

3/27/07

Approved  
OMB No. 1855-\_\_\_\_  
Exp. Date \_\_\_\_\_

**Reporting Instructions for the Charter School Facility Financing Demonstration  
Grants and Credit Enhancement for Charter School Facility Grants**

Material Event Reports

The grantees are required to provide, in a timely manner, notice and disclosure of any material event in connection with the Grantee's Standards of Conduct, as revised, governing the Grantee's employees, officers, directors, trustees and agents (collectively "Covered Persons") engaged in the selection, award, and administration of contracts or agreements related to the Grant. A material event may include, but is not necessarily limited to, the direct or indirect financial interest of a Covered Person in any financed charter school or any contract or agreement executed in furtherance of the Grant purposes or the Program, or any direct or indirect conflict of interest in the decision-making related thereto. Disclosure of any such material event must also discuss remedies and corrective actions undertaken.

Annual Reports

All grantees must provide:

- The grant performance summary page. This page provides key summary data related to the performance of the grant.
- An evaluation by the grantee of the effectiveness of its use of Federal funds to leverage other funds that includes:
  - a description of the activities used to assist charter schools in acquiring (by purchase, lease or donation) or constructing (including renovating, repairing, and altering) school facilities.
  - both (1) a statement about whether the grantee has sufficient resources from its grant to serve additional schools and (2) an approximate number of how many additional schools it can serve.
  - a brief narrative describing participating lenders and financial institutions.
  - a brief narrative describing the uses of the actual expenditures in the budget.

- a timeline that includes specific schedules and accomplishments pertaining to the grantee's program during the reporting period.
  - in the event that there have been any delinquencies or defaults or reimbursements of delinquencies or defaults, a statement regarding the school(s) and remedies, a description of draws from and reimbursements to the reserve account during the reporting period.
  - in the event that there has been a notice of probation, suspension, or revocation of a charter, an explanation of the circumstances.
  - in the event you collaborated with another grantee to serve one or more charter schools, indicate the names of the schools and the grantees.
- An IRS Form 990 (due 30 days after filing).
  - An audit report (including any opinion thereon); the OMB Circular A-133 audit; and audited financial statements, including (1) the management letter and any response(s); (2) schedules; and (3) auditor's notes related to the specific activity for which the Grant money was awarded, (due 180 days following the end of the Grantee's standard fiscal year).
  - The EXCEL spreadsheets.
  - Bank or brokerage statement(s) for all reserve account investments and deposits as of the last day of the reporting period, or as close to that date as possible. There is no need to submit statements for every month of the year.

#### Grantees that make loans or own school facilities

Grantees that use their grants to credit-enhance loans that they (rather than a third party) make or fund must provide copies of the commitment letters for charter schools served under this grant as part of these reports. In addition, grantees that either

- credit enhance loans for buildings that they own and rent to charter schools or
- guarantee or insure leases of a building(s) that they own

must submit a copy of the lease and the terms and conditions of the guarantee of the lease.

Unless otherwise noted above, the annual report is due by November 30 of each year.

## Instructions for budget report

Provide the actual amount of funds spent for the most recent year in the relevant column(s). Provide at least five years of projected budgets in addition to actual budget figures for prior years of the grant. Since these grants are awarded on a competitive basis, the US Department of Education's (ED) ability to approve deviations from previous budgets and the scope of their projects is limited. Grantees provided years 1-5 of their budgets as part of their performance agreement. Grantees should not assume that they may proceed with changes to their budgets unless they have explicit written approval from ED. Grantees must report funds on a cash rather than an accrual basis.

### A. Administrative funds:

A.1. Indirect costs: Many organizations have indirect cost rates established with the U.S. Department of Education that allow those organizations to spend a portion of their grant funds on a share of the total organization costs such as rent and utilities. For this grant you may choose to claim indirect costs, but the total amount may not exceed the  $\frac{1}{4}$  of 1% allowed by statute. Also, if you choose to claim indirect costs, the sum of your indirect costs and your other administrative costs (line A.2.) combined may not exceed the allowable  $\frac{1}{4}$  of 1%.

