|-------------------------|-----------------------|
| Year-end balances individually evaluated for impairment - Loans receivable, bearing interest from 3.00% to 5.86%, due in monthly installments of \$22,877 to \$140,419, including interest, maturity between August 2027 and October 2058 | \$ 1,064,792,633 | \$ 896,316,027 |
| Unamortized premium | 40,660,068 | 42,196,189 |
| Total | \$ 1,105,452,701 | \$ 938,512,216 |

EQUITABLE SCHOOL REVOLVING FUND, LLC
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

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 uses forward looking data to evaluate key indicators on a quarterly and/or annual basis based on individual loan performance on key quality indicators.

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, 2023 and 2022, all loans are considered to be fully collectible and, therefore, are classified as stable. As of December 31, 2023 and 2022, 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, 2023 and 2022

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, 2023 and 2022 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, 2023 | | | |
|--------------------------|---|--|--|---|
| | 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, 2023 |
| ASSETS | | | | |
| Municipal bonds | \$ - | \$ 39,535,605 | \$ - | \$ 39,535,605 |
| U.S. Treasury securities | - | 37,691,482 | - | 37,691,482 |
| Total assets | \$ - | \$ 77,227,087 | \$ - | \$ 77,227,087 |
| | 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 |
| ASSETS | | | | |
| Municipal bonds | \$ - | \$ 6,971,346 | \$ - | \$ 6,971,346 |
| U.S. Treasury securities | - | 24,443,305 | - | 24,443,305 |
| Total assets | \$ - | \$ 31,414,651 | \$ - | \$ 31,414,651 |

The fair values of municipal bonds and U.S. Treasury securities investments at December 31, 2023 and 2022 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, when applicable, the derivatives asset or 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, 2023 and 2022

NOTE 7 BONDS PAYABLE

Bonds payable at December 31, 2023 and 2022 are as follows:

| | <u>2023</u> | <u>2022</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 | \$ 86,610,000 | \$ 88,455,000 |
| 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 | 17,735,000 | 18,120,000 |
| 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 | 117,690,000 | 120,065,000 |
| 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 | 45,795,000 | 46,740,000 |
| 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 | 118,105,000 | 121,080,000 |

EQUITABLE SCHOOL REVOLVING FUND, LLC
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 7 BONDS PAYABLE (continued)

| | <u>2023</u> | <u>2022</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 | 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 | 65,885,000 | 65,885,000 |
| Series 2023A bonds payable – All bearing interest from 5% to 5.25%, with semiannual interest payments beginning in May 2024; annual principal payments beginning in November 2028; and maturity dates through November 2053 | 280,000,000 | - |
| | 980,265,000 | 708,790,000 |
| Unamortized premium | 105,770,657 | 91,534,987 |
| Unamortized bond issuance costs | (11,368,772) | (9,185,572) |
| Bonds payable plus unamortized premium and less debt issuance costs | <u>\$ 1,074,666,885</u> | <u>\$ 791,139,415</u> |

EQUITABLE SCHOOL REVOLVING FUND, LLC
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 7 BONDS PAYABLE *(continued)*

As of December 31, 2023 and 2022, amortization of bond premium amounted to \$5,282,513 and \$4,828,403, respectively.

The balance of the above debt matures as follows:

| <u>Years Ending</u> | <u>Amount</u> |
|---------------------|-----------------------|
| 2024 | \$ 9,230,000 |
| 2025 | 11,350,000 |
| 2026 | 12,160,000 |
| 2027 | 115,550,000 |
| Thereafter | <u>551,975,000</u> |
| Total | <u>\$ 700,265,000</u> |

Interest expense for 2023 and 2022 was \$30,596,193 and \$24,444,385, respectively.

