AccessLex INSTITUTE®

Empowering the Next Generation of Lawyers®

Consolidated Financial Statements and Report of Independent Certified Public Accountants

AccessLex Institute

March 31, 2025 and 2024

Contents

GRANT THORNTON LLP
Two Commerce Square
2100 Market St., Suite 800
Philadelphia, PA 19103-7065

D +1 215 561 4200
F +1 215 561 1066

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
AccessLex Institute

Opinion

We have audited the consolidated financial statements of AccessLex Institute and subsidiaries (the “Company”), which comprise the consolidated statements of financial position as of March 31, 2025 and 2024, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025 and 2024, 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 Company 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

GrantThornton

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 US 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

Philadelphia, Pennsylvania
July 9, 2025

AccessLex Institute

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

March 31,

(In thousands)

ASSETS	**2025**	**2024**
Cash and cash equivalents	$ 7,181	$ 7,546
Investments, at fair value	920,488	855,623
Restricted cash and cash equivalents	41,772	73,268
Student loans receivable, net	502,222	739,387
Accrued interest receivable	20,088	33,801
Other assets	10,501	19,095
Total assets	$ 1,502,252	$ 1,728,720
LIABILITIES AND NET ASSETS		
Asset-backed notes, net	$ 447,780	$ 718,931
Other liabilities	56,992	51,521
Total liabilities	504,772	770,452
Net assets, without donor restrictions	997,480	958,268
Total liabilities and net assets	$ 1,502,252	$ 1,728,720

The accompanying notes are an integral part of these consolidated financial statements.

AccessLex Institute

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended March 31,

(In thousands)

	2025	2024
Operating revenues:		
Interest income	$ 53,540	$ 74,365
Interest expense	(47,497)	(68,180)
Net interest income	6,043	6,185
Provision for loan losses	(86)	3,417
Net interest income after provision for loan losses	5,957	9,602
Other operating income	2,009	3,991
Total operating revenues	7,966	13,593
Operating expenses:		
Program services expenses	31,522	23,567
Management and general expenses	7,943	13,162
Total operating expenses	39,465	36,729
Change in net assets from operations	(31,499)	(23,136)
Nonoperating income:		
Investment return	70,711	134,154
Total nonoperating income	70,711	134,154
Change in net assets	39,212	111,018
Net assets, beginning of year - unadjusted	958,268	831,397
Impact of CECL Implementation	-	15,853
Net assets, beginning of year - adjusted	958,268	847,250
Net assets, end of year	$ 997,480	$ 958,268

The accompanying notes are an integral part of these consolidated financial statements.

AccessLex Institute

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31,

(In thousands)

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 39,212	$ 111,018
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Net amortization of deferred costs and fees	174	156
Net amortization of note discount	117	2,143
Debt accretion	8,519	12,658
Accretion of interest income	(11,482)	(14,937)
Depreciation expense	1,199	1,158
Impairment loss	3,297	-
Provision for loan losses	86	(3,417)
Net realized and unrealized gain on investments	(63,863)	(127,962)
Reinvested investment dividends	(7,238)	(6,449)
Deferred financing costs	55	166
Decrease (increase) in operating assets:		
Accrued interest receivable	7,590	(3,015)
Prepaid expenses and other current assets	649	(3,698)
Increase in operating liabilities	5,470	10,338
Net cash used in operating activities	(16,215)	(21,841)
Cash flows from investing activities:		
Proceeds from sale of loans	99,729	-
Student loan principal payments	154,780	207,655
Purchases of property and equipment	(1,606)	(1,508)
Proceeds from sale of investments	97,952	50,531
Purchases of investments	(86,715)	(32,225)
Net cash provided by investing activities	264,140	224,453
Cash flows from financing activities:		
Repayment of debt principal	(279,786)	(197,344)
Net cash used in financing activities	(279,786)	(197,344)
Net (decrease) increase in cash, cash equivalents and restricted cash	(31,861)	5,268
Cash, cash equivalents and restricted cash at beginning of year	80,814	75,546
Cash, cash equivalents and restricted cash at end of year	$ 48,953	$ 80,814
Reconciliation to amounts on consolidated statement of financial position		
Cash and cash equivalents	$ 7,181	$ 7,546
Restricted cash and cash equivalents	41,772	73,268
Total cash, cash equivalents and restricted cash	$ 48,953	$ 80,814
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 36,286	$ 46,877
Supplemental disclosures of noncash investing transactions:		
Capitalization of accrued interest to student loans receivable	$ 6,122	$ 8,812

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

AccessLex Institute, incorporated in 1993, and its subsidiaries (collectively, the Company), is a Delaware nonstock, nonprofit membership corporation organized to promote access and affordability to legal and other higher education through financing and related services. The Company's members are comprised of state-operated/affiliated/supported and nonprofit American Bar Association-approved law schools located in the United States and Puerto Rico and number 194 as of March 31, 2025. The Company has received an Internal Revenue Service (the IRS) determination that it is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and that it is not a private foundation within the meaning of Section 509(a) of the Code because it is an organization described in Section 509(a)(2) of the Code.

The Company has established a Delaware statutory trust, Access Group Loan Reserve Trust I, as a separate legal entity for the purpose of holding, in trust, funds that are pledged for the payment of loan default claims on certain private student loans.

During fiscal year 2011, the Company established a limited liability corporation (LLC), Access Funding 2010-A, LLC (2010-A), for the purpose of holding a pool of private student loan assets that are pledged for the payment of specific student loan asset-backed notes and certificates.

During fiscal year 2011, the Company established a Delaware corporation, Agility Loan Services, Inc. (Agility), to manage certain business activities in connection with its management of its loan originations and loan servicing operations then in existence, and to perform other lawful activities permitted under the Delaware General Corporation Law. Agility has been inactive since its date of incorporation and has no assets or liabilities to date. The Company is the sole shareholder of Agility.

During fiscal year 2013, the Company established a limited liability corporation, Access Funding 2013-1, LLC (2013-1), for the purpose of refinancing the pool of federally guaranteed student loan assets previously held in Access Funding ABCP-I, LLC. These assets are pledged for the payment of specific student loan asset-backed notes.

