

**NOTICE OF VOLUNTARY FILING
FOR CONTINUING DISCLOSURE PURPOSES**

NATIONAL CHARTER SCHOOL REVOLVING LOAN FUND REVENUE BONDS

CUSIP Prefix: 04052F, 13035A, 57563U, 012430,

Date: October 31, 2024

Equitable Facilities Fund, Inc., a Delaware nonstock, nonprofit corporation (the “Program Administrator”), was established in 2017 to operate a pooled revolving loan program for the benefit of a class of public charities that operate to support public charter school facilities. The Program Administrator originates loans to qualifying public charter schools across the country, including a nine-step lending process from loan sourcing to portfolio management (“School Loans”), for the purpose of financing and refinancing the costs of the acquisition, construction, improvement, equipping, and furnishing of public charter school facilities.

Notice is hereby given that on July 9, 2024, the Program Administrator entered into a School Loan (the “Ascend Charter Schools Loan”) with Friends of Ascend Charter Schools, Inc. On October 31, 2024, the Ascend Charter Schools Loan was assigned to Equitable Revolving Fund LLC, a Delaware limited liability company (the “Revolving Fund”) as a capital contribution for inclusion in the ESRF Loan Pool under the Master Trust Indenture. Capitalized terms used but not defined herein have the meanings set forth in the Official Statement relating to the Arizona Industrial Development Authority Senior National Charter School Revolving Loan Fund Revenue Bonds, Series 2024A – Social Bonds and the California Infrastructure and Economic Development Bank, Series 2024B – Social Bonds, dated October 17, 2024.

Attached as Appendix A hereto is a summary of the Ascend Charter Schools Loan, including a description of the obligor’s charter contract, management and governance, enrollment information, academic performance, financed project, and financial information. ***None of the Revolving Fund, the Program Administrator, or their counsel has undertaken any responsibility for the accuracy or completeness of the information provided in Appendix A. Certain information may have changed since the Ascend Charter Schools Loan closing date and may be subject to future changes.***

Friends of Ascend Charter Schools, Inc.
Brooklyn, New York
\$22,485,000 EFF Financing/ Closed: July 9, 2024/ Final Maturity: July 1, 2029

Obligor Overview

Ascend Charter Schools, Inc. (“Ascend Public Schools”) is a New York State not-for-profit education corporation that operates nine charter schools, most with multiple campuses, with a 10th charter approved but not yet operating. School operations began in 2008 and for the School Year 23-24, the network serves approximately 5,500 students in grades K-12 across its 17 campuses—all in Brooklyn. Ascend is approved to expand up to 6,093 students by FY29 by growing into grades in two still expanding K-8 schools.

The mission of Ascend Public Schools: *“Ascend Public Schools is a network of K-12 schools that honor, nurture, and challenge the whole child. We foster critical thinking skills and a love of learning through our inquiry-based learning approach, Responsive Classroom model, and anti-racist education. We are deeply committed to advancing educational equity for all of our students.”*

The transaction’s legal structure includes a first lien mortgage on the financed project and a first lien pledge of the rental income associated with the property via a custodial account that provides for an automatic payment of rent to the borrower from a segregated custodial account.

Charter Contract

Ascend Public Schools operate under nine distinct charters with a 10th approved but not yet operating, all authorized by the State University of New York’s Charter Schools Institute.

#	CHARTER	Authorizer	Year School Opened or Scheduled to Open	Charter Expiration Date	Authorized Grades	# of Charter Renewals (excluding extensions)	Length of Most Recent Charter Extension
1	Brooklyn Ascend	SUNY CSI	2008	7/31/2029	9-12	4	5
2	Brownsville Ascend	SUNY CSI	2009	7/31/2029	K-8	4	5
3	Bushwick Ascend	SUNY CSI	2010	7/31/2029	K-8	4	5
4	Canarsie Ascend	SUNY CSI	2013	7/31/2029	K-8	3	5
5	Central Brooklyn Ascend	SUNY CSI	2014	7/31/2029	K-8	2	5
6	Cypress Hills Ascend	SUNY CSI	2018	7/31/2029	K-8	2	5
7	East Brooklyn Ascend (3)	SUNY CSI	2019	7/31/2029	K-4	1	5
8	Flatbush Ascend (Lefferts Garden, (4)	SUNY CSI	2019	7/31/2029	K-8	1	5
9	East Flatbush Ascend (5)	SUNY CSI	2019	7/31/2029	K-4	1	5
10	Brooklyn Ascend 6	SUNY CSI	2024	7/31/2029	K-8	0	NA

In January 2024, SUNY granted all of Ascend Public Schools’s active charters a full, five year renewal through July 31, 2029.

Management & Governance

Ascend Public Schools contracts with Ascend Learning, Inc. (Ascend Learning), a New York not-for-profit charter management organization (the “CMO”), for comprehensive school management services that support all Ascend Public Schools charters in the areas of curricular development, student assessment, recruitment of prospective students and staff members, professional development, legal compliance, external relations, financial management, and technology support. In exchange for these services, Ascend Public Schools pays the CMO a 13.25% fee under a management contract that is renegotiated on an annual basis.

The education corporation, Ascend Public Schools, is governed by an eight-member board of Trustees. The CMO, is governed by a eight-member board. In addition, the legal borrower, Friends of Ascend Charter Schools, Inc., has a three-member board. There are no overlapping members on any of these three boards and each comprise members with credentialed and relevant experience in education, law, operations, and finance.