Legal and accounting fees, printing costs, and other expenses associated with the issuance of the Series 2023A and Series 2023B bonds payable totaling \$2,713,180 in 2023 and Series 2022A through Series 2022E bonds payable totaling \$2,186,605 in 2022 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 2023 and 2022 was \$529,979 and \$452,249, 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, 2023 and 2022

NOTE 7 BONDS PAYABLE (continued)

| | <u>2023</u> | <u>2022</u> |
|--|------------------------------|------------------------------|
| Revenue funds | \$ 33,909,377 | \$ 24,592,088 |
| Debt service reserve funds | 37,815,999 | 33,368,133 |
| Loan program funds and other unpledged funds | <u>268,807,323</u> | <u>126,267,961</u> |
| Total | <u>\$ 340,532,699</u> | <u>\$ 184,228,182</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 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. The Organization also entered into an interest rate swap agreement on June 15, 2023 that had a forward starting effective date of November 1, 2023 and was set to expire on March 1, 2053 that effectively fixed the interest rate at 3.361% on a portion of the bonds with a notional value of \$60,639,842. This agreement was terminated prior to December 31, 2023, resulting in a gain of \$2,031,400.

As each interest rate swap was terminated before the forward starting effective date, no interest expense was incurred for the years ended December 31, 2023 and 2022.

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, the Organization had accounts payable and accrued expenses payable to EFF totaling \$2,503,176.

Underwriting and Bond Administration Fees

For the years ended December 31, 2023 and 2022, there were no loan underwriting costs charged by EFF.

EQUITABLE SCHOOL REVOLVING FUND, LLC
Notes to Financial Statements
For the Years Ended December 31, 2023 and 2022

NOTE 9 **RELATED PARTY TRANSACTIONS** *(continued)*

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 both of the years ended December 31, 2023 and 2022, the administrative overhead fee was \$5,006,351.



**II(B)(1). PORTFOLIO TABLE BY ORIGINATION DATE AS OF
DECEMBER 31, 2023**

| Portfolio Table by Origination Date | | | | | | | | | | | |
|-------------------------------------|-----------------------|--|-----------------------|--|-------------|----------------------|--------------------------------------|--|--------------------|-----------------------|-------------------|
| Loan # | LOAN ORIGINATION DATE | OBLIGOR NAME | LOCATION | OBLIGOR DESCRIPTION ¹ | YEAR OPENED | ORIGINAL EFF LOAN \$ | OUTSTANDING EFF LOAN(S) (12/31/2023) | OBLIGOR % OF ESRF PORTFOLIO (12/31/23) | 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 | \$9,456,854 | 0.9% | 10/1/2048 | Yes | NR |
| 2 | 12/20/2018 | Village Tech Academy | Duncanville, TX | Single campus school | 2013 | \$8,385,000 | \$7,825,000 | 0.7% | 8/15/2048 | Yes | BB |
| 3 | 2/12/2019 | Arizona School for the Arts | Phoenix, AZ | Single campus school | 1995 | \$10,620,000 | \$9,683,511 | 1.6% | 7/1/2048 | Yes | BB+ |
| 4 | 2/25/2019 | Choices in Learning Academy | Winter Springs, FL | Single campus school | 2001 | \$9,199,407 | \$8,093,494 | 0.7% | 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 | \$14,622,058 | 5.2% | 4/1/2049 | Yes | BBB |
| 6 | 3/21/2019 | Arlington Classics Academy | Arlington, TX | 3 schools on 2 campuses | 1999 | \$15,635,234 | \$13,246,762 | 1.2% | 8/1/2040 | Yes | BBB- |
| 7 | 4/26/2019 | Blackstone Valley Preparatory Academy | Providence, RI Region | 6 school network | 2009 | \$16,000,000 | \$14,672,684 | 3.8% | 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 | \$6,687,795 | 0.6% | 6/1/2049 | Yes | NR |
| 9 | 6/5/2019 | KIPP Nashville | Nashville, TN | 7 school network | 2005 | \$10,500,000 | \$9,615,992 | 2.3% | 6/1/2049 | Yes | BBB ³ |
| 10 | 8/30/2019 | James Irwin Charter Schools | Colorado Springs, CO | 5 school network | 1999 | \$24,580,313 | \$22,592,654 | 2.0% | 8/1/2049 | Yes | BBB |
| 11 | 10/17/2019 | Itineris Early College High School | West Jordan, UT | Single campus school | 2004 | \$7,965,982 | \$7,360,124 | 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 | \$26,916,709 | \$24,876,853 | 2.3% | 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 | \$13,165,267 | 1.2% | 2/1/2050 | Yes | BBB ⁻³ |
| 14 | 3/19/2020 | TEAM Academy: KIPP NJ | Newark, NJ | 14 school network | 2001 | \$21,500,000 | \$21,500,000 | 1.9% | 9/1/2050 | Yes | BBB |