During fiscal year 2016, the Company established a limited liability corporation, Access Funding 2015-1, LLC (2015-1), for the purpose of refinancing the pool of federally guaranteed student loan assets previously held in Access Group, Inc.'s Series 2008-1 transaction. These assets are pledged for the payment of specific student loan asset-backed notes.

During fiscal year 2016, the Company formed Milan Acquisition, LLC, a Delaware single-member LLC. On December 18, 2015, Milan Acquisition, LLC acquired all of the assets and assumed certain liabilities of Lawyer Metrics, LLC, an Indiana LLC. Subsequent to closing, Lawyer Metrics, LLC changed its name to LM Legacy, LLC, and Milan Acquisition, LLC changed its name to Lawyer Metrics, LLC. Lawyer Metrics, LLC was engaged in the business of offering products and services to the legal industry, including strategic data analysis, applied research and human capital management for law firms.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The acquisition was treated as a business combination under purchase accounting.

Effective May 26, 2017, Lawyer Metrics, LLC changed its name to LawyerMetrix, LLC.

Effective February 1, 2019, the Company ceased all then current operations performed by LawyerMetrix, LLC.

During fiscal year 2020, the Company formed AccessLex Bar Success, Inc. (Helix) as a separate legal entity for the purpose of supporting the educational and charitable activities of its sole member, AccessLex Institute, by developing and operating a not-for-profit legal studies course for students completing law school and preparing to take the Bar examination. The Company received notice that Helix was recognized as a tax-exempt entity under Section 501(c)(3) of the Code as of August 19, 2019.

Effective August 19, 2020, AccessLex Bar Success, Inc. changed its name to Helix Bar Review, Inc.

In October 2024, the Company sold the federally guaranteed student loan assets previously pledged as collateral in the AccessLex Series 2007-1 asset-backed securitization trust. Proceeds from the sale were used to repay the asset-backed notes associated with the transaction with the excess representing a gain on sale included in other operating income within the consolidated statements of activities.

The consolidated financial statements include AccessLex Institute, Access Group Loan Reserve Trust I, 2010-A, Agility, 2013-1, 2015-1, LawyerMetrix, LLC, and Helix.

Basis of Accounting and Principles of Consolidation

The consolidated financial statements of the Company are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) which requires reporting on the accrual basis of accounting. In accordance with Accounting Standards Codification (ASC) 958-810, the Company consolidates all entities for which it has control and an economic interest. All intercompany accounts have been eliminated.

Basis of Presentation

The Company follows the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred.

Income and expenses related to the Company’s investments, at fair value, are classified on the consolidated statements of activities as nonoperating revenues and expenses. Income and expenses from all other business activities are classified as operating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial reporting standards require that net assets and revenues, expenses, gains and losses be classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Company and changes therein are classified and reported as follows:

> *Net assets without donor restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Company's management and the board of directors.
>
> *Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Company or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are generally reported as decreases in net assets. Expirations of donor-imposed stipulations, if any, that simultaneously increase net assets without donor restrictions and decrease net assets with donor restrictions are reported as reclassifications between the classes of net assets.

The Company has no net assets with donor restrictions.

Income Taxes

The Company is a nonprofit corporation that qualifies as a tax-exempt organization under Section 501(c)(3) of the Code. In addition, the Company has been determined by the IRS not to be a private foundation within the meaning of Section 509(a) of the Code.

The Company accounts for uncertainties in income taxes based on a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Company has no uncertain tax positions meeting the threshold. The Company remains subject to federal, state and local income tax examinations for the year ended March 31, 2021 to the present.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking accounts and cash management accounts. Cash pledged as collateral for asset-backed notes (as described in Note 10) is excluded from cash and cash equivalents and is included in restricted cash and cash equivalents (as described in Note 2) on the consolidated statements of financial position.

Investments

The Company carries investments at fair value. Interest and dividends from investments, as well as realized and unrealized gains and losses, are recorded as nonoperating revenue within investment returns in the consolidated statements of activities. Investments may include investments in funds managed by others, which from time to time include cash or cash equivalents waiting to be reinvested. For investments in funds, the Company utilizes the investment's net asset value (NAV) per share as a practical expedient for determining fair value. The Company records investment transactions on their trade date.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Student Loans Receivable

The Company records student loans receivable that it has the intent and ability to hold for the foreseeable future or until maturity or payoff on its consolidated statements of financial position at outstanding principal adjusted for any charge-offs, the allowance for loan losses, any deferred fees or costs on originated loans, and any unamortized premiums or discounts. Once a decision has been made to sell loans not previously classified as held-for-sale, such loans are transferred into the held-for-sale classification and carried at the lower of cost, consisting of principal and deferred costs, or fair value. At the time of transfer into the held-for-sale classification, any amount by which cost exceeds fair value is accounted for as a valuation adjustment on the consolidated statements of activities.

Additional information on the carrying value of student loans receivable may be found in Note 4. For additional information related to the Company's accounting policies for loans securitized in the 2010-A securitization, refer to Note 5.

The allowance for loan losses is maintained at a level the Company believes is sufficient to absorb probable credit losses inherent in the student loan portfolio. Effective April 1, 2023, probable credit losses were determined using an expected loss methodology estimated over the remaining life of the related loans, opposed to the previous incurred loss methodology. For further information see disclosure on new accounting pronouncements. The allowance is determined based on estimates of the probable credit losses, and a provision is charged against earnings to maintain the allowance for loan losses at that level. Effective April 1, 2023, projected recoveries on existing and estimated future loans to be charged off were considered net of probable credit losses when arriving at the sufficiency of the allowance. The Company's net credit losses include the principal amount of loans charged off, plus accrued interest, less current period recoveries. The Company's policy is to charge off delinquent private loans by the end of the month in which the account becomes 180 days contractually past due. The Company records current period recoveries on loans previously charged off in the allowance for loan losses. For additional information related to the allowance for loan losses, refer to Note 6.

