

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE
AUTHORITY**

NJCLASS/FFELP LOAN PROGRAMS

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2024 AND 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FEELP LOAN PROGRAMS
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	11
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	12
STATEMENTS OF CASH FLOWS	13
NOTES TO FINANCIAL STATEMENTS	15
SUPPLEMENTARY INFORMATION	
COMBINING SCHEDULES OF NET POSITION	36
COMBINING SCHEDULES OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	38
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	40



INDEPENDENT AUDITORS' REPORT

Board Members
New Jersey Higher Education Student Assistance Authority
Trenton, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the New Jersey College Loans to Assist State Students (NJCLASS) and Federal Family Education Loan Programs (FFELP) (collectively, the Programs) of the New Jersey Higher Education Student Assistance Authority (the Authority), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Programs as of June 30, 2024 and 2023, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the business-type activities of the NJCLASS and FFELP Loan Programs of the Authority and do not purport to and do not present fairly the financial position of the Authority as a whole as of June 30, 2024 and 2023, and changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://www.claglobal.com/disclaimer).

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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.

Required Supplementary Information

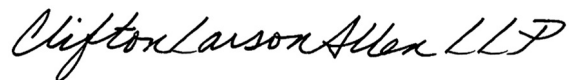
Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Programs' financial statements. The combining schedules of net position and combining schedules of revenues, expenses, and changes in net position are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining schedules of net position and combining schedules of revenues, expenses, and changes in net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2024, on our consideration of the Programs' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Programs' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 18, 2024

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

As financial management of the New Jersey Higher Education Student Assistance Authority's (the Authority) New Jersey College Loans to Assist State Students (NJCLASS) Loan Program, and the Federal Family Education Loan Program (FFELP) (collectively, the Programs), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Programs for the Fiscal Year ended June 30, 2024, 2023, and 2022. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented herein in conjunction with the financial statements taken as a whole. A comparative analysis of key elements of the financial statements is provided in this overview.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the Programs' financial statements, which are comprised of the financial statements and the notes to financial statements. Since the Programs are comprised of a single enterprise fund, no fund-level financial statements are shown. This report also contains other supplementary information concerning the financial position and results of operations broken down by bond issues included in the Programs.

Financial Statements

The financial statements provide readers with a broad overview of the Programs' finances, in a manner similar to a private-sector business.

The statements of net position present information on all of the Programs' assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position can serve as a useful indicator of whether the financial position of the Programs is improving or deteriorating. Net position increases when revenues exceed expenses or increases to assets occur without corresponding increases to liabilities. Increases in net position indicate an improved financial position.

The statements of revenues, expenses, and changes in net position present information showing how net position changed during the Fiscal Year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future Fiscal Year periods.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain supplementary information concerning the financial position and results of operations of each bond issue included in the Programs, as well as the auditors' report on internal control over financial reporting and on compliance and other matters.

For further detail, visit the Authority's website at www.hesaa.org for more information about Authority programs and activities and management contact information.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024

Financial Highlights and Analysis

The Programs' net position, referring to the difference between assets, deferred outflow of resources, liabilities, and deferred inflows of resources, increased by \$6,919,194 from the prior Fiscal Year ended 2023, decreased by \$8,762,499 from Fiscal Year ended 2022 to 2023, and decreased by \$867,589 from Fiscal Year ended 2021 to 2022. The term "Net Position" is used in accordance with rules promulgated under Governmental Accounting Standards Board (GASB) Statement No. 34, as amended.

As of June 30, 2024, 2023, and 2022, the assets and deferred outflows of the Programs exceeded liabilities and deferred inflows of resources by \$337,355,018, \$330,435,824, and \$339,198,323, respectively.

Changes in Student Loans Receivable Balances

The largest portion of the Programs' assets consisted of loans receivable from participating borrowers. Total student loans receivable under both the NJCLASS and FFELP loan programs amounted to \$1,211,475,469, \$1,188,049,444, and \$1,194,790,834, at June 30, 2024, 2023, and 2022, respectively. For 2024, this represents an increase of \$23,426,025 due to higher loan originations than loan principal repayments during the fiscal year and lower loan forgiveness than the prior year while for 2023 there was a decrease of \$6,741,390, due to loan principal repayments during these years, partially offset by loan originations.

Changes in Cash and Investments Balances

The second major asset component was cash and investments, which together totaled \$521,922,042, \$491,984,175, and \$525,164,045 at June 30, 2024, 2023, and 2022, respectively. The cash and investment balances represent the amounts dedicated to student loan origination and acquisition, funding of reserves required by bond covenants, payment of future Program expenses, and future retirements of bonds.

The increase in cash and investments for Fiscal Year 2024 was primarily due to the receipt of higher bond proceeds from the 2024-1 Bond Issue than the prior bond issue and lower principal and interest receipts from borrower's payments of their student loans partially offset by redeeming lower bonds than the prior year. The decrease in cash and investments for Fiscal Year 2023 was primarily due to the receipt of lower bond proceeds from the 2023-1 Bond Issue than the prior bond issue and lower principal and interest receipts from borrower's payments of their student loans partially offset by redeeming lower bonds than the prior year. The increase in cash and investments for Fiscal Year 2022 was primarily due to the receipt of higher bond proceeds from the 2022-1 Bond Issue than the prior bond issue partially offset by redeeming higher bonds than the prior year.

- Cash and investments balances were replenished from principal repayments and interest income from NJCLASS and FFELP borrowers, amounting to \$222,298,548, \$228,674,571, and \$321,125,465 during Fiscal Years 2024, 2023, and 2022, respectively. In addition, NJCLASS administration fee income was \$725,377, \$4,801,677, and \$4,360,455 in interest was earned in interest income on investments for 2024, 2023, and 2022, respectively. 2024 NJCLASS administration fee income decreased significantly as NJCLASS no longer charged these fees for Standard Loans except for Consolidation Loans in the 2023-24 Academic Year. Interest income was higher in Fiscal Year 2024 due to higher interest rates for the entire fiscal year versus the prior year and higher cash balances.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

Changes in Liabilities — Bonds Payable

The main liability of the Programs is the debt used to originate or acquire student loans.

Bonds payable increased in Fiscal Year 2024 by \$50,575,000 due to \$177,615,000 in retirements, offset by the 2024-1 bond issuance of \$228,190,000.

Of the amount retired in Fiscal Year 2024:

- \$75,800,000 in retirements was due to scheduled bond maturities.
- \$69,190,000 was due to Special Optional Redemptions of portions of the fixed rate 2014-1, 2015-1, 2016-1, 2017-1, 2018-1, 2019-1, and 2020-1 Issues, as a result of better than forecasted cash flows on these issues.
- \$28,100,000 was through a refunding of all of the Authority's remaining bond issue at par, as part of the 2024-1 Bond Issue.
- \$4,525,000 was due to quarterly Excess Revenue Redemptions of the 2010-FFELP Bonds, in accordance with the terms of that Indenture.

The following is a summary of new bond issuance activity during the June 30, 2024, 2023, and 2023, Fiscal Years:

- The 2024-1 Bonds, with a par amount of \$174,100,000 in Senior Fixed Rate Bonds, \$25,750,000 in Senior Fixed Rate Refunding Bonds, and \$28,340,000 in Subordinate Bonds were issued in May 2024 under the 2021-1 Master Indenture. In addition, a net bond premium of \$5,299,465 and net cash of \$40,932,365 transferred from the retired 2014-1 Bond Issue of the 2012-1 Indenture resulted in total proceeds of \$274,421,830. Of this amount, \$228,925,665 was designated for the origination of NJCLASS, NJCLASS Refi+, and NJCLASS Consolidation loans for the 2023-2024 academic year and the acquisition of existing NJCLASS loans transferred from the 2012-1 Indenture. The remaining \$4,563,800 was allocated to required reserves. The Underwriter's fee, amounting to \$1,558,625 and other closing costs, estimated to be approximately \$566,391 were paid from other HESAA reserves.
- The 2023-1 Bonds, with a par amount of \$184,250,000 in Senior Fixed Rate Bonds, \$38,300,000 in Senior Fixed Rate Refunding Bonds, and \$21,100,000 in Subordinate Bonds were issued in May 2023 under the 2021-1 Master Indenture. In addition, a net bond premium of \$10,031,508 and net cash of \$72,254,072 transferred from the retired 2012-1 and 2013-1 Bond Issues of the 2012-1 Indenture resulted in total proceeds of \$325,935,580. Of this amount, \$220,117,412 was designated for the origination of NJCLASS, NJCLASS Refi+, and NJCLASS Consolidation loans for the 2022-2023 academic year and the acquisition of existing NJCLASS loans transferred from the 2010-2 Indenture. The remaining \$4,873,000 was allocated to required reserves. The Underwriter's fee, amounting to \$1,623,014 and other closing costs, estimated to be approximately \$514,427 were paid from other HESAA reserves.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

Changes in Liabilities — Bonds Payable (Continued)

- The 2022-1 Bonds, with a par amount of \$204,365,000 in Senior Fixed Rate Bonds, \$19,480,000 in Senior Fixed Rate Refunding Bonds, and \$44,000,000 in Subordinate Bonds were issued in May 2022 under the 2019-1 Master Indenture. In addition, a net bond premium of \$7,195,082, and net cash of \$53,036,350 transferred from the retired 2010-2 Indenture resulted in total proceeds of \$328,076,432. Of this amount, \$269,683,182 was designated for the origination of NJCLASS, NJCLASS Refi+, and NJCLASS Consolidation loans for the 2021-2022 academic year and the acquisition of existing NJCLASS loans transferred from the 2010-2 Indenture. The remaining \$5,356,900 was allocated to required reserves. The Underwriter's fee, amounting to \$1,890,449 and other closing costs, estimated to be approximately \$789,109, were paid from other HESAA reserves.