| | | | | | | | | | | | |
|----|------------|---------------------------------------|---|--|------|--------------|--------------|--------------------------|-----------|-------------|------------------|
| 15 | 3/31/2020 | Renaissance Arts Academy | Los Angeles, CA | Single campus school | 2003 | \$16,121,412 | \$15,411,866 | 1.4% | 5/1/2056 | Yes | BBB- |
| 16 | 5/14/2020 | Not Your Ordinary School (NYOS) | Austin, TX | Single campus school | 1998 | \$25,295,892 | \$24,497,330 | 2.2% | 6/1/2050 | Yes | BB |
| 17 | 5/29/2020 | Scuola Vita Nuova | Kansas City, MO | Single campus school | 1999 | \$8,885,903 | \$8,430,860 | 0.8% | 6/1/2050 | Yes | BB+ |
| 18 | 6/22/2020 | KIPP Nashville | 2nd Loan for Obligor - See Loan #9 for school information | | | \$16,991,883 | \$16,321,921 | See Loan #9 ² | 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 | \$7,558,659 | See Loan #3 ² | 7/1/2041 | See Loan #3 | |
| 20 | 6/30/2020 | Brookside | Kansas City, MO | Single campus school | 2002 | \$5,655,705 | \$5,275,254 | 0.5% | 7/1/2050 | Yes | BB |
| 21 | 7/22/2020 | Sarasota School for the Arts | Sarasota, FL | Single campus school | 1997 | \$8,935,316 | \$7,855,048 | 0.7% | 7/1/2040 | Yes | BBB- |
| 22 | 7/24/2020 | Dayspring Academy | New Port Richey, FL | 5 campuses (expansion to 6 in 2024) | 2000 | \$10,682,688 | \$10,181,620 | 0.9% | 8/1/2050 | Yes | BB |
| 23 | 7/31/2020 | Public Prep: Boys Prep | Bronx, NY | | 2005 | \$7,029,431 | \$6,576,136 | 0.6% | 8/1/2050 | Yes | BBB ³ |
| 24 | 10/2/2020 | Alma del Mar Charter School | New Bedford, MA | | 2011 | \$21,000,000 | \$20,467,925 | 1.9% | 11/1/2050 | Yes | BB |
| 25 | 10/30/2020 | IDEA Louisiana | Baton Rouge, LA | | 2018 | \$17,500,000 | \$16,619,323 | 1.5% | 11/1/2050 | Yes | NR |
| 26 | 12/4/2020 | KIPP Albany | Albany, NY | | 2005 | \$24,537,152 | \$23,384,895 | 2.1% | 12/1/2050 | Yes | BBB- |
| 27 | 12/22/2020 | Equitas | Los Angeles, CA | | 2009 | \$30,811,625 | \$30,059,993 | 2.7% | 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 | \$15,064,754 | See Loan #7 ² | 3/1/2051 | See Loan #7 | |
| 29 | 3/5/2021 | Austin Achieve | Austin, TX | | 2012 | \$29,756,423 | \$29,210,209 | 2.6% | 6/1/2048 | Yes | BBB- |
| 30 | 3/19/2021 | Impact Public Schools | Seattle, WA | | 2016 | \$10,102,561 | \$9,805,979 | 0.9% | 3/1/2056 | Yes | NR |