Deferred Costs

Deferred costs consist of origination and lender fees paid to the U.S. Department of Education (DOE) on federally guaranteed student loans originated by the Company, premiums paid in the acquisition of student loans, and certain origination expenses incurred to originate student loans. The Company utilizes the interest method to amortize deferred costs as an adjustment to interest expense, taking into account actual loan prepayments. Additionally, the Company has financing expenses incurred in issuing debt, which are deferred and amortized over the life of the applicable debt.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation on property and equipment is calculated on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or estimated useful life of the asset.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment – Continued

The Company also capitalizes costs incurred to develop major new software systems and to build the content associated with its Helix product(s). The estimated useful lives of property and equipment currently in use are as follows:

Helix comprehensive programs	10 years
Furniture and fixtures	10 years
Office equipment	5 years
Computer hardware and electronic equipment	3 years
Major software systems	5-7 years
Other computer software	3 years

Expenditures and betterments that enhance property values are capitalized, while maintenance and repairs are expensed when incurred. Estimated useful lives are subject to reconsideration when prompted by changes in operations or industry conditions or when otherwise considered appropriate. If the future benefit to be provided by certain property and equipment has significantly changed, an impairment loss is recognized. For additional information related to property and equipment, refer to Note 7.

Revenue Recognition

Interest income is recognized when earned, includes Special Allowance Payments (SAP), and is presented net of consolidation rebate fees. SAP represents payments made to, or received from, the DOE for the difference between a prescribed interest rate, as determined by the DOE for the applicable period, and the actual interest rate charged to the student loan borrower(s). Monthly consolidation rebate fees are paid to the DOE based on a fixed rate and are applicable to loan balances consolidated by the Company's borrowers. Loan fees assessed on private loans are recorded as deferred income and recognized as an adjustment to interest income over the life of the loans. Loan origination fees received for origination activities performed in conjunction with a bank for loans subsequently purchased by the Company are also recorded as deferred income and recognized as an adjustment to interest income over the life of the loans to the extent the Company ultimately takes title to the loans. The Company utilizes the interest method to amortize deferred income, taking into account actual loan prepayments. Registration, service fee and trust administration revenue is recognized when the related services are performed.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services based on benefits derived.

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including but not limited to the allowance for loan losses (as described in Note 6), the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Loans Securitized

The Company's securitizations that do not meet the accounting requirements for a sale in accordance with ASC 860-10-40-5 are accounted for as secured borrowings, and the transferred assets are consolidated in the Company's consolidated financial statements. These transactions are referred to as on-balance sheet securitizations. The Company's on-balance sheet securitization transactions are collateralized by certain of its student loans, which are recorded in student loans receivable, and by accrued interest on the student loans, restricted cash and cash equivalents.

Leases

The Company recognizes leases with an initial term longer than 12 months on the balance sheet. For additional key information related to the Company's leasing arrangements, refer to Note 11.

New Accounting Pronouncements

The Company considers the applicability and impact of all Accounting Standards Updates ("ASUs"). ASUs not discussed below were assessed and determined to be either not applicable or are expected to have minimal impact on the consolidated financial statements.

On April 1, 2023, the Company adopted ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASU 2016-13), which replaces the incurred loss methodology with an expected loss methodology that is referred to as current expected credit loss (CECL). The measurement of expected credit losses under the CECL methodology is applicable to the Company's student loan receivables reported on the consolidated statement of financial position. For information related to the allowance for loan losses, refer to Note 6.

A summary of the impact of the adoption of ASU 2016-13 on the Company's consolidated financial statements is as follows:

- Decrease in net assets of $15.8 million as of April 1, 2023 for the cumulative effect of adopting ASC 326 specific to the Company's private student loan portfolio, excluding the pool of private student loan assets associated with the 2010-A securitization.

- Net increase in the allowance for loan losses of $8.1 million as of April 1, 2023 as a result of the Company having recorded a $23.9 million allowance specific to the pool of private student loan assets associated with the 2010-A securitization (see Note 5). The allowance for loan losses established for the 2010-A loans receivable pool upon adoption had no impact to net assets as of April 1, 2023.

NOTE 2 - RESTRICTED CASH AND CASH EQUIVALENTS

Pledged funds created from the issuance of notes secured by student loans (as described in Note 10), repayments of student loans by borrowers, and receipts of subsidy payments from the DOE are used for the payment of principal and interest on notes, for the payment of loan fees and administrative costs, and for the purchase and origination of additional loans. In addition, certain funds are held in a Delaware statutory trust (as described in Note 1a) and are pledged for the payment of loan default claims on certain private student loans.

Restricted cash and cash equivalents are invested in high-quality, short-term financial instruments.

Restricted cash and cash equivalents consist of the following at March 31, 2025 and 2024 (in thousands):

	2025	2024
Accounts pledged to financings	$ 39,316	$ 71,248
Accounts pledged to pay default claims	2,456	2,020
Total	$ 41,772	$ 73,268

NOTE 3 – INVESTMENTS

Investment balances by category, at fair value, consist of the following at March 31, 2025 and 2024 (in thousands):

	2025	2024
U.S. Large Cap Equities	$ 304,316	$ 259,957
U.S. Small Cap Equities	39,872	40,993
Fixed Income Funds	11,533	44,658
International, excluding U.S. Equities	147,841	162,878
Hedged Equities	127,607	92,089
Absolute Return	111,982	101,902
Emerging Market Equity Funds	56,222	59,807
Privates	121,115	93,339
	$ 920,488	$ 855,623

NOTE 4 - STUDENT LOANS

The Company's loan portfolio includes both Federal Family Education Loan Program (FFELP) loans originated for the Company's own account and private loans that the Company originated for a bank and subsequently purchased under various agreements. The Company suspended loan origination activities as of June 30, 2010. All of the student loans and related accrued interest have been pledged for the payment of related student loan asset-backed notes that remain outstanding.

Interest incurred when the borrowers are in school is recorded as interest income and accrued interest receivable. When the borrowers enter repayment, the accrued interest receivable is added to the loan principal, reducing the accrued interest receivable.