Enrollment & Student Information

Ascend Charter Schools’ student count for the past four years is as follows:

Ascend Schools Historical Student Enrollment FY21 – FY24			
<u>FY21</u>	<u>FY22</u>	<u>FY23</u>	<u>FY24</u>
5,965	5,756	5,710	5,524

For the School Year 2023-24, Ascend Charter Schools serves 5,524 charter students in grades K-12. The education corporation’s waitlist represented 16% of enrollment during FY24. Approximately 88% of students were eligible for free and reduced lunch and 91% identified as non-white in the same school year. Ascend Charter Schools is approved to expand to 6,093 charter students by fall 2028.

Academic Program & Results

Ascend Charter Schools students have historically shown academic results with student proficiency rates that exceed their respective community school districts (CSD), as well as overall New York City and New York State averages on standardized ELA and Math tests.

Ascend Charter Schools’ 2023 academic results were evaluated based on similar school analysis (“SSM”), gap busting, and growth metrics. The school’s SSM scores in FY23 placed Ascend Charter Schools in the 87th percentile for both ELA and Math. In gap busting, the school demonstrated strong outcomes for Economically Disadvantaged (SED) students in grades 3-8, significantly exceeding state levels, achieving 154% in ELA and 162% in math. When looking at

growth, the school placed in the 60th percentile in ELA and 59th percentile in math. Finally, Ascend Charter Schools’ high school graduation rates for school years 2018-19 through 2022-23 exceeded the authorizer’s absolute target of 75% and the district each year, ranging between a low of 79.3% (SY22-23) to a high of 96.8% (SY18-19).

The Project

Loan proceeds will be disbursed to 1) refinance four of its five leasehold improvement loans for six facilities that house seven schools; 2) and pay costs of issuance.

None of Ascend Charter Schools’ schools are co-located with New York City Department of Education schools. Rather, Ascend Charter Schools leases private buildings that have either been custom-built or newly renovated that are designed specifically for the needs of Ascend Charter Schools’ students and their learning. As a result, Ascend Charter Schools has incurred debt to renovate these long-term, leased facilities.

The EFF loan will refinance four of the education corporation’s five outstanding loans. The fifth loan that will remain outstanding is a CDFI Bond Guarantee Program (BGP) Loan that is effectively not prepayable without an expensive make-whole payment. The four loans to be refinanced have interest rates that range from 4.48% to 6.25%. Three of the loans to be refinanced are with NFF with the fourth held by Civic Builders. Three of these loans have terms of five years and are due in 2024 while the fourth is a ten-year loan due in 2028. All loans, including the BGP, have amortization terms of 20 years.

Most Ascend Charter Schools students are eligible for New York City rental assistance. Indeed, Ascend Charter Schools structures all of its leases to maximize New York City Rental Assistance payments, i.e., allowing for formal rent charged to the education corporation to exceed the amount due to a private landlord or in the case of the financed property, for debt service. For example, the costs associated with maintenance and security are included in the sublease rent.

Financial Information

Certain historical financial information for Ascend Charter Schools is listed below.

**Ascend Charter Schools
Historical Financial Information**

<u>Metric</u>	<u>FY21</u>	<u>FY22</u>	<u>FY23</u>
Net Total Revenue (TR)	\$130,071,368	\$137,441,682	\$149,633,301
DS Coverage Ratio	1.98x	1.19x	1.20x
Net Lease Adj. Debt Burden	7.2%	10.1%	8.1%
Days Cash on Hand	82.8	74.9	44.4

S&P Rating: BB+

Website: [Ascend Charter Schools](https://ascendcharterschools.org)

Security and Loan Covenants

Security and Loan Covenants	
Security	First lien leasehold mortgage on financed facility and first lien on gross lease revenues of borrower where Ascend Charter Schools is the tenant. In addition, a temporary guaranty from the CMO is in place until certain conditions are met.
Debt Service Coverage Covenant	1.10x
Additional Bonds Test	No additional indebtedness permitted without lender approval other than trade debt, unsecured and non-recourse indebtedness not to exceed \$3 million, existing indebtedness and associated refinancings, and for indebtedness secured by non-Bond Guaranty Program properties, a sublease payment coverage of at least 1.20x based on both a historical basis and projected basis that includes the additional debt.
Liquidity Covenant	Sixty (60) Days Cash on Hand
Academic Covenant	Ascend Charter Schools will (i) maintain a minimum weighted average for all network students in the 70 th percentile using a Similar Schools Methodology in both ELA and Math; or maintain a weighted average proficiency rate for each school in both ELA and Math that is in the top quartile of each school's respective CSD; and (ii) maintain a weighted average proficiency rate for all students of color, in both ELA and Math, that meets or exceeds 110% of the State's weighted average for all students of color in each subject; or maintain a weighted average proficiency rate for all students, in both ELA and Math, that meets or exceeds 110% of the weighted average for all students in each respective CSD; and maintain average scores for economically disadvantaged students on the SAT Math and SAT Verbal, or ACT equivalent, that match or exceed the same metric for the CSD that school is located; and each year the network 4 year graduation rate exceeds the same metric for the CSD.
Enrollment Covenant	Escalating minimum requirement: 5,135 for fall 2024; 5,280 for fall 2025; 5,380 for fall 2026; 5,445 for fall 2027; and 5,485 for fall 2028 and thereafter.