| | | | | | | | | | | | |
|----|------------|---|--|--|------|--------------|--------------|---------------------------|-----------|--------------|------------------|
| 31 | 4/16/2021 | Great Oaks Legacy Charter School | Newark, NJ | | 2011 | \$14,897,472 | \$14,556,230 | 3.0% | 4/1/2051 | Yes | BB+ |
| 32 | 4/28/2021 | KIPP Northern California Public Schools (formerly KIPP Bay Area) | 2nd Loan for Obligor - See Loan #5 for school information | | | \$11,733,266 | \$11,314,677 | See Loan #5 ² | 3/1/2056 | See Loan #5 | |
| 33 | 6/24/2021 | Paramount School of Excellence | Indianapolis, IN | | 2010 | \$11,521,111 | \$11,106,080 | 1.0% | 7/1/2051 | Yes | BB+ |
| 34 | 7/9/2021 | Memphis Rise Academy | Memphis, TN | | 2014 | \$9,680,868 | \$9,312,787 | 0.8% | 7/1/2051 | Yes | BB+ ⁴ |
| 35 | 8/10/2021 | LISA Academy | Little Rock Region, AR | | 2004 | \$16,189,436 | \$16,189,436 | 1.5% | 8/1/2056 | Yes | BB+ |
| 36 | 10/14/2021 | Fortune School of Education | Sacramento Region, CA | | 2010 | \$6,764,111 | \$6,613,401 | 0.6% | 11/1/2056 | Yes | NR |
| 37 | 10/15/2021 | KIPP Jacksonville | Jacksonville, FL | | 2010 | \$18,166,983 | \$17,785,467 | 2.2% | 10/1/2056 | Yes | BBB- |
| 38 | 11/5/2021 | Palm Beach School for Autism | Palm Beach, FL | | 2003 | \$15,073,410 | \$14,501,749 | 1.3% | 11/1/2051 | Yes | BB+ |
| 39 | 12/30/2021 | Western Academy | Royal Palm Beach, FL | | 2003 | \$14,245,004 | \$14,245,004 | 1.3% | 12/1/2051 | Yes | BB |
| 40 | 1/28/2022 | Mission Achievement and Success (MAS) | Alberquerque, NM | | 2012 | \$30,700,119 | \$30,318,985 | 2.7% | 3/1/2052 | Yes | BB |
| 41 | 2/16/2022 | Tulsa Honor Academy | Tulsa, OK | | 2015 | \$10,602,566 | \$10,574,109 | 1.0% | 2/1/2052 | Yes | BB |
| 42 | 2/18/2022 | Vista College Prep | Phoenix, AZ | | 2013 | \$19,879,787 | \$19,630,973 | 1.8% | 2/1/2051 | Yes | BB+ |
| 43 | 3/11/2022 | Freedom Preparatory Academy | Memphis, TN | | 2009 | \$18,979,986 | \$18,525,192 | 1.7% | 3/1/2052 | Yes | BBB- |
| 44 | 3/23/2022 | Environmental Charter Schools | Los Angeles, CA | | 2010 | \$27,782,757 | \$27,295,387 | 2.5% | 3/1/2057 | Yes | BB+ |
| 45 | 4/7/2022 | Achievement First Rhode Island | Providence and Cranston, RI | | 2013 | \$36,952,867 | \$36,854,766 | 3.3% | 4/1/2052 | Yes | BB+ |
| 46 | 5/27/2022 | KIPP Jacksonville | 2nd Loan for Obligor - See Loan #37 for school information | | | \$6,870,271 | \$6,728,971 | See Loan #37 ² | 10/1/2056 | See Loan #37 | |