NOTE 4 - STUDENT LOANS - Continued

Net student loans receivable, at carrying value, consist of the following at March 31, 2025 and 2024 (in thousands):

	2025	2024
FFELP loans	$ 404,616	$ 588,705
Private loans	117,871	168,746
Student loans receivable, gross	522,487	757,451
(Less) plus deferred income and costs:		
Deferred origination income	(130)	(413)
Premiums paid for student loans	75	263
Deferred loan fees	(145)	(466)
Deferred origination costs	5,553	6,143
Less allowance for loan losses	(25,618)	(23,591)
Student loans receivable, net	$ 502,222	$ 739,387

NOTE 5 - 2010-A ON-BALANCE SHEET SECURITIZATION

On June 7, 2010, the Company completed a securitization collateralized by student loans, which was accounted for as a financing. Because the securitization was not treated as a sale, the related assets were recorded at their carrying amount in student loans receivable as of that date in the amount of $546.8 million, with associated debt of $551.2 million.

Loans

Through March 31, 2023, the Company applied ASC 310-30, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*, to these securitized loans resulting in no allowance for loan losses associated with the loans. The Company estimated the amount and timing of expected principal and interest and treats the loans as a single pool of assets. Individual accounts were not added to or removed from the pool once established. The Company determined the excess of the loan pool's contractually required payments over cash flows expected at the time of the transaction as an amount that should not be accreted (nonaccretable difference). The remaining amount, representing the excess of the cash flows expected to be collected over the carrying value of the transferred loans, was accreted into income over the remaining estimated life of the pool (accretable yield).

Significant increases in actual or expected future cash flows were recognized prospectively, through an upward adjustment of the accretable yield, over the loan pool's remaining life. Under ASC 310-30, rather than lowering the estimated yield if the collection estimates were not received or projected to be received, the carrying value of the loans were written down to maintain the then-current yield and were shown as a reduction in interest income in the consolidated statements of activities with a corresponding valuation allowance offsetting student loans receivable, net, on the consolidated statements of financial position.

NOTE 5 - 2010-A ON-BALANCE SHEET SECURITIZATION - Continued

The following table details information about the loans that were accounted for in accordance with ASC 310- 30 at the date of transfer, June 7, 2010 (in thousands):

Contractually required principal and interest at transfer	$ 1,092,544
Contractual cash flows not expected to be collected (nonaccretable difference)	184,781
Expected cash flows at transfer	907,763
Interest component of expected cash flows (accretable discount)	360,942
Carrying value of transferred loans accounted for under ASC 310-30	$ 546,821

On April 1, 2023, the Company adopted ASU 2016-13 which required a reforecast of the loan pool's remaining future cash flows expected at the time of the adoption. Contractual cash flows not expected to be collected represent an amount that should not be accreted (nonaccretable difference) and establish an initial allowance for loan loss. The remaining amount, representing the excess of the cash flows expected to be collected over the carrying value at the date of adoption, is accreted into income over the remaining estimated life of the pool (accretable yield).

Under ASU 2016-13, significant changes in actual or expected future cash flows are recognized prospectively, through an adjustment to the allowance for loan loss, over the loan pool's remaining life. The provision for loan losses is determined based on remeasurement of the allowance for loan loss (nonaccretable difference) at each reporting date, which is determined based on an updated projection of estimated cash flows discounted at the effective interest rate for the pool.

The following table shows the balances of loans that are accounted for in accordance with ASU 2016-13 and ASC 310-30, at March 31, 2025 and 2024, respectively (in thousands):

	2025	2024
Carrying amount	$ 35,782	$ 50,957

The carrying amounts of $35.8 million at March 31, 2025 includes $30.0 million of student loans receivable and $5.8 million of restricted cash in the consolidated statement of financial position. The carrying amount of $51.0 million at March 31, 2024 includes $43.3 million of student loans receivable and $7.6 million of restricted cash in the consolidated statement of financial position.

NOTE 5 - 2010-A ON-BALANCE SHEET SECURITIZATION - Continued

The following table presents changes in the accretable discount on the loans, for which the Company applied ASU 2016-13 and ASC 310-30, for the years ended March 31, 2025 and 2024, respectively (in thousands):

	2025	2024
Balance, beginning of the year	$ 23,806	$ 29,074
Adjustment for implementation of ASU 2016-13	-	3,291
Balance, beginning of the year – adjusted	23,806	32,365
Interest payments on loans	4,722	6,377
Accretion	(11,482)	(14,936)
Balance, end of the year	$ 17,046	$ 23,806

Debt

The 2010-A securitization resulted in asset-backed floating rate notes (Class A notes) with a par value of $463.5 million, which were sold for $453.0 million, and the membership interest certificates (Class R certificates) with a par value of $100, which were sold for $98.2 million, for total proceeds of $551.2 million.

The Class A notes were recorded at $453.0 million, reflecting the face value of the notes and a $10.5 million discount. The Company recorded interest expense on the Class A notes using the effective-interest method. The Class A notes were repaid in full effective January 2023.

The Class R certificates represent an interest in the residual cash flows of the securitized assets, were subordinated to the Class A notes, and were initially recorded at $98.2 million. These Class R certificates do not bear any contractual interest. The amount by which the expected payout of the Class R certificates exceeds the carrying amount is accounted for as an adjustment to yield (interest expense). As the projected cash flows change over the life of the student loans and, therefore, the amount of the expected repayment of the debt changes, the Company will adjust the interest expense recognized in the current period and prospectively, consistent with a change in estimate.

The following table presents changes in the carrying value of the Class R certificates, for the years ended March 31, 2025 and 2024 (in thousands):

	2025	2024
Balance, beginning of the year	$ 46,390	$ 64,610
Debt accretion	8,519	12,658
Distributions	(23,997)	(30,878)
Balance, end of the year	$ 30,912	$ 46,390

The balances are included in asset-backed notes, as described in Note 10, on the consolidated statements of financial position.

NOTE 6 - ALLOWANCE FOR LOAN LOSSES

The methodology for measuring the appropriate level of the allowance consists of several elements. The Company regularly performs a migration analysis of delinquent and current accounts. A migration analysis is a technique used to estimate the likelihood that a loan receivable will progress through the various delinquency stages and ultimately charge-off over its expected life. In determining the allowance for loan losses, past collection experience, delinquency and charge-off trends, size of the portfolio, economic conditions and other factors are considered.