The following table contains condensed comparative financial information derived from the June 30, 2024, 2023, and 2022 financial statements of the NJCLASS/FFELP Loan Programs:

	2024	2023	Change from 2024 to 2023	2022	Change from 2023 to 2022
NET POSITION					
Current Assets	\$ 662,873,138	\$ 631,793,874	\$ 31,079,264	\$ 651,682,619	\$ (19,888,745)
Noncurrent Assets	1,142,951,391	1,121,154,102	21,797,289	1,143,989,986	(22,835,884)
Total Assets	<u>1,805,824,529</u>	<u>1,752,947,976</u>	<u>52,876,553</u>	<u>1,795,672,605</u>	<u>(42,724,629)</u>
Current Liabilities	128,899,577	134,062,960	(5,163,383)	157,971,432	(23,908,472)
Noncurrent Liabilities	1,339,569,934	1,288,449,192	51,120,742	1,298,502,850	(10,053,658)
Total Liabilities	<u>1,468,469,511</u>	<u>1,422,512,152</u>	<u>45,957,359</u>	<u>1,456,474,282</u>	<u>(33,962,130)</u>
Net Position, Restricted	<u>337,355,018</u>	<u>330,435,824</u>	<u>6,919,194</u>	<u>339,198,323</u>	<u>(8,762,499)</u>
Total Liabilities and Net Position	<u>\$ 1,805,824,529</u>	<u>\$ 1,752,947,976</u>	<u>\$ 52,876,553</u>	<u>\$ 1,795,672,605</u>	<u>\$ (42,724,629)</u>
CHANGES IN NET POSITION					
Operating Revenues	\$ 71,819,889	\$ 75,313,576	\$ (3,493,687)	\$ 82,574,651	\$ (7,261,075)
Operating Expenses	62,920,631	60,319,994	2,600,637	62,887,017	(2,567,023)
Operating Gain	<u>8,899,258</u>	<u>14,993,582</u>	<u>(6,094,324)</u>	<u>19,687,634</u>	<u>(4,694,052)</u>
Nonoperating Revenues (Expenses) and Other Changes:					
Income on Investments	19,123,630	13,803,116	5,320,514	718,179	13,084,937
Equity Distribution from Bond Refunding	(10,725,558)	(12,218,421)	1,492,863	(5,207,950)	(7,010,471)
Loan Forgiveness	(3,378,136)	(12,781,839)	9,403,703	(16,065,452)	3,283,613
Transfer to Non-NJCLASS Funds	(7,000,000)	(12,558,937)	5,558,937	-	(12,558,937)
Net Nonoperating Revenues (Expenses)	<u>(1,980,064)</u>	<u>(23,756,081)</u>	<u>21,776,017</u>	<u>(20,555,223)</u>	<u>(3,200,858)</u>
CHANGE IN NET POSITION	<u>6,919,194</u>	<u>(8,762,499)</u>	<u>15,681,693</u>	<u>(867,589)</u>	<u>(7,894,910)</u>
Net Position – Beginning of Year	<u>330,435,824</u>	<u>339,198,323</u>	<u>(8,762,499)</u>	<u>340,065,912</u>	<u>(867,589)</u>
NET POSITION – END OF YEAR	<u>\$ 337,355,018</u>	<u>\$ 330,435,824</u>	<u>\$ 6,919,194</u>	<u>\$ 339,198,323</u>	<u>\$ (8,762,499)</u>

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

Explanation of Changes in Financial Performance

Changes in the financial results of the Programs were due to the following major factors:

Operating Revenues

- Interest income on NJCLASS student loans increased by \$651,731 or 1% in 2024 and decreased by \$7,995,431 or 10.4%, and \$15,174,575 or 16.4% in 2023 and 2022, respectively. The 2024 slight increase was largely due to an increase in NJCLASS loans outstanding of \$23,426,025 from the prior year. Net disbursements during the 2024, 2023, and 2022 Fiscal Years were approximately \$186.2 million, \$157.8 million, and \$144.5 million, respectively.
- Beginning with Bonds issued under the 2012-1 Indenture, the payment of 1% of a 3% administrative fee on newly disbursed loans into a Loan Reserve Fund was discontinued and instead 2% of the administrative fee is deposited into the Student Loan account as overcollateralization for the Trust Estate. Beginning with new Standard NJCLASS loans originated after June 2024, HESAA is no longer charging an administrative fee. As a result, Administrative Fee Income in 2024 were \$725,337 or \$4,076,300 lower than 2023. A 1% administrative fee will be applied after June 2023 to all newly originated consolidation loans. 2024 and 2023 loan disbursements were higher than the prior respective year as students tuitions continue to increase and demand for HESAA refinanced loans was higher than 2023.
- Interest income on FFELP loans decreased by \$69,119 during the 2024 Fiscal Year after increasing \$293,134 during the 2023 and decreasing \$136,380 in 2022. Interest income increased in 2024 and 2023 due to the U.S. federal government paying interest to the 2010 FFELP portfolio relating to the 'Lender's Request for Payment of Interest and Special Allowance' (LARS) while in past years due to lower interest rates, the 2010 FFELP portfolio paid interest to the U.S. federal government. The impact of LARS is offset by the decline in interest income on payments from borrowers due to the continuing reduction in FFELP portfolio assets. FFELP assets declined to \$13,805,874 at June 30, 2024, from \$19,546,469 at June 30, 2023, and \$23,954,741 at June 30, 2022.

Operating Expenses

- Bond interest expense for Fiscal Years 2024, 2023, and 2022 was \$47,414,273, \$46,994,571, and \$45,221,590, respectively. Fiscal Year 2024 increased \$419,702 or 0.9% over 2023. For years prior, bond interest expense increased \$1,772,981 or 3.9% in 2023 and decreased \$6,993,539 or 13.4% in 2022. The amount of bonds outstanding in 2024 increased after decreasing in 2023 from the prior year. Part of the increase in interest expense is from the recent higher outstanding balance of bonds and a portion is from the higher interest rate on more recent bond issues, resulting in higher interest expense.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

Bad Debt Expense

- In Fiscal Year 2024, an additional \$3,618,021 in bad debt expense was recognized following 2023 where \$936,897 in bad debt expense was recognized. In 2022, \$5,831,771 in bad debt expense was recognized. Some borrowers struggled economically with payment of both their NJCLASS loans and federal loans following the federal government requirement to resume repayment in late calendar year 2023.
- Bad debt expense is recorded when increases to the allowance for doubtful accounts recorded against amounts due from the Loan Reserve Funds to pay default claims become necessary. For a full description of the allowance for doubtful accounts and defaulted loans, see **NOTES TO FINANCIAL STATEMENTS — NOTE 3, STUDENT LOANS RECEIVABLE — Loan Defaults/Loan Reserve Fund.**

Nonoperating Revenues (Expenses) and Other Changes

- At the end of Fiscal Year 2024 and 2023, there was an equity distribution of \$10,725,558 and \$12,218,421 from the 2014-1 bond issue and the 2013-1 bond issues for Fiscal Year 2024 and 2023, respectively, to HESAA as part of a refunding of the bonds for those bond issues.
- In part of HESAA's compliance with its formal loan yield reduction policy, \$3,378,136 and \$12,781,839 in loans and interest was forgiven in FY2024 and FY2023, respectively for the 2013-1, 2014-1, 2015-1, 2016-1, 2018-1 and 2019-1 bond issues. See **NOTES TO FINANCIAL STATEMENTS — NOTE 5, ARBITRAGE REBATES AND ACQUIRED PURPOSE INVESTMENT LIABILITY.**

Significant Events

- At Fiscal Year-end 2024, the Programs had \$1,433,355,000 in bonds outstanding, compared to \$1,382,780,000 in the prior Fiscal Year — an increase of 3.7%. This is due to a total issuance during the year of \$228,190,000 in 2024-1 Bonds, which closed on May 30, 2024, offset by retirements of \$177,615,000. In the prior Fiscal Year, HESAA issued \$243,650,000 in 2023-1 Bonds, offset by retirements of \$277,935,000.
- During Fiscal Year 2024, there was an increase in NJCLASS student loan origination volume, with cash disbursements of \$186,245,726 for new loans, compared to \$157,767,792 during Fiscal Year 2023, an increase of 18.0%.
- HESAA has experienced higher demand for NJCLASS loans in Academic Years 2024, 2023 and 2022 with disbursements increasing annually.

Cash Flows Summary

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net Cash Provided by Operating Activities	\$ 26,260,827	\$ 60,424,657	\$ 173,258,740
Net Cash Used by Financing Activities	(15,699,883)	(105,949,505)	(134,509,625)
Net Cash Provided (Used) by Investing Activities	<u>16,701,378</u>	<u>10,389,727</u>	<u>(4,542,999)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 27,262,322</u>	<u>\$ (35,135,121)</u>	<u>\$ 34,206,116</u>

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2024**

Current Conditions

In response to the continuing demand for NJCLASS loans, HESAA issued its Series 2024-1 Bonds on May 30, 2024, to fund anticipated NJCLASS loan volume for the 2023-24 academic year. During the previous year, HESAA issued its Series 2023-1 Bonds on May 11, 2023.

HESAA's current minimum credit score and income requirements, as well as its loan type funding availability has helped ensure that families can afford to repay the NJCLASS loans they obtain to cover the portion of the expected family contribution not funded from other sources. Since the 2012-13 academic year, the minimum credit score to obtain an NJCLASS loan has been 670 and the minimum income to obtain an NJCLASS Loan has been \$40,000. COVID-19 provided economic challenges to many of the borrowers resulting in more severely delinquent and subsequently defaulted loans than the last several years. The prior two Fiscal Years have experienced slower growth in the number of defaulted loans probably attributable to stricter underwriting standards that have been adopted by the NJCLASS Program in recent years and better economic conditions than in Fiscal Year 2022. Total new defaults in Fiscal Year 2024 were \$12.0 Million or 12% higher than Fiscal Year 2023 while Fiscal Year 2023 were \$10.7 Million or 20% lower than Fiscal Year 2022.

For specific statistical information regarding default experience during Fiscal Years 2024 and 2023, refer to **NOTES TO FINANCIAL STATEMENTS — NOTE 3, STUDENT LOANS RECEIVABLE — Loan Defaults/Loan Reserve Fund.**

In response to consumer demand for loan products that meet the needs of a wider range of borrower profiles, the NJCLASS program currently offers borrower families fixed rated loans with three repayment options (10-, 15-, or 20-year terms) that can be used for undergraduate or graduate students; and the NJCLASS loans Consolidation Loan (25- or 30-year terms). In 2016 the Authority initiated its NJCLASS pilot loan refinance program, ReFi+, for borrowers who wish to refinance their outstanding NJCLASS loans and/or federal Parent PLUS loans. Under the Refi+ program, there are two loan terms (10 and 15 year terms) each of which has two rates per term, based on borrower credit score at the time of application.