| | | | | | | | | | | | |
|----|------------|---|--|--|------|--------------|--------------|---------------------------|-----------|--------------|------|
| 47 | 6/2/2022 | KIPP Northern California | 3rd Loan for Obligor - See Loan #5 for school information | | | \$32,226,266 | \$31,746,720 | See Loan #5 ² | 5/1/2057 | See Loan #5 | |
| 48 | 7/21/2022 | Freire Wilmington | Wilmington, DE | | 2016 | \$10,668,632 | \$10,468,503 | 0.9% | 7/1/2052 | Yes | BB |
| 49 | 8/15/2022 | Compass Rose | San Antonio and Austin, TX | | 2017 | \$30,000,000 | \$29,546,047 | 2.7% | 9/1/2027 | Yes | NR |
| 50 | 8/31/2022 | Partnerships to Uplift Communities Valley (PUC) | Los Angeles, CA | | 2007 | \$22,881,484 | \$22,142,652 | 2.0% | 8/1/2044 | Yes | BB+ |
| 51 | 9/2/2022 | Valor Collegiate Academies | Nashville, TN | | 2014 | \$32,298,198 | \$31,694,406 | 2.9% | 9/1/2052 | Yes | BBB- |
| 52 | 9/16/2022 | e-STEM | Little Rock, AR | | 2008 | \$10,105,974 | \$9,972,687 | 0.9% | 9/1/2057 | Yes | NR |
| 53 | 9/16/2022 | Memphis School of Excellence | Memphis, TN | | 2010 | \$9,970,104 | \$9,811,841 | 0.9% | 9/1/2052 | Yes | BBB- |
| 54 | 9/23/2022 | Beatrice Mayes Institute | Houston, TX | | 2001 | \$16,792,884 | \$16,382,991 | 1.5% | 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 | \$12,579,687 | See Loan #7 ² | 10/1/2052 | See Loan #7 | |
| 56 | 11/9/2022 | Elevate Academy | Caldwell, ID | | 2019 | \$11,965,000 | \$11,884,370 | 1.1% | 11/1/2052 | Yes | BB |
| 57 | 12/7/2022 | Etoile Academy | Houston, TX | | 2018 | \$8,055,437 | \$8,055,437 | 0.7% | 12/1/2052 | Yes | NR |
| 57 | 3/2/2023 | Great Oaks Legacy Charter School | 2nd Loan for Obligor - See Loan #31 for school information | | | \$19,200,000 | \$18,995,893 | See Loan #31 ² | 3/1/2053 | See Loan #31 | |
| 59 | 5/24/2023 | Valor Public Schools | Austin and San Antonio, TX | | 2017 | \$24,800,000 | \$24,800,000 | 2.2% | 6/1/2048 | Yes | NA |
| 60 | 7/20/2023 | Houston Classical Charter School | Houston, TX | | 2020 | \$3,944,850 | \$3,939,307 | 0.4% | 7/1/2053 | Yes | NR |
| 61 | 8/17/2023 | Amigos Por Vida | Houston, TX | | 1998 | \$21,600,000 | \$21,475,535 | 1.9% | 9/1/2053 | Yes | BBB- |
| 62 | 9/15/2023 | Friendship Aspire Academies | Little Rock, AR Region | | 2018 | \$18,808,000 | \$18,808,000 | 1.7% | 9/1/2058 | Yes | BB |