Effective April 1, 2023 and following the Company's implementation of CECL, projected expected credit losses were considered net of recoveries on existing and estimated future loans to be charged-off when arriving at an appropriate allowance. Projected recoveries were estimated using recent recovery results applied to the Company's historical net uncollected defaulted private loan balance. Projected recoveries were calculated by cohort (year of charge-off) with discounts applied to earlier cohorts and on an overall go-forward basis. Significant changes in these factors could impact the allowance and provision for loan losses. The evaluation of the allowance for loan losses is inherently subjective as it requires material estimates that may be subject to change. The Company evaluates its allowance for loan losses for the FFELP student loan portfolio, which is federally guaranteed at no less than 97% of principal and interest, and for its private student loan portfolio. The federal guarantee is dependent upon the Company's compliance with specified FFELP requirements.

The student loan portfolio is disaggregated to a level of portfolio segment. A portfolio segment is defined as the level at which an entity develops and documents a systematic methodology to determine its allowance for credit losses. Management has determined that the following student loan portfolios meet the definition of a portfolio segment:

- FFELP student loan portfolio; and
- Private student loan portfolio

The private loans included in the 2010-A on-balance sheet securitization, as described in Note 5, now require an allowance for loan losses effective April 1, 2023 in coordination with the adoption of ASU 2016-13. Upon adoption, the Company updated future cash flow estimates for the loan pool which were discounted at an effective rate of interest to determine the nonaccretable discount (allowance). The adequacy of the allowance for loan loss specific to 2010-A, treated as a single pool of assets, is reevaluated at each reporting date through comparison of the current carrying value to updated cash flow forecasts discounted at the effective interest rate. Cash flow projections utilized by the Company are based on the contractual cash flows of the loans receivable as adjusted for prepayment and default assumptions. Delinquency on the 2010-A balances past due 30+ days was 5.96% and 4.30% as of March 31, 2025 and 2024, respectively.

NOTE 6 - ALLOWANCE FOR LOAN LOSSES - Continued

A summary of changes in the allowance for loan losses for the years ended March 31, 2025 and 2024 follows (in thousands):

	2025			
	FFELP	Private	2010-A	Consolidated
Balance, beginning of year	$ 820	$ (820)	$ 23,591	$ 23,591
Provision for loan losses	(43)	(1,898)	2,027	86
Charge-offs (includes accrued interest):				
Gross charge-offs	(207)	(1,596)	-	(1,803)
Recoveries	-	3,744	-	3,744
Net (charge-offs) recoveries	(207)	2,148	-	1,941
Balance, end of year	$ 570	$ (570)	$ 25,618	$ 25,618

	2024			
	FFELP	Private	2010-A	Consolidated
Balance, beginning of year	$ 2,931	$ 12,922	$ -	$ 15,853
Impact CECL Implementation	(2,011)	(13,842)	23,927	8,074
Provision for loan losses	100	(3,181)	(336)	(3,417)
Charge-offs (includes accrued interest):				
Gross charge-offs	(200)	(1,709)	-	(1,909)
Recoveries	-	4,990	-	4,990
Net (charge-offs) recoveries	(200)	3,281	-	3,081
Balance, end of year	$ 820	$ (820)	$ 23,591	$ 23,591

Student Loan Status and Delinquencies

The following tables show outstanding balances of FFELP and Private student loan portfolio segments, including accrued interest, by repayment and delinquency status at March 31, 2025 and 2024 (in thousands):

	FFELP March 31, 2025			FFELP March 31, 2024		
	Outstanding balance	% of repayment loans	% of total	Outstanding balance	% of repayment loans	% of total
In school/grace/deferment (a)(b)(c)	$ 5,928		1.4%	$ 10,425		1.7%
Forbearance (d)	9,451		2.3%	20,305		3.3%
Repayment: (e)						
Current	384,538	94.9%		549,789	94.0%	
Delinquent 30-59 days	7,641	1.9%		14,526	2.5%	
Delinquent 60-89 days	4,007	1.0%		4,950	0.8%	
Delinquent 90 days or greater	8,975	2.2%		15,522	2.7%	
Total in repayment	405,161	100.0%	96.3%	584,787	100.0%	95.0%
Total	$ 420,540		100.0%	$ 615,517		100.0%

NOTE 6 - ALLOWANCE FOR LOAN LOSSES - Continued

(a) In School - Borrower is currently enrolled in school on at least a half-time basis.

(b) In Grace - The period between separation from school (whether by graduation or otherwise) and entry into repayment. This period has a duration of six months for FFELP loans.

(c) Deferment - This category identifies FFELP loans which would otherwise be in repayment but are not due to events associated with the borrower that FFELP servicing guidelines identify as qualifying for a mandatory period of no payments being required.

(d) Forbearance - These are periods during which no payments are required on loans which would otherwise be in repayment and are granted at the lender's discretion. Reasons for forbearance include medical and dental residency programs, economic hardship (generally for no more than 36 months during the lifetime of the loan), natural disasters, and re-enrollment in school on at least a half-time basis if the period of separation lasted longer than the grace period for the loans.

(e) Repayment - If a required payment is not made by a payment due date, this counter is incremented by one day for each day that has elapsed from the earliest payment due date for which any portion of the required payment remains unpaid (e.g., if a borrower failed to make the required $100 payment on or before May 1 and then made a $75 payment on June 6, the loan would remain 36 days delinquent because there is still a $25 payment amount owed for May 1, along with a $100 payment due for June 1). At approximately 270 days' delinquent, claims are filed with the applicable guarantee agency for payment of the insured amount and collection activity ceases even though the delinquency counter continues. Once payment is received from the guarantor, the remaining loan balance (which is 3% or less of the claim amount) is written off against the Company's loan loss reserve.

	Private March 31, 2025			Private March 31, 2024		
	Outstanding Balance	% of Repayment Loans	% of Total	Outstanding Balance	% of Repayment Loans	% of Total
In school/grace/deferment (a)(b)	$ 438		0.7%	$ 512		0.5%
Forbearance (c)	1,130		1.8%	783		0.8%
Repayment: (d)						
Current	57,243	93.2%		96,259	94.9%	
Delinquent 30-59 days	2,002	3.3%		2,634	2.6%	
Delinquent 60-89 days	769	1.3%		861	0.8%	
Delinquent 90 days or greater	1,380	2.2%		1,689	1.7%	
Total in repayment	61,394	100.0%	97.5%	101,443	100.0%	98.7%
Total	$ 62,962		100.0%	$102,738		100.0%

(a) In School - Borrower is currently enrolled in school on at least a half-time basis.