For a complete description of HESAA loan product offerings and terms during the academic years 2023-24, 2022-23, and 2021-22, refer to **NOTES TO FINANCIAL STATEMENTS — NOTE 3, STUDENT LOANS RECEIVABLE.**

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

ASSETS	2024	2023
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 480,433,166	\$ 453,170,844
Investments	41,488,876	38,813,331
NJCLASS Student Loans Receivable, Net	63,994,365	63,035,127
FFELP Student Loans Receivable, Net	4,529,714	3,860,215
Interest Receivable:		
Investments	1,554,863	1,808,157
NJCLASS Student Loans	8,573,944	8,355,559
FFELP Student Loans	807,156	1,001,262
NJCLASS Defaulted Student Loan Principal and Interest in 2009 and 2010 Indenture Loan Reserve Funds, Net of Allowance for Doubtful Accounts of \$165,623,663 in 2024 and \$162,005,642 in 2023	61,454,537	61,633,208
Default Collections Receivable	8,240	28,426
Due from Loan Servicing Agents	9,688	87,745
Other Receivables	18,589	-
Total Current Assets	662,873,138	631,793,874
NONCURRENT ASSETS		
NJCLASS Student Loans Receivable, Less Current Portion	1,134,482,386	1,106,469,110
FFELP Student Loans Receivable, Less Current Portion	8,469,005	14,684,992
Total Noncurrent Assets	1,142,951,391	1,121,154,102
 Total Assets	 \$ 1,805,824,529	 \$ 1,752,947,976
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Bonds Payable	\$ 121,550,000	\$ 127,045,000
Accrued Interest Payable – Bonds	6,172,916	5,980,575
Fees Payable	1,176,661	1,037,385
Total Current Liabilities	128,899,577	134,062,960
NONCURRENT LIABILITIES		
Bonds Payable, Less Current Portion	1,311,805,000	1,255,735,000
Premium on Bonds Payable, Net	27,764,934	32,714,192
Total Noncurrent Liabilities	1,339,569,934	1,288,449,192
 Total Liabilities	 1,468,469,511	 1,422,512,152
NET POSITION		
Restricted	337,355,018	330,435,824
 Total Liabilities and Net Position	 \$ 1,805,824,529	 \$ 1,752,947,976

See accompanying Notes to Financial Statements.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Interest Income:		
NJCLASS Student Loans	\$ 69,770,528	\$ 69,118,796
FFELP Student Loans	1,323,984	1,393,103
Administrative Fee Income	725,377	4,801,677
Total Operating Revenues	71,819,889	75,313,576
OPERATING EXPENSES		
Loan Servicing Fees:		
NJCLASS Student Loans	10,971,193	11,247,444
FFELP Student Loans	284,323	364,255
Total Loan Servicing Fees	11,255,516	11,611,699
Program Expenses:		
Annual Insurance Expense and Transaction Fees	357,380	448,221
Bad Debt Expense	3,618,020	936,897
RAP Debt Expense	310,687	328,606
Other (Income) Expense	(35,245)	-
Total Program Expenses	4,250,842	1,713,724
Bond Interest Expense	47,414,273	46,994,571
Total Operating Expenses	62,920,631	60,319,994
OPERATING INCOME, NET	8,899,258	14,993,582
NONOPERATING REVENUES (EXPENSES) AND OTHER CHANGES		
Income on Investments	19,123,630	13,803,116
Equity Distribution from Bond Refunding	(10,725,558)	(12,218,421)
Loan Forgiveness	(3,378,136)	(12,781,839)
Transfer to Non-NJCLASS Funds	(7,000,000)	(12,558,937)
Net Nonoperating Expenses	(1,980,064)	(23,756,081)
CHANGE IN NET POSITION	6,919,194	(8,762,499)
Net Position – Beginning of Year	330,435,824	339,198,323
NET POSITION – END OF YEAR	\$ 337,355,018	\$ 330,435,824

See accompanying Notes to Financial Statements.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest Receipts:		
NJCLASS Student Loans	\$ 63,155,970	\$ 62,199,156
FFELP Student Loans	1,731,164	1,347,807
Principal Receipts:		
NJCLASS Student Loans	151,950,147	160,989,032
FFELP Student Loans	5,442,678	4,138,576
Collections on Defaulted Loans	8,973,356	9,584,178
NJCLASS Student Loan Disbursements	(186,245,726)	(157,767,792)
FFELP Student Loan Purchases	299,354	648,554
Annual Insurance, Surveillance and Transaction Fees	(357,380)	(448,222)
Due from NJCLASS Life of Loan	(7,000,000)	(8,000,000)
RAP Expense	(310,687)	(328,607)
Loan Servicing Fees	(11,002,859)	(11,611,519)
Repayment of Government Interest Related to FFELP Loans	(410,434)	(326,506)
Miscellaneous Expense	35,244	-
Net Cash Provided by Operating Activities	26,260,827	60,424,657
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Paid on Bonds	(148,898,469)	(219,009,081)
Bond Proceeds	199,473,469	184,724,081
Interest Paid on Bonds	(52,171,189)	(46,664,245)
Equity Distribution from Bond Refunding	(10,725,558)	(12,218,421)
Loan Forgiveness	(3,378,136)	(12,781,839)
Net Cash Used by Financing Activities	(15,699,883)	(105,949,505)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Purchases, Sales Proceeds, and Maturities, Net	(2,675,545)	(1,955,251)
Interest on Investments	19,376,923	12,344,978
Net Cash Provided by Investing Activities	16,701,378	10,389,727
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	27,262,322	(35,135,121)
Cash and Cash Equivalents – Beginning of Year	453,170,844	488,305,965
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 480,433,166	\$ 453,170,844

See accompanying Notes to Financial Statements.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 8,899,258	\$ 14,993,582
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Bad Debt Expense	3,618,020	936,897
Interest Paid on Debt	57,470,654	56,695,753
Effect of Net Change in Operating Assets and Liabilities:		
NJCLASS Student Loans Receivable	(28,991,103)	2,183,415
FFELP Student Loans Receivable	5,546,489	4,557,976
NJCLASS Defaulted Student Loans	(3,439,349)	(1,365,290)
Interest Receivable:		
NJCLASS Student Loans	(218,385)	320,157
FFELP Student Loans	194,106	(149,705)
Due from NJCLASS Life of Loan	(7,000,000)	(8,000,000)
Default Collections Receivable	20,186	(8,402)
Due from Loan Servicing Agents	78,057	(31,089)
Accrued Interest Payable – Bonds	(10,056,382)	(9,701,163)
Fees Payable	139,276	(7,474)
Net Cash Provided by Operating Activities	\$ 26,260,827	\$ 60,424,657
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES		
Amortization – Net Premium on Bonds Payable	\$ (10,248,724)	\$ (9,865,166)
Discount on Acquisition of Bonds	(310,687)	(328,607)
Bond Retirement - Refunding	(28,716,531)	(58,925,919)
Due from NJCLASS Life of Loan	-	(4,558,937)
Total Noncash Financing Activities	\$ (39,275,942)	\$ (73,678,629)

See accompanying Notes to Financial Statements.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Authority

The New Jersey Higher Education Student Assistance Authority (the Authority or HESAA) is a public body corporate and politic that is in, but not of, the Department of State of the state of New Jersey (the State) and is an instrumentality of the State.

The Authority was established by state legislation in 1999 to provide students and families with the financial and informational resources for students to pursue their education beyond high school. Prior to the act, the New Jersey Higher Education Assistance Authority, created by legislation in 1959, served as lender and guarantor of federally guaranteed student loans for New Jersey students. References herein to the Authority include the predecessor Authority where the context so requires.

Reporting Entity

The reporting entity is comprised of the New Jersey College Loans to Assist State Students (NJCLASS) Loan Program and the Federal Family Education Loan Program (FFELP) (collectively, the Programs) which are governed by various trust indentures. These financial statements present only the business-type activities of the NJCLASS and FFELP Loan Programs of the Authority, and do not purport to, and do not present the financial position of the Authority as of June 30, 2024 and 2023, and its changes in net position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

NJCLASS Program

The NJCLASS Loan Program is a supplemental loan program initiated by the Authority in September 1991. The NJCLASS Loan Program offers an alternative source of financial support to students and their parents, spouses, legal guardians, or other relatives in meeting the costs of the student's education at a degree-granting college or university. Since 1991, the Authority has issued bonds to fund student loans through this Program.

FFELP Loan Program

In 2001, the Authority expanded its use of debt financing by issuing bonds, with a portion of the proceeds allocated to purchase a portfolio of existing loans with a New Jersey nexus issued through the Federal Family Education Loan Program (FFELP). Using a portion of the proceeds of its 2001 through 2004 Bond Issues, the Authority purchased portfolios of New Jersey nexus FFELP loans or FFELP Consolidation loans from other FFELP loan origination/servicing entities. The Authority is not the servicer on any of the FFELP loans acquired with NJCLASS/FFELP Bond proceeds but is the guarantor on a portion of its FFELP portfolio. The NJCLASS/FFELP Loan Program has also used bond proceeds to purchase portfolios of rehabilitated FFELP student loans from the portfolio of previously defaulted FFELP student loans held by the Authority as the New Jersey state guaranty agency, and to originate a small portfolio of FFELP loans for low-income borrowers using a portion of the 2005 Bond proceeds.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FFELP Loan Program (Continued)

Title II of the Health Care and Education Reconciliation Act of 2010 (Pub. L. 111-152) signed into law by President Barack Obama on March 30, 2010, contains various student loan amendments, including the termination of the process of the federal government paying set yields to private banks to originate federally insured loans and, instead, the loans are administered directly by the U.S. Department of Education, effective July 1, 2010. As a result, the Authority no longer originates or acquires FFELP Loans.

On May 7, 2010, the Authority transferred its entire portfolio of FFELP loans from the 2001, 2002, 2003, 2004, and 2005 issues to the 2010-FFELP issue, as part of a bond refunding process.

Basis of Accounting

The Programs prepare their financial statements using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing government accounting and financial reporting principles. The Programs are required to follow all statements of the GASB.

Operating Revenues and Expenses

The Programs' operating revenues consist of administrative fees for student loan originations as well as interest income earned on student loans. Operating expenses consist of loan service and transaction fees, bond interest, bad debt expense, and other expenses related to NJCLASS and FFELP loans. All other revenues and expenses are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

Cash and cash equivalents include time deposits, certificates of deposit, and highly liquid debt instruments with original maturities of three months or less at the time of purchase.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are reflected at fair value, in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools and GASB Statement No. 72, *Fair Value Measurement and Application*. The Authority categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. In addition, the fair value of certain investments that do not have a readily determinable fair value is classified as NAV, meaning Net Asset Value per share, when the fair value is calculated in a manner consistent with the Financial Accounting Standards Board's (FASB) measurement principles for investment companies. In accordance with the provisions of the bond indentures, the Authority is generally required to invest available monies in qualified investments. The bond indentures define qualified investments as:

- 1) Government obligations and any obligations of any state or political subdivision of a state (collectively, the Municipal Bonds).
- 2) U.S. Government and certain other governmental agencies' obligations.
- 3) Insured certificates of deposit.
- 4) Other investments acceptable by the State and rated accordingly by either Standard or Poor's (S&P), Moody's, or A.M. Best, including annuity contracts and repurchase agreements.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and are factored into reporting for subsequent accounting periods.

Federal Income Taxes

The Authority is deemed to be an essential governmental function of the state and, as such, is exempt from federal income taxes. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements.

Bond Issuance Costs

The costs of issuance of bonds that are paid with bond funds or other resources available under the bond indentures are expensed in the year incurred. Bond issuance costs paid with other Authority funds are not recognized in these financial statements.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bond Premiums and Discounts

Bond premiums and discounts are amortized over the life of the related debt using the straight-line method of amortization. Because net bond premiums exceed net bond discounts, the unamortized amount of premium and discount is shown as a net amount in the liabilities section on the statements of net position. Amortization revenue and expense is recorded as bond interest expense in the statements of revenues, expenses, and changes in net position.