| | | | | | | | | | | | |
|--|------------|--|-------------------------|----|------|------------------------|------------------------|---------------------------|-----------|--------------|------|
| 63 | 9/15/2023 | Paul Robeson Charter School for the Humanities | Trenton, NJ | | 2008 | \$31,000,000 | \$31,000,000 | 2.8% | 9/1/2028 | Yes | NR |
| 64 | 9/22/2023 | Heritage Community Charter School | Caldwell, ID | | 2011 | \$6,814,176 | \$6,792,134 | 0.6% | 9/1/2048 | Yes | BB+ |
| 65 | 9/29/2023 | Odyssey Charter School | Wilmington, DE | | 2006 | \$41,415,016 | \$41,415,016 | 3.7% | 9/1/2053 | Yes | BBB- |
| 66 | 10/13/2023 | Yu Ming | Oakland, CA | | 2011 | \$7,100,000 | \$7,075,901 | 0.6% | 10/1/2058 | Yes | BB+ |
| 67 | 12/8/2023 | DREAM Charter School | New York City, NY | | 2008 | \$6,370,000 | \$6,370,000 | 0.6% | 12/1/2053 | Yes | BB+ |
| 68 | 12/20/2023 | Itineris Early College High School | 2nd Loan - see Loan #11 | | | \$1,995,222.48 | \$1,995,222 | See Loan #11 ² | 12/1/2053 | See Loan #11 | |
| 69 | 12/28/2023 | Yu Ying | Washington D.C. | | 2008 | \$32,310,000 | \$32,310,000 | 2.9% | 1/1/2029 | Yes | BB |
| Total: | | | | | | \$1,140,053,775 | \$1,104,936,386 | 100.0% | | | |
| | | mean | NA | NA | 2008 | \$16,522,518 | \$16,013,571 | 1.7% | 4/7/2050 | NA | NA |
| | | median | NA | NA | 2009 | \$15,073,410 | \$14,501,749 | 1.5% | 3/1/2051 | NA | BB+ |
| ¹ Obligor description no longer required under ESRF's Continuing Disclosure Agreement | | | | | | | | | | | |
| ² Obligor's multiple loans are combined for total % of portfolio | | | | | | | | | | | |
| ³ Previously upgraded by S&P | | | | | | | | | | | |
| ⁴ S&P downgraded Memphis Rise rating to "BB+" from "BBB-" in 2024 | | | | | | | | | | | |