(b) In Grace - The period between separation from school (whether by graduation or otherwise) and entry into repayment. This period has a duration of nine months for Private loans.

NOTE 6 - ALLOWANCE FOR LOAN LOSSES - Continued

(c) Forbearance - These are periods during which no payments are required on loans which would otherwise be in repayment and are granted at the lender's discretion. Reasons for forbearance include medical and dental residency programs, economic hardship (generally for no more than 12 months during the lifetime of the loan), natural disasters, and re-enrollment in school on at least a half-time basis if the period of separation lasted longer than the grace period for the loans.

(d) Repayment - If a required payment is not made by a payment due date, this counter is incremented by one day for each day that has elapsed from the earliest payment due date for which any portion of the required payment remains unpaid (e.g., if a borrower failed to make the required $100 payment on or before May 1 and then made a $75 payment on June 1, the loan would remain 36 days delinquent because there is still a $25 payment amount owed for May 1, along with a $100 payment due for June 1).

In fiscal year 2013, the Company adopted ASU No. 2011-02, *A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring*, that clarifies when a loan restructuring constitutes a Troubled Debt Restructuring (TDR). To assist student loan borrowers who are experiencing temporary financial difficulties and are willing to resume making payments, the Company may modify the terms of loans up to 12 months over the life of the loan. The use of forbearance is contemplated at the origination of an education loan and is included in the credit agreement with the borrower. When in forbearance, the education loan continues to accrue interest. When forbearance ceases, unpaid interest is capitalized and added to principal outstanding, and the borrower's required payments are recalculated at an amount sufficient to pay off the loan, plus the additional accrued and capitalized interest, at the original stated interest rate by the original maturity date. There is no forgiveness of principal or interest in forbearance, nor is there a reduction in the interest rate or extension of the maturity date. In addition, in light of the length of the term of the typical education loan, the Company does not view the temporary reprieve granted to borrowers in forbearance to be significant. For these reasons, the Company has concluded that its education loans in forbearance do not constitute a TDR.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment (included in other assets on the consolidated statements of financial position) consists of the following at March 31, 2025 and 2024 (in thousands):

	2025	2024
Computer software	$ 392	$ 821
Computer hardware and electronic equipment	180	98
Furniture and fixtures	366	366
Leasehold improvements	114	114
Helix comprehensive programs	5,397	9,343
Other	115	108
	6,564	10,850
Accumulated depreciation	(2,056)	(1,935)
Net property and equipment in service	4,508	8,915
Capitalized costs in process	1,517	-
Total property and equipment, net	$ 6,025	$ 8,915

NOTE 7 - PROPERTY AND EQUIPMENT - Continued

Capitalized costs in process consist of costs incurred through March 31, 2025 and 2024 to develop major new software systems and for the development of content associated with the Helix product(s) not yet placed into service.

$4.3 million and $0.8 million of fully depreciated property and equipment were written off or disposed during the years ended March 31, 2025 and 2024, respectively. As of March 31, 2025, the Helix state specific comprehensive programs were considered impaired and the remaining net book value of both were reduced to a carrying amount of zero. A $3.3 million impairment loss is included in program service expenses within the consolidated statement of activities for the year ended March 31, 2025.

NOTE 8 - EMPLOYEE BENEFIT PLAN

The Company maintains a defined contribution pension plan (the Plan) covering all eligible employees. The Plan is funded through individually owned assets, such as mutual funds. Contributions made to the Plan by the Company are equal to 6% of each participant's regular salary up to applicable statutory limits, with an additional matching contribution of up to 2% of the participant's regular salary. Participants are eligible to receive employer contributions after having completed one year of service. The Company's contribution to the Plan totaled $1.0 million for both years ended March 31, 2025 and 2024. Employees must meet certain eligibility requirements to participate in the Plan. Participants are fully and immediately vested.

NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table details the carrying value and fair value of the Company's financial instruments at March 31, 2025 and 2024 (in thousands):

	2025		2024	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalents	$ 7,181	$ 7,181	$ 7,546	$ 7,546
Investments	920,488	920,488	855,623	855,623
Restricted cash and cash equivalents	41,772	41,772	73,268	73,268
Student loans receivable, net	502,222	532,576	742,194	823,401
Accrued interest receivable	20,088	20,088	33,801	33,801
Financial liabilities:				
Asset-backed notes, net	447,780	407,030	721,710	638,792
Accrued interest payable	50,608	50,608	44,647	44,647

The Company uses estimates of fair value in applying various accounting standards for its consolidated financial statements. The estimated fair values have been determined by the Company using available market information and other valuation methodologies as described below.

Cash and cash equivalents, restricted cash and cash equivalents, accrued interest receivable and accrued interest payable - Due to the short-term nature of these instruments, carrying value approximates fair value. These are Level 2 valuations.

Investments - If available, fair values of investments are determined using quoted prices in active markets for identical investments (Level 1 valuation). For those investments without a readily determined fair value, the Company utilizes the investment's NAV per share as a practical expedient for determining fair value. The Company is not required to categorize these investments within the fair value hierarchy.

NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

Student loans receivable, net - The fair value of the student loans receivable was determined based on an internal evaluation of current market price for similar assets, assumptions for prepayment speed, default rates, cost of funds, and collection rates, and the resulting present value of discounted cash flow. As such, these are Level 3 valuations.

Asset-backed notes, net - The fair value of the notes was determined based on current market prices for similarly structured debt and discounted cash flow analyses. As such, these are Level 3 valuations.

The Company determines fair value using valuation techniques that are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions.

These two types of inputs create the following fair value hierarchy:

Level 1 Quoted prices for identical instruments in active markets;

Level 2 Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose inputs are observable or whose primary values are observable;

Level 3 Instruments whose primary value drivers are unobservable.

The position in the fair value hierarchy for an asset or liability is based on the lowest level input that is significant to the fair value measurement.