Restricted Net Position

In accordance with the terms of the various bond resolutions, the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources under such bond resolutions is classified as restricted net position, to be used for the purpose specified in the bond resolutions.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The NJCLASS/FFELP Loan Programs maintain their cash and cash equivalents balances primarily in trust accounts at one financial institution. As trust account balances, these funds are not available to the institution to meet its general financial obligations and are restricted under the terms of the Authority's bond resolutions for the payment of bond principal and interest expense, student loan disbursements, and Program expenses. These funds are invested in an AAA-rated money market fund secured by U.S. government obligations which maintains a stable net asset value of one dollar per share valued at amortized cost.

Additionally, the Programs utilize lockbox accounts to clear cash receipts. Amounts on deposit in the NJCLASS lockbox accounts at Wells Fargo Bank are collateralized by direct obligations of or obligations guaranteed by the United States or the state of New Jersey in accordance with New Jersey Statute 52:18-16 and New Jersey Department of Treasury policy.

The amounts on deposit in these cash accounts were as follows:

	2024	2023
Lockbox Cash (Wells Fargo Bank)	\$ 2,703,747	\$ 2,278,004
Trust Accounts Invested in Wells Fargo		
Secured Institutional Money Market Fund	477,729,419	450,892,840
Total	\$ 480,433,166	\$ 453,170,844

The carrying amount in these accounts at June 30, 2024 and 2023 were \$480,433,166 and \$453,170,844, respectively.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Cash and Cash Equivalents (Continued)

The debt service reserve accounts are restricted by the bond indentures for the payment of principal and/or interest on the bonds, to the extent other available monies held under the indentures are insufficient to pay the interest on the bonds or to meet any sinking fund requirements. The amounts in the debt service reserve accounts for the various bond issues, which are included in cash and cash equivalents at June 30, 2024 and 2023 were \$29,117,816 and \$28,168,136, respectively.

Investments

The Programs' investments consist of annuity contracts and pooled cash management funds.

The amounts held in the New Jersey Cash Management Fund, a pooled cash management fund administered by New Jersey State's Treasury, at June 30, 2024 and 2023, were \$41,488,876 and \$38,813,331, respectively, which is measured at net asset value.

Investments — Interest Rate Risk

- NJCLASS/FFELP investment policies, as described in **NOTES TO FINANCIAL STATEMENTS — NOTE 1, INVESTMENTS**, require balances to be maintained in high quality, low-risk investment options. All investment vehicles used by the Authority seek to maintain a stable price of \$1.00 per share. In these types of investments, it is highly unlikely that normal fluctuations in interest earnings on the underlying securities would cause a loss of principal. Consequently, NJCLASS/FFELP investments are not subject to interest rate risk.

Fair Value

- In accordance with State Investment Council Regulations, units of ownership in the NJCMF may be purchased or redeemed on any business day (excluding State holidays) at the unit cost or value of \$1.00. Investment income and net realized gains and losses on investments are distributed daily in the form of additional whole units at the current day's net asset value. Fractional units are included in the succeeding day's distribution.
- The NJCMF values participants' shares on a fair value basis. Specifically, the NJCMF distributes income to participants on a daily basis based on (1) realized investment gains and losses calculated at market (and added to the Reserve Fund for the pro-rata portion of such gains attributable to "Other-than-State" participants), (2) interest income based on stated rates, (3) amortization of discounts and premiums on a straight-line basis, and (4) administrative and reserve fund fees charged only to "Other-than-State" participants.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 3 STUDENT LOANS RECEIVABLE

The terms and conditions of the FFELP loans held by the Authority are governed by the federal rules and regulations of FFELP and various benefit programs extended by the original lender of these purchased loans.

NJCLASS loans originated by the Authority to eligible borrowers, as defined in the bond indentures and NJCLASS Program regulations, have the following repayment options:

- 1) To pay principal and interest monthly, beginning within 60 days of disbursement;
- 2) To pay only interest while the student is in school and thereafter to pay principal and interest monthly; or
- 3) To defer principal and interest payments while the student is in school and thereafter to pay principal and interest monthly. Deferred interest on option 3 is periodically added to the loan principal balance.

Under options 1 and 2 as defined above, the NJCLASS loans originated since the inception of the Program in 1991 generally bear interest at initial rates ranging from 2.99% to 8.95%, and option 3 rates have ranged from 4.45% to 9.25%. All fixed rate NJCLASS loans for bond issues until the 2017-1 bond issue, with the exception of Consolidation loans, Medical/Dental loans, and the Refi+ loan, which was introduced during the 2016-17 academic year, have a step-up rate that is 0.75% higher than the initial rate. The step-up rate was discontinued for the 2018-1 bond issue. For the applicable loans, the step-up rate becomes effective in the 49th month in repayment, with the exception of option 3.

Beginning in 1997, HESAA began offering a non-credit-based variable rate loan with an annual rate reset and initially a 23-year repayment term to qualifying graduate students. Any variable rate loans funded that were disbursed on June 1, 2001, or later are subject to an interest rate cap of 9%. This variable rate program was discontinued in 2006 and replaced by a new fixed rate Graduate/Professional NJCLASS Loan product with a 25-year term.

In June 2005, HESAA initiated an NJCLASS Consolidation Loan Program that allows existing NJCLASS borrowers who are out of school or withdrawn to consolidate their existing NJCLASS loans. The NJCLASS Consolidation Loan offers terms of either 25 or 30 years, depending on the outstanding balance of the loans to be consolidated. The interest rate is a blended rate derived from the rates on the underlying loans being consolidated. Loans consolidated between June 1, 2010, and May 31, 2019, have an additional 0.25% added to the blended rate. Loans consolidated after May 31, 2019, have 0.50% subtracted from the blended interest rate.

In 2009, the Authority introduced the Med/NJ program, an NJCLASS loan for students working toward a MD, DO, DDS, or DMD degree. This program was discontinued in the 2012-13 academic year. At June 30, 2024, there still are Med/NJ loans outstanding in the portfolio.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)

Concurrent with the issuance of the 2010-2 Bonds, the Authority introduced the 10-year fixed rate NJCLASS Student Loan. These student loans (known as Ten Year Option 1 Loans) offer only option 1 repayment (immediate payment of principal and interest) following disbursement, and only limited deferment or forbearance options.

Concurrent with the issuance of the 2014-1 Bonds, the Authority introduced the 10-year variable rate NJCLASS Student Loan. These student loans (known as Ten Year Variable Rate Option 1 Loans) offer only option 1 repayment (immediate payment of principal and interest) following disbursement, and only limited deferment or forbearance options. The interest rate on these loans is based on three-month LIBOR + 4.25%, resets quarterly, and is subject to a 9.5% maximum interest rate. No proceeds following the 2014-1 bond issue have been allocated to originate 10-year variable rate NJCLASS loans.

Concurrent with the issuance of the 2016-1 Bonds, the Authority allocated a portion of the proceeds to fund 10-year fixed rate loans to refinance and consolidate existing NJCLASS and Federal Plus student loans of borrowers with current New Jersey nexus who are out of school, at more favorable rates. This student loan (known as the NJCLASS Refi+ loan) offers only option 1 repayment (immediate payment of principal and interest) following disbursement, and only limited deferment or forbearance options. The Refi+ loan has a tiered interest rate structure, with two rates, and no step up rate, based on credit score at time of application. For the 2022 academic year, the rates are 3.75% and 3.99% for 10-year loans and 4.85% and 5.30% for 15-year loans.

Concurrent with the issuance of the 2017-1 Bonds, the Authority established the Repayment Assistance Program (RAP), for newly originated loans beginning in the 2017-18 and 2018 19 academic years. RAP will allow borrowers (all income from all parties to the loan is evaluated as part of the qualification) to pay an amount equal to 10% of income over 150% of the federal poverty level based on household income of all parties, for up to two years. During the RAP period interest does not accrue on the loan, and the loan amortizes over the same period as the original term. The Trust will cover the interest portion of the payment during the two-year maximum period. Borrowers sign RAP documentation agreeing to make a reduced monthly payment on time each month. RAP is available on a first-come, first-served basis and is subject to available funds. All borrowers will see principal reductions during the RAP period as a minimum monthly payment is required.

Concurrent with the issuance of the 2018-1 Bonds, the Authority established the Household Income Affordable Repayment Plan (HIARP), for newly originated Standard NJCLASS loans beginning in the 2018-2019 academic year. NJCLASS Graduate/Professional Loans, Refinance Loans, and Consolidation Loans are not eligible for HIARP. Through the HIARP program, monthly payments on eligible Standard NJCLASS loans shall be reduced to 15% of the aggregate household income of all of parties to the loan that exceeds 150% of the Federal poverty guideline for their family size, with a minimum monthly payment of \$25.00 (Reduced Payments). The repayment term for loans in the HIARP program will be extended to 25 years from the date of origination of such loan and any remaining balance at the end of 25 years will be forgiven. During the HIARP period interest will continue to accrue on the loan. Borrowers can only enter HIARP after exhausting their two years of RAP eligibility. HIARP is available on a first-come, first-served basis and is subject to available funds.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)

Concurrent with the issuance of the 2019-1 Bonds, the Authority added the ability for the borrower to refinance eligible private loans. Further, the Authority eliminated the origination of graduate loans.

Over the life of the NJCLASS Program, the loan terms offered, credit policies, and underwriting criteria have been periodically adjusted to meet perceived borrower preferences and needs, as well as when such changes are deemed necessary for the best interests of the NJCLASS Loan Program. Recent changes in underwriting criteria are described in **Management Discussion and Analysis — Current Conditions**. The loan rates, borrower fees, and terms offered in the 2023-24, 2023-22, 2021-21, and 2021-20 academic years are shown in the chart below.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)

2023-2024 Academic Year

Loan Description	Initial Rate	Step-Up Rate	Administrative Fee	Loan Term in Years	Month in Repayment When Step-up Rate Begins
Fixed Rate Option 1	5.69%	N/A	0%	10	N/A
Fixed Rate Option 2	5.89%	N/A	0%	15	N/A
Fixed Rate Option 3	7.49%	N/A	0%	20	N/A
Refi + Loan (Rates based on Credit Score)	5.99% or 6.55%	N/A	0%	10	N/A
Refi + Loan (Rates based on Credit Score)	6.70% or 6.90%	N/A	0%	15	N/A
NJCLASS Consolidation	Weighted Average of Underlying Loans - 50 Basis Points	N/A	1.00%	25 or 30 Years	N/A

2022-2023 Academic Year

Loan Description	Initial Rate	Step-Up Rate	Administrative Fee	Loan Term in Years	Month in Repayment When Step-up Rate Begins
Fixed Rate Option 1	3.75%	N/A	3%	10	N/A
Fixed Rate Option 2	5.30%	N/A	3%	15	N/A
Fixed Rate Option 3	6.75%	N/A	3%	20	N/A
Refi + Loan (Rates based on Credit Score)	3.75% or 3.99%	N/A	0%	10	N/A
Refi + Loan (Rates based on Credit Score)	7.85% or 5.30%	N/A	0%	15	N/A
NJCLASS Consolidation	Weighted Average of Underlying Loans - 50 Basis Points	N/A	1.00%	25 or 30 Years	N/A