A.2. Administrative costs other than indirect costs: Administrative costs are allowed for such activities as preparing reports. Administrative cost funds are capped by the program's authorizing statute at  $\frac{1}{4}$  of 1% (0.25%) of the award amount. Administrative costs may be spread out over the project period, but the total amount may not exceed  $\frac{1}{4}$  of 1% in total. Also, if you choose to claim indirect costs, the sum of your indirect costs and your other administrative costs (line A.2.) combined may not exceed the allowable  $\frac{1}{4}$  of 1%.

A. Total administrative costs: The total for this line should include the sum of lines A, A.1. and A.2. This line cannot exceed  $\frac{1}{4}$  of 1% of the requested amount for the entire project period.

B. Reserve account earnings: Earnings include the total interest earned per year on reserve account funds as well as all fees charged in association with the project, because fees must also be added to the reserve account and used for the four allowable purposes of the grant.

### C. Reserve account expenditures

#### C.1. Grant funds spent on guaranteeing and insuring debt and leases

C.1.a. Personnel and fringe benefits: All costs associated with paying personnel who will receive reserve account funds for their direct involvement with

guaranteeing and insuring debt and leases. (We expect that this will not be a significant portion of the total request.)

C.1.b. Payments to third parties to guarantee or insure debt: All payments made with reserve account funds to third parties, such as fees for guaranteeing or insuring debt.

C.1.c. Other payments associated with guaranteeing and insuring debt and leases: Any other costs paid for with reserve account funds that are not covered in C.1. a-b that can be directly attributed to guaranteeing and insuring debt and leases.

C.1. Total Guaranteeing and insuring debt and leases payments: The sum of lines C.1.a., C.1.b., and C.1.c.

C.2. Grant funds spent on facilitating financing (including facilitating lending and the issuance of bonds)

C.2.a. Personnel and fringe benefits: All costs associated with paying personnel who will receive reserve account funds for their direct involvement with facilitating financing.

C.2.b. Contractual: All costs associated with paying contractors that will receive reserve account funds for their work facilitating financing.

C.2.c. Other payments associated with facilitating financing: Any other costs paid for with reserve account funds that are not covered in lines C.2. a-b that can be directly attributed to facilitating financing.

C.2. Total grant funds spent on facilitating financing (including facilitating lending and the issuance of bonds): The sum of lines C.2.a., C.2.b., and C.2.c.

C.3. Total reserve account costs (lines C.1. and C.2.): The sum of lines C.1. and C.2. The amount in the total column for this row cannot exceed the sum of the request on Form ED 424 (the Application for Federal Education Assistance) plus reserve account earnings, and would likely be less.

## **Instructions for the EXCEL spreadsheets** (other than the budget)

### **Worksheets**

New charter schools served spreadsheet. This spreadsheet is for charter schools that had a financing close in the most recent reporting period. If a charter school received services in a prior year and then received additional services in the most recent reporting period, it would be listed on both this spreadsheet and on the charter schools served in previous years spreadsheet.

Charter schools served in previous years. This spreadsheet is for charter schools that were served under prior reporting periods. A charter school need not be included on this report once the grantee's guarantee has been removed from the charter school.

Schools receiving services other than guaranteeing or insuring debt. This spreadsheet captures schools for which grantees are guaranteeing or insuring leases, facilitating lending, or facilitating bonding. If a grantee is facilitating bonding by consolidating multiple charter school projects in a single bond issue that the grantee either guarantees or insures, please list the relevant information by school on the "new charter schools served" or the "charter schools served in previous years" spreadsheets instead of on this spreadsheet.