Items Measured at Fair Value on a Recurring Basis

The following tables present the Company's financial assets that are measured at fair value on a recurring basis for each of these hierarchy levels at March 31, 2025 and 2024 (in thousands). The Company does not have any financial liabilities that are measured at fair value on a recurring basis.

	2025			
	Level 1	Level2	Level 3	Total
Assets:				
U.S. Large Cap Equities	$ 292,928	$ -	$ -	$ 292,928
Fixed Income Funds	11,533	-	-	11,533
International Equity Funds ex-U.S. Equities	28,765	-	-	28,765
Total investments measured at fair value	$ 333,226	$ -	$ -	$ 333,226

NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

	2024			
	Level 1	Level2	Level 3	Total
Assets:				
U.S. Large Cap Equities	$ 259,957	$ -	$ -	$ 259,957
U.S. Small Cap Equities	10,163	-	-	10,163
Fixed Income Funds	44,657	-	-	44,657
International Equity Funds ex-U.S. Equities	52,709	-	-	52,709
Total investments measured at fair value	$ 367,486	$ -	$ -	$ 367,486

Certain investments measured at NAV per share as a practical expedient for determining fair value have been excluded from the table.

As of March 31, 2025, the Company had $587,262 million investments where fair values are based upon the investments' NAV. As of March 31, 2025 and 2024, the fair value of investments valued using NAV was (in thousands):

	Fair Value	
	2025	2024
Global Closed-End Fund (a)	$ 51,623	$ 48,698
Global ex-U.S. Equity Funds (b)	67,453	61,471
Quantitative Directional Hedge Fund (c)	44,894	41,183
Distressed/Restructuring Hedge Funds (d)	433	548
Equity Long/Short Hedge Funds (e)	127,607	92,090
Special Situations Hedge Funds (f)	66,655	60,171
Private Equity, Middle Market (g)	24,610	20,310
Private Credit Fund (h)	26,437	21,592
Private Secondary Fund (i)	12,375	9,317
U.S. Small Cap Equities (j)	39,872	30,830
Emerging Market Equity Funds (k)	56,222	59,807
Private Equity Fund (l)	49,125	35,662
U.S. Private Real Estate Fund (m)	8,568	6,458
U.S. Large Cap Equities (n)	11,388	-
	$ 587,262	$ 488,137

(a) The Global Closed-End Fund class consists of one fund that invests in global closed-end mutual funds and is redeemable at the end of each month, with a 10-day notice.

(b) The Global ex-U.S. Equity Funds consist of one fund that invests in equities outside of the United States and is redeemable twice a month (1st and 15th), with a nine-day notice.

(c) The Quantitative Directional Hedge Fund consists of one fund that invests primarily in equities, market indices, options, currencies and forwards/futures using signal based strategies. The fund is redeemable monthly with either 5-day or 60-day notice.

NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

(d) The Distressed/Restructuring Hedge Funds consist of one fund. The fund has been liquidated and is in the process of winding down, with the remaining illiquid portion of the investment being returned at the fund manager's discretion.

(e) The Equity/Long Short Hedge Fund class comprises five hedge funds that invest in both long and short stocks. In substantially all instances, the lock-up period for these funds has expired and redemption is available quarterly with 45-day or 90-day notice, subject to limitations.

(f) The Special Situations Hedge Fund class consists of five hedge funds that invest is a wide range of strategies, including merger arbitrage, convertible arbitrage, long/short equities and credit, distressed securities, and bankruptcy reorganizations. Redemption for one of the funds is subject to the fund manager's discretion while the others require notice ranging from 60 to 90-days. There are no active lock up periods associated with any of the funds.

(g) The Private Equity, Middle Market Fund class consists of four funds that invest in U.S. middle market private equity growth and buy-out opportunities. Each fund has a 10-year term with a 5-6 year investment period all having commenced after January 2020.

(h) The Private Credit Fund class consists of nine private funds that are 4-5 years in duration. Most carry extension options that are available at the sole discretion of the general partner, none of which have been exercised through the date that these financial statements were available to be issued.

(i) The Private Secondary Fund class consists of three funds that has an initial investing period of 10 years in duration from the closing of the fund on October 5, 2018, with a subsequent harvesting period of three years beginning on October 5, 2028. The fund has an option to add another three years to the harvesting period (at the manager’s discretion) to October 5, 2031.

(j) The U.S. Small Cap Equities class consists of two fund investing in both public and private companies. The fund has a three-year hard lock up that commenced on January 1, 2020, with the first possible withdrawal set for December 31, 2022. Thereafter, withdrawals are semi-annual on June 1 and December 31, with 150-day notice.

(k) The Emerging Markets Equity Fund class consists of three funds which invest in emerging market stocks in various global markets. One fund is subject to a two-year lockup period with redemptions at the end of the calendar year with 60-day notice. The other two require 3-day and 30-day notice.

(l) The Private Equity Fund class consists of eight funds which invest in growth-oriented domestic and global private companies. One fund invests in public investments, drawing down capital from this pool to invest in privates as needed. This "hybrid" fund has a 36-month lock-up with capital withdrawals available on 90-day notice, on the investment anniversary date. Four of the remaining seven funds have 10 year terms subject to extension while another has a 13 year term, also subject to extension. The remaining fund is subject to a 5 year commitment period.

(m) The US Private Real Estate Fund consists of two funds that have a 10 year duration (investment period), with intermittent distributions at the manager’s discretion.

(n) The U.S. Large Cap Equities class consists of one fund investing in public companies. The lock-up period for the fund has expired and redemption is available quarterly with 45-day notice, subject to limitations.