2021-2022 Academic Year

Loan Description	Initial Rate	Step-Up Rate	Administrative Fee	Loan Term in Years	Month in Repayment When Step-up Rate Begins
Fixed Rate Option 1	2.99%	N/A	3%	10	N/A
Fixed Rate Option 2	3.50%	N/A	3%	15	N/A
Fixed Rate Option 3	4.75%	N/A	3%	20	N/A
Refi + Loan (Rates based on Credit Score)	2.99%, 3.45% or 4.45%	N/A	0%	10	N/A
Refi + Loan (Rates based on Credit Score)	3.30%, 3.99% or 4.99%	N/A	0%	15	N/A
NJCLASS Consolidation	Weighted Average of Underlying Loans - 50 Basis Points	N/A	1.00%	25 or 30 Years	N/A

2020-2021 Academic Year

Loan Description	Initial Rate	Step-Up Rate	Administrative Fee	Loan Term in Years	Month in Repayment When Step-up Rate Begins
Fixed Rate Option 1	3.70%	N/A	3%	10	N/A
Fixed Rate Option 2	4.25%	N/A	3%	15	N/A
Fixed Rate Option 3	5.10%	N/A	3%	20	N/A
Refi + Loan (Rates based on Credit Score)	4.15%, 4.89% or 5.99%	N/A	0%	10	N/A
Refi + Loan (Rates based on Credit Score)	4.45%, 5.91% or 6.49%	N/A	0%	15	N/A
NJCLASS Consolidation	Weighted Average of Underlying Loans - 50 Basis Points	N/A	1.00%	25 or 30 Years	N/A

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)

Loan Servicing

In conjunction with the Authority's servicing of the student loans, the NJCLASS Loan Program remits to the Authority certain fees for Program administration, which are paid from Program revenues. For the years ended June 30, 2024 and 2023, \$10,971,193 and \$11,247,444 of servicing fees, respectively, were included in loan servicing fees charged to the NJCLASS Loan Program. In connection with its portfolios of existing loans, FFELP pays certain fees for Program administration, which are payable from Program revenues. For the years ended June 30, 2024 and 2023, the fees included administrative expenses of \$36,897 and \$47,222, respectively, paid to the Authority and fees paid to servicing agents of \$91,167 and \$115,669, respectively. In addition, for the years ended June 30, 2024 and 2023, loan consolidation rebate fees of \$154,374 and \$196,946, respectively, were paid to the United States Department of Education.

Loan Defaults/Loan Reserve Fund

Under the NJCLASS Loan Program, when a student loan payable in monthly installments reaches 180 days of delinquency or when a student loan payable in installments less frequent than monthly reaches 240 days of delinquency, the Authority will declare the respective loan "in default."

For earlier year NJCLASS bond issues, the Authority had established loan default reserve funds to stabilize the impact of loan defaults in the NJCLASS Loan Program. These are funded from a percentage of original loan principal specified by the appropriate master indenture, and not from bond proceeds.

The Loan Reserve Fund is a separate fund established by the Authority to protect the interests of NJCLASS bondholders by reimbursing the various HESAA bond issues when loans default. Amounts subsequently received from collections of defaulted student loans are used to replenish the Loan Reserve Fund to the extent of 70% of recoveries. The Authority retains the remaining 30% as a collection fee.

There is a loan reserve fund for the 2010-1 Indenture which included the 2017 Bond Issue. Consequently, loan reserve activity for this bond issue is included in the accompanying financial statements and shown in the combining statements presented in the supplementary information section.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)

Loan Defaults/Loan Reserve Fund (Continued)

For the Fiscal Years 2024 and 2023, collections on defaulted loans within the internal loan reserve fund established for the 2009, 2010-1 and 2010-2 Indenture, which is included within the NJCLASS/FFELP Loan Programs Financial Statements, totaled \$-0-, and new defaulted loans for the same periods totaled \$1,494,999 and \$1,259,149, respectively. As of June 30, 2024 and 2023, defaulted loans totaled \$227,078,200 and \$223,638,851, respectively.

The 2009, 2010-1, and 2010-2 bond issues are no longer property of any Trust, therefore those default collections no longer are paid to the Loan Reserve Fund.

Amounts due to and from these internal loan reserve funds are netted in the statements of net position but are shown in the combining schedules of net position.

Allowances for doubtful accounts at June 30, 2024 and 2023 were \$165,623,663 and \$162,005,642, respectively.

Under the terms 2012-1 Indenture, which includes the 2012-1, 2013-1, 2014-1, 2015-1, and 2016-1 Bond Issues, the 2017-1 Indenture, the 2019-1 Indenture, and the 2021-1 Indenture, no loan reserve fund were established. During Fiscal Year 2024, the 2014-1, 2012-1 and 2013-1 bond issues was retired.

NOTE 4 BONDS PAYABLE

The Authority has issued bonds to support its loan programs. All bonds described herein are limited obligations of the Authority, payable solely from the assets of the NJCLASS/FFELP Trust Estate (Trust Estate), as described in the official statement of each bond issue. None of the Authority's assets or funds (other than the Trust Estate) are pledged as security for the bonds.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 BONDS PAYABLE (CONTINUED)

Bonds Outstanding

The following schedules present summarized information relating to the interest rates and future maturities of the bonds outstanding as of June 30:

Bonds Outstanding June 30, 2024

Student Loan Revenue Bond Title Issue Year/Series	Interest Rate Range as of June 30, 2024	Maturity Dates	Bonds Outstanding (in Thousands)			Bonds Outstanding (in thousands)		Amounts Due within One Year ⁽³⁾
			June 30, 2023	Additions	Reductions	June 30, 2024		
2010, Series FFELP ⁽¹⁾	2.151%	6/1/2036	\$ 18,700	\$ -	\$ 4,525	\$ 14,175	\$ 4,240	
2014-1 Series A-1 & B	3.00%-5.00%	12/1/2016-12/1/2044	34,505	-	34,505	-	-	
2015-1	4.00%-5.00%	12/1/2016-12/1/2044	54,715	-	13,690	41,025	9,000	
2016-1	2.75%-5.00%	12/1/2017-12/1/2046	64,665	-	14,185	50,480	9,400	
2017-1	2.95%-5.00%	12/1/2019-12/1/2047	99,130	-	20,905	78,225	15,005	
2018-1	3.35%-5.00%	12/1/2020-12/1/2048	104,235	-	22,805	81,430	14,805	
2019-1	2.375%-5.00%	12/1/2020-12/1/2049	175,850	-	31,600	144,250	18,700	
2020-1	3.500%-5.00%	12/1/2022-12/1/2050	211,740	-	31,400	180,340	20,600	
2021-1	2.500%-5.00%	12/1/2023-12/1/2051	107,745	-	4,000	103,745	8,000	
2022-1	4.25%-5.00%	12/1/2024-12/1/2052	267,845	-	-	267,845	21,800	
2023-1	4.11%-5.00%	12/1/2025-12/1/2053	243,650	-	-	243,650	-	
2024-1	4.25%-5.25%	12/1/2027-12/1/2054	-	228,190	-	228,190	-	
Totals			<u>\$ 1,382,780</u>	<u>\$ 228,190</u>	<u>\$ 177,615</u>	<u>\$ 1,433,355</u>	<u>\$ 121,550</u>	

(1) The 2010-FFELP Bonds are Tax Exempt LIBOR Floating Rate Bonds, originally consisting of Class A-1 & Class A-2 Bonds. The Class A-1 Bonds were fully retired at June 30, 2014. The rate on the Class A-2 Bonds is 100% of 3-Month LIBOR plus .95%. Interest is paid quarterly.

(2) The 2014-1A-2 Bonds are LIBOR Floating Rate Bonds, which have been purchased directly from the Authority by Banc of America Preferred Funding Corporation, pursuant to a Variable Rate Bond Purchase Agreement, dated April 28, 2014. The interest rate on the 2014-1 Series A-2 Bonds is 100% of 3 Month LIBOR plus 1.50%, but not to exceed 8.00%. Interest is paid quarterly.

(3) Amounts Due within One Year' includes \$47,005,000 of 'Special Option Redemptions' made in August 2023.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 BONDS PAYABLE (CONTINUED)

Bonds Outstanding (Continued)

Bonds Outstanding June 30, 2023

Student Loan Revenue Bond Title Issue Year/Series	Interest Rate Range as of June 30, 2023	Maturity Dates	Bonds Outstanding (in Thousands) June 30, 2022	Additions	Reductions	Bonds Outstanding (in thousands) June 30, 2023	Amounts Due within One Year ⁽³⁾
2010, Series FFELP ⁽¹⁾	2.151%	6/1/2036	\$ 23,060	\$ -	\$ 4,360	\$ 18,700	\$ 4,240
2012-1	4.00%-5.75%	12/1/2016-12/1/2039	38,220	-	38,220	-	-
2013-1	3.25%-5.00%	12/1/2016-12/1/2043	43,935	-	43,935	-	-
2014-1 Series A-1 & B	3.00%-5.00%	12/1/2016-12/1/2044	53,105	-	18,600	34,505	6,405
2014-1, Series A-2 ⁽²⁾	2.701%	12/1/2023	2,335	-	2,335	-	-
2015-1	4.00%-5.00%	12/1/2016-12/1/2044	73,605	-	18,890	54,715	12,295
2016-1	2.75%-5.00%	12/1/2017-12/1/2046	84,255	-	19,590	64,665	12,695
2017-1	2.95%-5.00%	12/1/2019-12/1/2047	129,435	-	30,305	99,130	18,605
2018-1	3.35%-5.00%	12/1/2020-12/1/2048	131,635	-	27,400	104,235	19,805
2019-1	2.375%-5.00%	12/1/2020-12/1/2049	214,450	-	38,600	175,850	23,600
2020-1	3.500%-5.00%	12/1/2022-12/1/2050	247,440	-	35,700	211,740	25,400
2021-1	2.500%-5.00%	12/1/2023-12/1/2051	107,745	-	-	107,745	4,000
2022-1	4.25%-5.00%	12/1/2024-12/1/2052	267,845	-	-	267,845	-
2023-1	4.11%-5.00%	12/1/2025-12/1/2053	-	243,650	-	243,650	-
Totals			<u>\$ 1,417,065</u>	<u>\$ 243,650</u>	<u>\$ 277,935</u>	<u>\$ 1,382,780</u>	<u>\$ 127,045</u>

(1) The 2010-FFELP Bonds are Tax Exempt LIBOR Floating Rate Bonds, originally consisting of Class A-1 & Class A-2 Bonds. The Class A-1 Bonds were fully retired at June 30, 2014. The rate on the Class A-2 Bonds is 100% of 3-Month LIBOR plus .95%. Interest is paid quarterly.