Reconciliation. This spreadsheet reconciles the initial grant and the actual budgets with the grantee's investment balances. In the event that the numbers do not reconcile, please provide a brief description as to what you are doing to review and correct your financial information. Some of the numbers on this spreadsheet will automatically generate based on numbers the grantees provide in their budgets. This spreadsheet is a template that might not be complete for all grantees, particularly those that have grants that have been in existence for several years. Column "C" of the reconciliation spreadsheet includes links to the budget form, grantees that have had their grant for more than one year will copy the formulas in this column and paste them in additional columns for additional years. Grantees should only link to actual numbers in the budget form, not projected numbers for future years. Some grantees will have to add columns and change the cell reference from "C10" to the letter for the appropriate column when calculating the difference that represents the reconciled grant amount in cell "A28."

## **Data definitions and procedures for the EXCEL spreadsheets and summary sheet**

**Time period.** The transactions that are to be reported in the EXCEL spreadsheet are those that take place during the Federal fiscal year (October 1 until September 30).

**Charter school.** A charter school must be recognized by its State as a separate school in order for a grantee to count it as a separate school. In the event that a charter school has multiple campuses and a single charter, the grantee may count each campus as a separate school if the State recognizes them as separate schools. In the event that the State recognizes the multiple campuses as a single school, the grantee must report them as a single school, but may include a footnote to the summary sheet or Excel spreadsheet(s) or a statement in its written evaluation that indicates the number of campuses it served.

**NCES Identification Number.** The unique number that the National Center for Education Statistics (NCES) uses to identify a school. NCES generally assigns these numbers when charter schools are at the planning stage. The school you serve should generally be able to give you this number. If it cannot, you can locate the number at <http://nces.ed.gov/globallocator/>.

**Amount of financing leveraged.** The dollar amount of debt financing as a direct result of the guarantee using the Credit Enhancement grant. A grantee may count senior debt towards the total amount of funds leveraged if it uses grant funds to guarantee or insure subordinate debt. Likewise, grantees may count subordinate debt toward the total amount of funds leveraged if it only uses grant funds to credit-enhance senior debt.

For credit enhancements of leasehold improvements loans, grantees may count the value of the outstanding amount of rent under the lease plus the leasehold improvements as funds leveraged. Grantees may not count the value of the building itself, or proxies thereof, toward funds leveraged for credit enhancing leasehold improvement loans. Grantees may not count equity provided by the charter school (or other building owner) or parties on behalf of the charter school (or other building owner) towards the amount of financing leveraged.

**Amortization structure.** The structure or combination of structures that is used to repay debt. (E.g., sequential pay (a senior-subordinate debt structure); fully amortizing (returning principal to investors throughout the life of the security); controlled amortization (interest-only payments followed by a series of principal payments); bullet (a single payment); and floater (floating interest rate).) Please provide for each component of the financing for the school.

**Amortization schedule.** The due dates for principal and interest payments (e.g., interest only payments on a monthly basis from 1/2004 until 12/2009 with a bullet principal payment on 12/2009). Please provide for each component of the financing for the school.

**Maturity date.** The date by which the debt is scheduled to be repaid. Please provide for each component of the financing for the school.

Conversion features. Options, if any, the borrower has to change the maturity date or amortization schedule or structure. Please provide for each component of the financing for the school.

Amount of fees paid by charter school to the grantee. Any fees that either have or will be paid by charter schools to the grantee either for the benefit of the credit enhancement or other service(s) offered provided by the grantee to the charter school. Include fees for services that might not necessarily tied to services provided under the Federal grant.

Basis for calculating the interest rate. Provide the interest rate type (i.e., fixed or variable rate) of the financing. If variable, indicate the benchmark rate (and spread if any) and rate re-set frequency.

### Paperwork Burden Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1855-0010. The time required to complete this information collection is estimated to average 25 hours per annual report response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. **If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to:** U.S. Department of Education, Washington, D.C. 20202-4651. **If you have comments or concerns regarding the status of your individual submission of these forms, write directly to:** Credit Enhancement for Charter School Facilities Program, U.S. Department of Education, 400 Maryland Avenue, S.W., Room 4W245, Washington D.C. 20202.