

Approved
OMB No.
Exp. Date

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

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 collection is 1855-0010. Public reporting burden for this collection of information is estimated to average 25 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain or retain benefit according to section 5527 part b of the Elementary and Secondary Education Act of 1965. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the U.S. Department of Education, Attention: Clearance Officer, 400 Maryland Avenue, N.W., Washington, DC 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 4W221, Washington D.C. 20202.

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 a summary of grant activities 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 and a description of the characteristics of lenders and other financial institutions participating in the activities undertaken by the grantee.

- a statement about whether the grantee has sufficient resources from its grant to serve additional schools, (2) an approximate number of how many additional schools it can serve within 12 months, and (3) the amount of grant funds available, including the amount of grant funds that are anticipated to be recycled within the next 12 months.
 - 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 schedules and 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 spreadsheet containing three workbooks.
 - 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 first column. Provide at least five years of projected budgets in addition to actual budget figures for prior years. 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 award 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 spreadsheet (other than the budget)

Workbooks

Newly, Previously, and Leases workbook. This workbook is for charter schools (1) that had a financing close in the most recent reporting period, (2) that were served under prior reporting periods, and (3) for which grantees are guaranteeing or insuring leases, facilitating lending, or facilitating bonding. All charter schools served should be reflected on this workbook.

If you are completing the Supporting Data section for a newly financed school, defined as a school that was financed this reporting period, please complete columns A-AC, AI, and AJ. If the school was previously financed, please complete or update columns A-AD, AI, and AJ. Once a grantee's guarantee has been removed, the grantee may indicate "\$0.00" for column AC. Lastly, if the funds were used for insuring leases, facilitating lending, or facilitating bonding please complete columns A-G and AD-AJ.

After completing the Supporting Data section (bottom half of the "Newly, Previously and Leases" workbook), please calculate the total amounts, per year, for the Summary Table. For the **Loan Amount Leveraged (row 7 in the Summary Table)**, please add the "Loan Amount Financed" (column T) and "Total Leveraged" (column AH), for each year. Place these yearly totals in the Summary Table under the corresponding year.

For the **Amount of Loans Directly Credit Enhanced (row 8 in the Summary Table)**, please total "Size of the Loan Benefitting from the Credit Enhancement" column U, for each year. Place these yearly totals in the Summary Table under the corresponding year. _

For the **Number of Schools served (row 9 in the Summary Table)**, please total the number of schools served each year. This number may reflect a charter school that was served, for example, in 2004 and then again in 2005. The school will be counted for both years.

For the **Number of New Schools served (row 10 in the Summary Table)**, please total the number of new schools served each year, taking into consideration a school may only be counted once, even though additional financing may have been given to the school in subsequent years. The school should be considered a new school only in the first year it receives financing. If a school receives several financings, this number will be captured on the Performance Report Summary Sheet under the "Number of total transactions served under the grant since the inception of the grant project".

Reconciliation. This workbook reconciles the initial grant and the earnings and expenses 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 workbook 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 workbook 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

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).

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. If a school cannot give you this number, 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 12/2013 with a bullet principal payment on 12/2013). 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 tie 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.

Impact of the credit enhancement on the terms and the conditions of the loan. Provide two or three sentences summarizing the impact of the credit enhancement on the terms and conditions of the loan. The complete summary may be included in the narrative portion of the annual performance report.

Impact of the credit enhancement funds on the overall project of the school served. Provide two or three sentences summarizing the impact of the credit enhancement funds on the overall project of the school served. A more complete summary may be included in the narrative portion of the annual performance report.

What happened to the school after the credit enhancement expired. If known, please provide two or three sentences summarizing what happened with the school, the facility, and the overall performance of the students after the credit enhancement expired. An example of what happened to the school after the credit enhancement expired would be the school was able to secure long term financing and has increased performance by X%.

Percentage of Students Proficient and Advanced in Math and Reading. For each school with grant funds committed to a project, please provide the percentage of students scoring proficient and advanced in Math and Reading (on a school-wide basis). In addition, please provide the percentage of students scoring proficient and advanced in Math and Reading in the State (only for the grades that the charter school serves). Please use the prior year's (the school year ending in the ending year of the reporting period) academic data.