(2) The 2014-1A-2 Bonds are LIBOR Floating Rate Bonds, which have been purchased directly from the Authority by Banc of America Preferred Funding Corporation, pursuant to a Variable Rate Bond Purchase Agreement, dated April 28, 2014. The interest rate on the 2014-1 Series A-2 Bonds is 100% of 3 Month LIBOR plus 1.50%, but not to exceed 8.00%. Interest is paid quarterly.

(3) Amounts Due within One Year' includes \$47,005,000 of 'Special Option Redemptions' made in August 2023.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 BONDS PAYABLE (CONTINUED)

Redemption Provisions

The supplemental indentures for each bond issue define the terms under which bond redemptions are to occur. Specific information and requirements governing each type of redemption are defined in the sections on redemption provisions below. These sections are followed by a cumulative schedule of bonds issued, bonds accreted, redemptions by type and bond issue since the inception of the NJCLASS Program in 1991, as well as bonds outstanding at June 30, 2024.

Extraordinary Redemptions

Provisions governing the extraordinary redemption of bonds prior to maturity were included in the redemption provisions sections of the indentures for all bonds issued during the years 1991 through 2019. Where applicable, these early redemptions were permitted under the Extraordinary Redemption from Unexpended Proceeds, the Special Redemption, Extraordinary Redemption from Excess Revenues, Special Optional Redemption from Excess Revenues, and Special Mandatory Redemption from Excess Revenues sections of the indentures or supplemental indentures. All bonds retired under the Extraordinary Redemption provisions were redeemable at par.

The 2014-1, 2015-1, 2016-1, 2017-1, 2018-1, 2019-1, 2020-1, 2021-1, 2022-1, 2023-1 and 2024-1 Bonds that are eligible for redemption prior to maturity are also eligible for special optional redemption from excess revenues at the option of the Authority, plus accrued interest. During the 2024 Fiscal Year, a total of \$69,190,000 of bonds within these respective issues were redeemed under this provision and are included in the Cumulative Schedule of Bond Redemptions at June 30, 2024. During the 2023 Fiscal Year, a total of \$115,235,000 of bonds within these respective issues were redeemed under this provision and are included in the Cumulative Schedule of Bond Redemptions at June 30, 2023.

Optional Redemptions

Each indenture also contains provisions for the optional redemptions of NJCLASS fixed rate bonds.

The following chart outlines the optional redemption provisions for the 2008 through 2021-1 bonds. Bonds maturing prior to these dates are not subject to optional redemption prior to maturity.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 BONDS PAYABLE (CONTINUED)

Optional Redemptions (Continued)

Bond	Maturity	Subject to Optional Redemption	First Eligible Call Date
2011-1	On or After 12/1/22	Yes at Par Plus Accrued Interest	December 1, 2021
2012-1	Before 12/1/23	No	
2012-1	On or After 12/1/23	Yes at Par Plus Accrued Interest	December 1, 2022
2013-1	Before 12/1/23	No	
2013-1	On or After 12/1/23	Yes at Par Plus Accrued Interest	December 1, 2022
2014-1	Before 12/1/24	No	
2014-1	On or After 12/1/24	Yes at Par Plus Accrued Interest	December 1, 2023
2015-1	Before 12/1/25	No	
2015-1	On or After 12/1/25	Yes at Par Plus Accrued Interest	December 1, 2024
2016-1	Before 12/1/26	No	
2016-1	On or After 12/1/26	Yes at Par Plus Accrued Interest	December 1, 2025
2017-1	Before 12/1/27	No	
2017-1	On or After 12/1/27	Yes at Par Plus Accrued Interest	December 1, 2026
2018-1	Before 12/1/28	No	
2018-1	On or After 12/1/28	Yes at Par Plus Accrued Interest	June 1, 2028
2019-1	Before 12/1/28	No	
2019-1	On or After 12/1/28	Yes at Par Plus Accrued Interest	June 1, 2028
2020-1	On or Before 12/1/28	No	
2020-1	On or After 12/1/39	Yes at Par Plus Accrued Interest	December 1, 2028
2021-1	On or Before 12/1/29	No	
2021-1	On or After 12/1/40	Yes at Par Plus Accrued Interest	December 1, 2029
2022-1	On or Before 12/1/30	No	
2022-1	On or After 12/1/41	Yes at Par Plus Accrued Interest	December 1, 2030
2023-1	On or Before 12/1/33	No	
2023-1	On or After 12/1/44	Yes at Par Plus Accrued Interest	December 1, 2033
2024-1	On or Before 12/1/33	No	
2024-1	On or After 12/1/45	Yes at Par Plus Accrued Interest	December 1, 2034

Scheduled Maturities

Since the inception of the NJCLASS/FFELP Programs in 1991, the supplemental indentures applicable to each bond issue have included schedules containing the maturity dates of the various CUSIPs within each bond issue.

As governed by the indenture for each issue and series for the years 2008 and 2009, mandatory sinking fund redemptions prior to maturity, in part, by lot are required. The amounts of sinking fund redemptions for the Fiscal Years 2019 through 2024 and thereafter, are included in the Schedule of Future Maturities and Sinking Fund Requirements shown on page 33.

Cumulative Redemptions

The following schedules present summarized information by bond issue relating to all types of bond redemptions from the inception of the NJCLASS/FFELP Program in 1991 to the financial statement date.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 BONDS PAYABLE (CONTINUED)

Cumulative Redemptions (Continued)

Cumulative Schedule of Bond Redemptions at June 30, 2024

Bond Issue	Original Principal	Semi-Annual Accretion	Scheduled Maturity	Excess Revenue Redemption	Unexpended Proceeds Redemption	Optional Redemption	Special Redemption	Special Optional Redemption	Bond Tender (1)	Refunded	Current Principal Outstanding at June 30, 2024
1991	\$ 24,996,064	\$ 3,562,871	\$ (5,910,000)	\$ (20,468,935)	\$ (2,180,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1992	35,000,000	-	(12,730,000)	(22,270,000)	-	-	-	-	-	-	-
1993	20,000,000	-	(6,105,000)	(13,475,000)	(420,000)	-	-	-	-	-	-
1995	15,000,000	-	(4,025,000)	(10,975,000)	-	-	-	-	-	-	-
1996	18,000,000	-	(4,450,000)	(11,015,000)	-	(2,535,000)	-	-	-	-	-
1997A	25,000,000	-	(4,500,000)	(17,350,000)	-	(3,150,000)	-	-	-	-	-
1997B	12,000,000	-	-	-	-	-	-	-	-	(12,000,000)	-
1998	80,000,000	-	(9,445,000)	(53,045,000)	-	(17,510,000)	-	-	-	-	-
1999A	50,000,000	-	(6,625,000)	(25,830,000)	-	(12,445,000)	(5,100,000)	-	-	-	-
1999B	12,000,000	-	-	-	-	-	-	-	-	(12,000,000)	-
2000	70,000,000	-	(15,675,000)	(29,530,000)	-	(17,030,000)	(7,765,000)	-	-	-	-
2001	190,000,000	-	-	-	-	(3,000,000)	(60,850,000)	-	(126,150,000)	-	-
2002	166,000,000	-	-	-	-	-	(62,250,000)	-	-	(200,000)	-
2003	212,000,000	-	-	-	-	-	(56,400,000)	-	(121,000,000)	(34,600,000)	-
2004	200,000,000	-	-	-	-	-	-	-	(165,950,000)	(34,050,000)	-
2005	225,000,000	-	-	-	-	-	(23,750,000)	-	-	(184,850,000)	-
2006	225,000,000	-	-	-	-	-	(30,800,000)	-	(192,725,000)	(1,475,000)	-
2007	275,000,000	-	-	-	-	-	(19,125,000)	-	(255,700,000)	(175,000)	-
2008	350,000,000	-	-	-	(19,405,000)	-	-	(212,150,000)	-	(118,445,000)	-
2009	450,000,000	-	(150,000,000)	-	-	-	-	(143,800,000)	-	(156,200,000)	-
2010-1	713,000,000	-	(312,630,000)	-	-	-	-	(280,560,000)	-	(119,810,000)	-
2010-FFELP	145,000,000	-	-	(130,825,000)	-	-	-	-	-	-	14,175,000
2010-2	280,000,000	-	(145,300,000)	-	-	-	-	(121,200,000)	-	(13,500,000)	-
2011-1	326,500,000	-	(169,200,000)	-	-	-	-	(110,595,000)	-	(46,705,000)	-
2012-1	259,300,000	-	(137,000,000)	-	-	-	-	(96,990,000)	-	(25,310,000)	-
2013-1	200,000,000	-	(90,100,000)	-	-	-	-	(77,470,000)	-	(32,430,000)	-
2014-1	220,000,000	-	(69,500,000)	-	(8,955,000)	-	-	(113,445,000)	-	(28,100,000)	-
2015-1	180,000,000	-	(63,000,000)	-	-	-	-	(75,975,000)	-	-	41,025,000
2016-1	190,000,000	-	(51,000,000)	-	-	-	-	(88,520,000)	-	-	50,480,000
2017-1	250,000,000	-	(53,900,000)	-	-	-	-	(117,875,000)	-	-	78,225,000
2018-1	215,850,000	-	(58,000,000)	-	-	-	-	(76,420,000)	-	-	81,430,000
2019-1	285,550,000	-	(31,000,000)	-	-	-	-	(110,300,000)	-	-	144,250,000
2020-1	247,440,000	-	(25,400,000)	-	-	-	-	(41,700,000)	-	-	180,340,000
2021-1	107,745,000	-	(4,000,000)	-	-	-	-	-	-	-	103,745,000
2022-1	267,845,000	-	-	-	-	-	-	-	-	-	267,845,000
2023-1	243,650,000	-	-	-	-	-	-	-	-	-	243,650,000
2024-1	228,190,000	-	-	-	-	-	-	-	-	-	228,190,000
Totals	<u>\$ 7,015,066,064</u>	<u>\$ 3,562,871</u>	<u>\$ (1,429,495,000)</u>	<u>\$ (334,783,935)</u>	<u>\$ (30,960,000)</u>	<u>\$ (55,670,000)</u>	<u>\$ (266,040,000)</u>	<u>\$ (1,667,000,000)</u>	<u>\$ (1,149,925,000)</u>	<u>\$ (651,400,000)</u>	<u>\$ 1,433,355,000</u>

(1) Bond Tenders are purchases in Lieu of Redemption resulting in bond retirements.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 BONDS PAYABLE (CONTINUED)

Cumulative Redemptions (Continued)