II(B)(2). BORROWER METRICS AS OF DECEMBER 31, 2023

| Borrower Metrics ^{1, 9} | | | | | | | | | | | | | |
|----------------------------------|--|---|---|------------------------|---------------------------------------|-------------------------|--|---|--|-----------------------|---------------------|-------------------------------------|-------------------|
| Loan # | OBLIGOR NAME | GRADES SERVED | FALL 2023 OBLIGOR REPORTED ENROLLMENT ² (178 campuses) | CHANGE FROM PRIOR YEAR | REPORTED WAIT LIST AS % OF ENROLLMENT | CHARTER EXPIRATION DATE | LATEST AVAILABLE STATE/AUTHORIZER RATING (if applicable) | 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 | 652 | 3.8% | 13.8% | 6/30/2030 | C | 36.2% | 51.7% | \$9,330,558 | 0.72 | 7.1% | 117.5 |
| 2 | Village Tech Academy | PK-12 | 1,322 | 1.8% | 38.8% | 7/31/2028 | C | NA ⁴ | NA ⁴ | \$14,652,616 | 1.18 | 17.8% | 156.9 |
| 3 | Arizona School for the Arts | 5-12 | 768 | -5.8% | 6.6% | 7/1/2031 | A | 192.5% | 89.4% | \$10,014,021 | 1.33 | 12.3% | 134.5 |
| 4 | Choices in Learning Academy | PK-5 | 691 | 1.3% | 52.1% | 6/30/2039 | A | 139.4% | 147.2% | \$6,759,813 | 2.23 | 8.9% | 215.5 |
| 5 | KIPP Northern California Public Schools (formerly KIPP Bay Area) | K-12 | 1555 | 19.8% | 21.0% | Multiple | NA | 124.2% | 109.1% | \$31,402,737 | 2.24 ⁶ | 3.5% | 171.5 |
| 6 | Arlington Classics Academy | K-8 | 1,490 | -1.7% | 8.7% | 7/31/2033 | A | NA ⁴ | NA ⁴ | \$16,601,876 | 1.39 | 9.7% | 280.8 |
| 7 | Blackstone Valley Preparatory Academy | K-12 | 2,243 | 1.8% | 71.0% | 6/30/2029 | Multiple | 82.0% | 78.9% | \$42,137,383 | 1.17 | 6.3% | 72.7 |
| 8 | Rocketship United Academy | K-4 | 506 | 2.4% | 0.8% | 6/30/2025 | B | 102.9% | 144.4% | \$9,772,737 | 3.14 | 4.4% | 173.2 |
| 9 | KIPP Nashville | K-12 | 3,201 | 1.8% | 0.0% | Multiple | Multiple | 107.8% | 132.2% | \$64,779,915 | 3.38 | 6.5% | 257.8 |
| 10 | James Irwin Charter Schools | K-12 | 2,057 | -0.3% | 9.4% | Multiple | Multiple | NA ⁵ | NA ⁵ | \$28,167,260 | 1.35 | 9.8% | 311.7 |
| 11 | Itineris Early College High School | 9-12 | 385 | 17.0% | 5.2% | Evergreen | Multiple | 163.8% | 153.9% | \$4,380,749 | 1.85 | 10.3% | 228.1 |
| 12 | Alliance for College-Ready Public Schools | 6-12 | 8,394 | 0.1% | 8.2% | Multiple | NA | 115.6% | 72.1% | \$171,705,426 | 2.08 ⁶ | 7.3% | 177.2 |
| 13 | Caliber: ChangeMakers Academy | PK-8 | 960 | 4.1% | 28.5% | 6/30/2027 | NA | 134.3% | 283.9% | \$15,326,426 | 1.11 ^{6,7} | 7.3% | 177.2 |
| 14 | TEAM: KIPP NJ | K-12 | 6,312 | 0.8% | 5.3% | 6/30/2026 | NA | 87.5% | 106.7% | \$164,065,339 | 2.61 ⁸ | 6.1% ⁸ | 80.3 |
| 15 | Renaissance Arts Academy | TK-12 | 463 | 0.9% | 128.9% | 6/30/2026 | NA | 169.9% | 124.6% | \$9,419,426 | 3.02 | 11.0% | 591 |
| 16 | Not Your Ordinary School (NYOS) | PK-12 | 1,734 | 7.1% | 45.6% | 7/31/2033 | B | NA ⁴ | NA ⁴ | \$18,095,654 | 1.07 | 10.6% | 95.3 |
| 17 | Scuola Vita Nuova | K-8 | 393 | -3.4% | 14.8% | 6/30/2028 | NA | 193.8% | 398.9% | \$8,772,510 | 5.96 | 6.2% | 407.5 |
| 18 | KIPP Nashville | | | | | | | | | | | | |
| 19 | Arizona School for the Arts | 2nd Loan for Obligor - See Loan #3 for school information | | | | | | | | | | | |
| 20 | Brookside Charter School | PK-8 | 717 | -1.6% | 30.1% | 6/30/2028 | NA | 224.3% | 350.5% | \$13,880,625 | 6.3 | 2.3% | 197.8 |
| 21 | Sarasota School for the Arts | 6-8 | 747 | 0.7% | 32.1% | 6/30/2028 | A | 120.0% | 105.6% | \$7,999,725 | 2.35 | 7.6% | 177.0 |
| 22 | Dayspring Academy | PK-12 | 1,350 | 14.7% | 84.1% | Multiple | A | 141.2% | 111.9% | \$12,020,364 | 1.35 | 5.2% | 23.5 |

¹ Enrollment data based on School Year 2023-24; academic data based on School Year 2022-23, and financial data based on Fiscal Year 2023, unless otherwise noted

² School reporting dates may vary

³ Based on highest grade tested with available information

⁴ The Texas 2023 accountability reports are not yet publicly available. The release of these reports is pending judicial ruling and decisions from the 88th Legislature during a special called session.

⁵ Data suppressed; group size too small.

⁶ Debt service coverage based on management fees treated as expenses; if these expenses are subordinated in accordance with MTI, coverage would be materially higher

⁷ 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

⁸ Debt service coverage and debt burden net of QZAB-related revenue and expense

⁹ 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.