NOTE 10 - ASSET-BACKED NOTES

Long-Term Debt Offerings

The Company has issued debt through numerous public and private offerings to obtain permanent financing for the student loans originated or acquired under a credit facility and to purchase student loans originated by the Company on behalf of a bank. The student loan asset-backed notes issued are limited obligations of the Company, payable solely from the trust estates created under the indentures of trust. The following table summarizes, by type of notes, the amounts outstanding and interest rates at March 31, 2025 and 2024 (in thousands):

	Carrying amount at March 31, 2025	Interest rates at March 31, 2025	Carrying amount at March 31, 2024	Interest rates at March 31, 2024
Auction rate notes:				
Interest bearing due 2033 - 2040 (1)	$ 202,500	4.31% - 5.94%	$ 261,650	3.23% - 6.94%
Floating rate notes:				
SOFR based due 2033 - 2058	214,368	4.83% - 5.95%	410,891	5.70% - 6.93%
Class R certificates:				
Due 2044 (2)	30,912		46,390	
Total	$ 447,780		$ 718,931	

(1) Auctions have continuously failed during these time periods. When an auction fails, ARN rates are set using contractual terms based on one of the following: (a) market interest rates (plus the Tenor Spread Adjustment, when applicable), (b) a one-year average of 13-week US treasury bill rates or (c) transaction specific financing costs.

(2) Certificates represent an interest in the residual cash flows of the 2010-A securitized assets and do not bear any contractual interest. Refer to Note 5 for the Company's accounting policy related to these certificates.

At March 31, 2025, the Company had outstanding debt with the following maturities (in thousands):

Fiscal year maturity	Amounts maturing
2026	$ 4,236
2027	3,706
2028	3,233
2029	2,811
2030	2,433
2031 - 2058	500,815
	$ 517,234

The amounts maturing do not include unamortized bond discount of $3.1 million and accumulated debt accretion of $66.3 million.

The pledged funds created from all issuances of notes are recorded as restricted cash and cash equivalents on the consolidated statements of financial position. The Company is subject to certain covenants under the indentures, and management believes it is in compliance with these covenants at March 31, 2025. These financings were recorded by the Company as secured borrowings with the pledge of collateral.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company's lease portfolio is comprised of two office space leases.

The Company leases office space for their corporate office in West Chester, Pennsylvania. The leases term expires in May 2030. The renewal and termination options are not included in the right-of-use ("ROU") assets balances as they are not reasonably certain to be exercised. The ROU asset is a balance sheet representation of a lessee's right to use a leased asset over the course of the lease term. The Company has elected not to recognize an ROU asset or lease liability for leases with an initial term of 12 months or less. Certain equipment leases have not been included in ROU asset due to short term nature of initial lease terms and other factors.

The Company commenced an 11-year noncancelable lease for office space in Washington, D.C. During the year ended March 31, 2022, the Company ceased its operations from this location. In September 2021, the Company executed a sublease with a third-party subtenant through August 2025, the scheduled maturation date of the head lease. Rents received from the subtenant are included in other operating income within the consolidated statement of activities.

The following table presents balance sheet amounts and classification information related to operating leases (in thousands):

Assets		
Operating lease right-of-use assets included in *Other assets*	$	1,763
Liabilities		
Operating lease liabilities included in *Other liabilities*	$	(1,827)
Weighted average remaining operating leases term:		4.7 Years
Weighted average operating leases discount rate:		2.26%

Maturities of lease liabilities as of March 31, 2025, are as follows (in thousands):

		Operating Leases
2026	$	529
2027		336
2028		341
2029		347
2030		352
Thereafter		29
Total lease payments		1,934
Less: imputed interest		(107)
Total lease obligations	$	1,827

Total operating lease expense was $0.8 million for both of the years ended March 31, 2025 and 2024.

NOTE 12 - FUNCTIONAL EXPENSE ANALYSIS

The following tables present expenses by both their nature and their function for the years ended March 31, 2025 and 2024 (in thousands):

	2025		
	Program services	Management and general	Total expenses
Personnel expense	$ 13,055	$ 5,998	$ 19,053
Computer and office equipment	1,926	493	2,419
Loan servicing	1,285	-	1,285
Recovery expense	1,149	-	1,149
Occupancy	646	191	837
Grants to other organizations	2,854	-	2,854
Services and professional fees	1,109	1,002	2,111
Advertising and promotional	3,121	43	3,164
Other expenses	6,377	216	6,593
Total expenses	$ 31,522	$ 7,943	$ 39,465

	2024		
	Program services	Management and general	Total expenses
Personnel expense	$ 11,732	$ 7,203	$ 18,935
Computer and office equipment	1,201	1,002	2,203
Loan servicing	1,534	-	1,534
Recovery expense	1,518	-	1,518
Occupancy	494	356	850
Grants to other organizations	2,967	-	2,967
Services and professional fees	856	1,747	2,603
Advertising and promotional	2,307	893	3,200
Other expenses	958	1,961	2,919
Total expenses	$ 23,567	$ 13,162	$ 36,729

NOTE 13 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year are as follows as of March 31, 2025 (in thousands):

Cash and cash equivalents	$ 7,181
Liquid investments	738,969
Total	$ 746,150

As part of the Company's liquidity management, it has a policy to maintain an approximate balance of $7.5 million in operating cash. Cash received from operations in excess of this amount is invested within the investment portfolio each month consistent with the Company's investment policy statement. To monitor which portion of the overall investment portfolio can be made available to supplement any operating cash shortfalls, management maintains a liquidity percentage for the overall investment portfolio. The Company considers investments that are available for redemption within a one-year period to be liquid. Investments that are subject to lock-up provisions that expire beyond a one year period are considered illiquid and are not included in the investment balance disclosed above (see Note 9 for disclosures on the Company's investments).

As disclosed in Note 1, the Company has no net assets with donor restrictions.

NOTE 14 - LITIGATION

From time to time, the Company may be a defendant in legal proceedings arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company’s consolidated financial position, activities or liquidity.

NOTE 15 - RELATED PARTIES

The Company has several board members who serve in various capacities at educational institutions where the Company conducted its student lending business and provides other mission-related products and services.

The Company serves as trust administrator for three unconsolidated subsidiary trusts. The Company received $0.1 million in administrative fees from these trusts in accordance with the respective trust agreements during both years ended March 31, 2025 and 2024. These fees are included in other operating income within the consolidated statements of activities.

The Company paid grants to its member law schools totaling $0.9 million and $1.3 million for the years ended March 31, 2025 and 2024, respectively.

NOTE 16 - SUBSEQUENT EVENTS

The Company evaluated subsequent events through July 9, 2025, the date which the consolidated financial statements were available to be issued.