Cumulative Schedule of Bond Redemptions at June 30, 2023

Bond Issue	Original Principal	Semi-Annual Accretion	Scheduled Maturity	Excess Revenue Redemption	Unexpended Proceeds Redemption	Optional Redemption	Special Redemption	Special Optional Redemption	Bond Tender (1)	Refunded	Current Principal Outstanding at June 30, 2023
1991	\$ 24,996,064	\$ 3,562,871	\$ (5,910,000)	\$ (20,468,935)	\$ (2,180,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1992	35,000,000	-	(12,730,000)	(22,270,000)	-	-	-	-	-	-	-
1993	20,000,000	-	(6,105,000)	(13,475,000)	(420,000)	-	-	-	-	-	-
1995	15,000,000	-	(4,025,000)	(10,975,000)	-	-	-	-	-	-	-
1996	18,000,000	-	(4,450,000)	(11,015,000)	-	(2,535,000)	-	-	-	-	-
1997A	25,000,000	-	(4,500,000)	(17,350,000)	-	(3,150,000)	-	-	-	-	-
1997B	12,000,000	-	-	-	-	-	-	-	-	(12,000,000)	-
1998	80,000,000	-	(9,445,000)	(53,045,000)	-	(17,510,000)	-	-	-	-	-
1999A	50,000,000	-	(6,625,000)	(25,830,000)	-	(12,445,000)	(5,100,000)	-	-	-	-
1999B	12,000,000	-	-	-	-	-	-	-	-	(12,000,000)	-
2000	70,000,000	-	(15,675,000)	(29,530,000)	-	(17,030,000)	(7,765,000)	-	-	-	-
2001	190,000,000	-	-	-	-	(3,000,000)	(60,850,000)	-	(126,150,000)	-	-
2002	166,000,000	-	-	-	-	-	(62,250,000)	-	-	(200,000)	-
2003	212,000,000	-	-	-	-	-	(56,400,000)	-	(121,000,000)	(34,600,000)	-
2004	200,000,000	-	-	-	-	-	-	-	(165,950,000)	(34,050,000)	-
2005	225,000,000	-	-	-	-	-	(23,750,000)	-	(184,850,000)	(16,400,000)	-
2006	225,000,000	-	-	-	-	-	(30,800,000)	-	(192,725,000)	(1,475,000)	-
2007	275,000,000	-	-	-	-	-	(19,125,000)	-	(255,700,000)	(175,000)	-
2008	350,000,000	-	-	-	(19,405,000)	-	-	(212,150,000)	-	(118,445,000)	-
2009	450,000,000	-	(150,000,000)	-	-	-	-	(143,800,000)	-	(156,200,000)	-
2010-1	713,000,000	-	(312,630,000)	-	-	-	-	(280,560,000)	-	(119,810,000)	-
2010-FFELP	145,000,000	-	-	(126,300,000)	-	-	-	-	-	-	18,700,000
2010-2	280,000,000	-	(145,300,000)	-	-	-	-	(121,200,000)	-	(13,500,000)	-
2011-1	326,500,000	-	(169,200,000)	-	-	-	-	(110,595,000)	-	(46,705,000)	-
2012-1	259,300,000	-	(137,000,000)	-	-	-	-	(96,990,000)	-	(25,310,000)	-
2013-1	200,000,000	-	(90,100,000)	-	-	-	-	(77,470,000)	-	(32,430,000)	-
2014-1	220,000,000	-	-	(69,500,000)	(8,955,000)	-	-	(107,040,000)	-	-	34,505,000
2015-1	180,000,000	-	(53,500,000)	-	-	-	-	(71,785,000)	-	-	54,715,000
2016-1	190,000,000	-	(41,500,000)	-	-	-	-	(83,835,000)	-	-	64,665,000
2017-1	250,000,000	-	(39,900,000)	-	-	-	-	(110,970,000)	-	-	99,130,000
2018-1	215,850,000	-	(44,000,000)	-	-	-	-	(67,615,000)	-	-	104,235,000
2019-1	285,550,000	-	(20,000,000)	-	-	-	-	(89,700,000)	-	-	175,850,000
2020-1	247,440,000	-	(11,600,000)	-	-	-	-	(24,100,000)	-	-	211,740,000
2021-1	107,745,000	-	-	-	-	-	-	-	-	-	107,745,000
2022-1	267,845,000	-	-	-	-	-	-	-	-	-	267,845,000
2023-1	243,650,000	-	-	-	-	-	-	-	-	-	243,650,000
Totals	<u>\$ 6,786,876,064</u>	<u>\$ 3,562,871</u>	<u>\$ (1,353,695,000)</u>	<u>\$ (330,258,935)</u>	<u>\$ (30,960,000)</u>	<u>\$ (55,670,000)</u>	<u>\$ (266,040,000)</u>	<u>\$ (1,597,810,000)</u>	<u>\$ (1,149,925,000)</u>	<u>\$ (623,300,000)</u>	<u>\$ 1,382,780,000</u>

(1) Bond Tenders are purchases in Lieu of Redemption resulting in bond retirements.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 BONDS PAYABLE (CONTINUED)

Future Maturities and Sinking Fund Requirements

Future maturities of bonds payable, including interest, are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 121,550,000	\$ 59,580,275	\$ 181,130,275
2026	101,020,000	54,963,954	155,983,954
2027	98,595,000	50,229,067	148,824,067
2028	104,580,000	45,291,442	149,871,442
2029	88,560,000	40,625,240	129,185,240
2030-2034	266,210,000	157,566,210	423,776,210
2035-2039	11,995,000	125,810,652	137,805,652
2040-2044	252,765,000	96,947,199	349,712,199
2045-2049	227,640,000	50,183,054	277,823,054
2050-2055	160,440,000	23,289,917	183,729,917
Total	<u>\$ 1,433,355,000</u>	<u>\$ 704,487,010</u>	<u>\$ 2,137,842,010</u>

Bond Premium and Discount

Bond premium and discount amounts have been recorded in connection with the issuance of the Authority's 2009 Series A Bonds, 2010-1, 2010-2, 2011-1, 2012-1, 2013-1, 2014-1, 2015-1, 2016-1, 2017-1, 2018-1, 2019-1, 2020-1, 2021-1, 2022-1, 2023-1 and 2024-1 Bonds. Bond premiums, net of discount are reported as liabilities. Bond premiums and discounts are amortized over the life of the related debt using the straight-line method of amortization. The unamortized amount of premium and discount is shown as a net amount in the liabilities section on the statements of net position, and amortization revenue and expense is credited or charged to bond interest expense in the statements of revenues, expenses, and changes in net position. Related amounts as of June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Bond Premium	\$ 117,804,253	\$ 132,569,914
Accumulated Amortization	(78,827,104)	(89,328,788)
Total Unamortized Bond Premium	<u>\$ 38,977,149</u>	<u>\$ 43,241,126</u>
Annual Amortization Revenue	<u>\$ 11,317,316</u>	<u>\$ 11,613,923</u>
Bond Discount	\$ 15,776,507	\$ 16,775,004
Accumulated Amortization	(4,564,292)	(6,248,070)
Total Unamortized Bond Discount	<u>\$ 11,212,215</u>	<u>\$ 10,526,934</u>
Annual Amortization Expense	<u>\$ 1,068,591</u>	<u>\$ 1,748,757</u>
Net Unamortized Bond Premium	<u>\$ 27,764,934</u>	<u>\$ 32,714,192</u>
Net Amortization Revenue	<u>\$ 10,248,725</u>	<u>\$ 9,865,166</u>

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 5 ARBITRAGE REBATES AND ACQUIRED PURPOSE INVESTMENT LIABILITY

Arbitrage Rebates

Pursuant to current federal income tax law and in accordance with the bond indentures, certain income earned on nonpurpose investments (investments other than student loans) attributable to the Authority's outstanding tax-exempt bonds is subject to payment to the U.S. Treasury as arbitrage rebates.

The arbitrage rebates are determined and calculated annually based upon the percentage of yield realized on the nonpurpose investments compared to the percentage of yield on the tax-exempt bonds and is cumulative over the lives and terms of the applicable bond series. Accordingly, the determined amount for any one-year could be reduced in subsequent years based on changes in yield differentials. No arbitrage expense was accrued or paid during the 2024 and 2023 Fiscal Years.

Acquired Purpose Investment Liability

As required by the trust indenture, HESAA has calculated an "acquired purpose investment" (API) liability that results from the loan yields exceeding the bond yields by more than 2.0% for certain of its bond portfolios, namely those bond portfolios issued in years 2012-2017. HESAA has covenanted with bondholders to reduce or forgive the principal of and the interest on student loans in order to reduce the loan yield on such loans to meet the 2.0% limitation. To that end, HESAA has in place and has implemented a formal loan yield reduction policy, which includes, among other things, principal and/or interest forgiveness on loans. As a result of the implementation of this yield reduction policy, no liability is expected to ultimately be paid by HESAA. While the loss contingency can be reasonably estimated, it is not probable of payment as the Agency's loan yield reduction policy is expected to reduce the API amounts over the next several years. While the U.S. tax code requires that the API liability be calculated, it does not require any payment of this liability until the tenth year after the bond has been issued if there is no formal yield reduction policy in place. Thus, no accrual contingency is necessary.

The acquired purpose investment liability calculated as of June 30, 2024 and 2023 by bond portfolio year is as follows:

<u>Bond Issue</u>	<u>June 30, 2024 API Liability</u>	<u>June 30, 2023 API Liability</u>
2014-1	\$ -	\$ 1,261,105
2015-1	87,610	313,922
2016-1	1,082,242	1,391,622
2017-1	343,528	362,415
2019-1	3,432,255	3,501,949
2023-1	202,900	-

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 CONCENTRATION OF CREDIT RISK

Student Loans Receivable

The Authority provides student loans to New Jersey residents and out-of-state residents attending college in New Jersey, who use the proceeds for the purpose of pursuing higher education. The Authority assesses eligibility of loan applicants using criteria equal to the established guidelines for comparable loans in the banking industry. HESAA management continually monitors the performance of the NJCLASS and FFELP loan portfolios and maintains loan reserve funds for the 2010-1 and 2010-2 Master Indentures, which were capitalized by a fee charged at disbursement and partially replenished by collections on defaulted loans, to reimburse the bond issues when defaults occur. This policy is in conformity with the reserve amount requirements of the trust indentures between the Authority and Wells Fargo Bank. As a means of ensuring that cash flows generated from NJCLASS Student Loans will be sufficient to cover and protect the interests of the bondholders, management considers the cash flows of the loan reserve fund in combination with those of the bond issues adequate in light of actual loan default experience.

NOTE 7 SUBSEQUENT EVENTS

On July 18, 2024, HESAA retired \$30,310,000 of its 2016-1, 2017-1, 2018-1, 2019-1, 2020-1, 2021-1 and 2022-1 Bonds, through special optional redemption from excess revenues. These redemptions are made possible by better than expected cash flows on the student loans associated with these bond issues.

SUPPLEMENTARY INFORMATION

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2024

	Retired 1998 Indenture*	Retired 2008*	Retired 2009 Series A*	2010-1 Series A&B*	2017-1	2010-1 Indenture Loan Reserve*	2010 FFELP	2015-1	2016-1	2018-1	2019-1	2020-1	2021-1	2022-1	2023-1	2024-1	Total
ASSETS																	
CURRENT ASSETS																	
Cash and Cash Equivalents	\$ 318,550	\$ 52,757	\$ 379,913	\$ 16,887,646	\$ 22,747,253	\$ -	\$ 4,639,847	\$ 13,255,647	\$ 14,485,204	\$ 22,898,521	\$ 31,214,232	\$ 37,226,584	\$ 19,190,566	\$ 49,438,867	\$ 40,603,214	\$ 207,094,365	\$ 480,433,166
Investments	1,923,884	7,001,676	30,140,243	174,088	419,162	1,830,043	-	-	-	-	-	-	-	-	-	-	41,488,876
NJCLASS Student Loans Receivable, Net	101,740	-	148,923	(1)	4,177,151	-	-	3,240,778	2,861,147	5,080,181	9,265,732	10,654,750	5,311,992	12,613,444	7,089,149	3,449,379	63,994,365
FFELP Student Loans Receivable, Net	-	-	-	-	-	-	4,529,714	-	-	-	-	-	-	-	-	-	4,529,714
NJCLASS Defaulted Student Loan Principal and Interest, Net of Allowance for Doubtful Accounts of \$165,623,663	7,652,778	4,003,590	35,249,884	-	203,145	43,379	-	1,839,564	2,102,056	2,686,153	3,304,910	2,582,952	581,213	855,138	327,274	22,501	61,454,537
Interest Receivable - Investments	-	-	-	71,617	93,760	-	17,272	54,096	59,318	93,497	127,035	151,750	79,482	203,279	166,571	437,186	1,554,863
Interest Receivable - NJCLASS Student Loans	4,028	-	109,387	-	411,278	-	-	294,184	359,959	637,333	991,335	1,111,553	588,692	1,610,100	1,938,374	517,721	8,573,944
Interest Receivable - FFELP Student Loans	-	-	-	-	-	-	807,156	-	-	-	-	-	-	-	-	-	807,156
Due from Other Bond Issue Funds Due from/to 2009 and 2010 Loan Reserve Funds	-	-	-	(100,760)	6,157,402	(6,056,642)	-	-	-	-	-	-	-	-	-	-	-
Default Collections Receivable	-	-	-	-	-	8,240	-	-	-	-	-	-	-	-	-	-	8,240
Due from Loan Servicing Agents	-	-	-	-	-	-	9,688	-	-	-	-	-	-	-	-	-	9,688
Other Receivables	-	-	-	-	-	-	-	-	-	-	-	-	128	10,479	7,982	-	18,589
Total Current Assets	10,000,780	11,058,023	66,028,350	17,032,570	34,209,151	(4,174,980)	10,003,677	18,694,950	19,915,573	31,464,940	45,091,194	52,069,978	25,963,247	65,007,069	50,170,098	210,338,518	662,873,138
NONCURRENT ASSETS																	
NJCLASS Student Loans Receivable	502,838	-	646,662	-	59,865,248	-	-	34,461,374	45,369,252	74,541,859	127,411,945	175,775,684	96,814,080	242,579,758	224,717,357	51,796,329	1,134,482,386
FFELP Student Loans Receivable	-	-	-	-	-	-	8,469,005	-	-	-	-	-	-	-	-	-	8,469,005
Total Noncurrent Assets	502,838	-	646,662	-	59,865,248	-	8,469,005	34,461,374	45,369,252	74,541,859	127,411,945	175,775,684	96,814,080	242,579,758	224,717,357	51,796,329	1,142,951,391
Total Assets	\$ 10,503,618	\$ 11,058,023	\$ 66,675,012	\$ 17,032,570	\$ 94,074,399	\$ (4,174,980)	\$ 18,472,682	\$ 53,156,324	\$ 65,284,825	\$ 106,006,799	\$ 172,503,139	\$ 227,845,662	\$ 122,777,327	\$ 307,586,827	\$ 274,887,455	\$ 262,134,847	\$ 1,805,824,529
LIABILITIES AND NET POSITION																	
CURRENT LIABILITIES																	
Bonds Payable	\$ -	\$ -	\$ -	\$ -	\$ 15,005,000	\$ -	\$ 4,240,000	\$ 9,000,000	\$ 9,400,000	\$ 14,805,000	\$ 18,700,000	\$ 20,600,000	\$ 8,000,000	\$ 21,800,000	\$ -	\$ -	\$ 121,550,000
Accrued Interest Payable - Bonds	-	-	-	-	309,048	-	60,013	107,717	155,284	311,324	465,175	643,054	326,260	1,664,398	1,083,685	1,026,958	6,172,916
Fees Payable	177,519	4,306	47,771	-	33,303	-	28,066	34,268	36,185	48,979	114,844	143,843	70,570	175,197	196,197	65,813	1,176,661
Total Current Liabilities	177,519	4,306	47,771	-	15,347,351	-	4,348,079	9,141,985	9,591,469	15,165,303	19,280,019	21,386,897	8,396,830	23,639,595	1,279,882	1,092,571	128,899,577
NONCURRENT LIABILITIES																	
Bonds Payable	-	-	-	-	63,220,000	-	9,935,000	32,025,000	41,080,000	66,625,000	125,550,000	159,740,000	95,745,000	246,045,000	243,650,000	228,190,000	1,311,805,000
Premium on Bonds Payable	-	-	-	-	741,755	-	-	(581,227)	62,267	1,341,309	1,531,518	2,489,454	5,010,826	3,859,646	8,111,533	5,197,853	27,764,934
Total Noncurrent Liabilities	-	-	-	-	63,961,755	-	9,935,000	31,443,773	41,142,267	67,966,309	127,081,518	162,229,454	100,755,826	249,904,646	251,761,533	233,387,853	1,339,569,934
Total Liabilities	177,519	4,306	47,771	-	79,309,106	-	14,283,079	40,585,758	50,733,736	83,131,612	146,361,537	183,616,351	109,152,656	273,544,241	253,041,415	234,480,424	1,468,469,511
NET POSITION																	
Restricted	10,326,099	11,053,717	66,627,241	17,032,570	14,765,293	(4,174,980)	4,189,603	12,570,566	14,551,089	22,875,187	26,141,602	44,229,311	13,624,671	34,042,586	21,846,040	27,654,423	337,355,018
Total Liabilities and Net Position	\$ 10,503,618	\$ 11,058,023	\$ 66,675,012	\$ 17,032,570	\$ 94,074,399	\$ (4,174,980)	\$ 18,472,682	\$ 53,156,324	\$ 65,284,825	\$ 106,006,799	\$ 172,503,139	\$ 227,845,662	\$ 122,777,327	\$ 307,586,827	\$ 274,887,455	\$ 262,134,847	\$ 1,805,824,529

*Bonds have been retired

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2023

	Retired 1998 Indenture*	Retired 2008*	Retired 2009 Series A*	2010-1 Series A&B*	2017-1	2010-1 Indenture Loan Reserve*	2010 FFELP	Retired 2010-2*	Retired 2012-1*	2014-1	2015-1	2016-1	2018-1	2019-1	2020-1	2021-1	2022-1	2023-1	Total
ASSETS																			
CURRENT ASSETS																			
Cash and Cash Equivalents	\$ 220,306	\$ 25,081	\$ 213,555	\$ 14,002,205	\$ 26,003,078	\$ -	\$ 3,284,836	\$ -	\$ -	\$ 11,147,453	\$ 16,115,190	\$ 17,201,492	\$ 27,016,650	\$ 34,217,494	\$ 39,719,996	\$ 11,736,564	\$ 40,883,382	\$ 211,383,562	\$ 453,170,844
Investments	7,539,573	5,999,172	23,250,575	121,520	190,813	1,711,678	-	-	-	-	-	-	-	-	-	-	-	-	38,813,331
NJCLASS Student Loans Receivable, Net	124,404	-	219,628	821,307	5,601,566	-	-	-	-	1,955,295	3,719,695	3,270,291	5,809,287	9,786,057	10,561,045	4,985,031	12,521,968	3,659,553	63,035,127
FFELP Student Loans Receivable, Net	-	-	-	-	-	-	3,860,215	-	-	-	-	-	-	-	-	-	-	-	3,860,215
NJCLASS Defaulted Student Loan Principal and Interest, Net of Allowance for Doubtful	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts of \$162,005,642	7,696,404	4,154,006	34,232,289	1,847,224	-	(455,321)	-	-	-	2,620,774	1,770,985	1,783,320	2,373,465	2,693,723	2,079,151	348,451	505,461	(16,724)	61,633,208
Interest Receivable - Investments	-	-	-	56,672	100,615	-	12,935	-	-	46,789	62,798	67,064	105,507	133,033	153,739	44,673	158,217	866,115	1,808,157
Interest Receivable - NJCLASS Student Loans	6,117	-	78,759	157,233	619,901	-	-	-	-	327,528	361,848	433,129	818,072	1,208,068	1,322,871	725,091	1,726,051	570,891	8,355,559
Interest Receivable - FFELP Student Loans	-	-	-	-	-	-	1,001,262	-	-	-	-	-	-	-	-	-	-	-	1,001,262
Due from Other Bond Issue Funds	-	-	-	(49,418)	187,551	-	-	18,638	30,780	12,468	49,412	91,153	112,830	178,055	321,200	141,111	236,378	(1,330,158)	-
Due from/to 2009 and 2010 Loan Reserve Funds	-	-	-	(48,212)	5,699,763	(5,651,551)	-	-	-	-	-	-	-	-	-	-	-	-	-
Default Collections Receivable	-	-	-	-	-	28,426	-	-	-	-	-	-	-	-	-	-	-	-	28,426
Due from Loan Servicing Agents	-	-	-	-	-	-	87,745	-	-	-	-	-	-	-	-	-	-	-	87,745
Total Current Assets	15,586,804	10,178,259	57,994,806	16,908,531	38,403,287	(4,366,768)	8,246,993	18,638	30,780	16,110,307	22,079,928	22,846,449	36,235,811	48,216,430	54,158,002	17,980,921	56,031,457	215,133,239	631,793,874
NONCURRENT ASSETS																			
NJCLASS Student Loans Receivable	724,091	-	1,050,271	7,707,381	94,930,779	-	-	-	-	32,817,899	44,207,023	56,263,381	93,705,536	154,054,355	204,089,623	108,601,766	251,128,157	57,188,848	1,106,469,110
FFELP Student Loans Receivable	-	-	-	-	-	-	14,684,992	-	-	-	-	-	-	-	-	-	-	-	14,684,992
Total Noncurrent Assets	724,091	-	1,050,271	7,707,381	94,930,779	-	14,684,992	-	-	32,817,899	44,207,023	56,263,381	93,705,536	154,054,355	204,089,623	108,601,766	251,128,157	57,188,848	1,121,154,102
Total Assets	\$ 16,310,895	\$ 10,178,259	\$ 59,045,077	\$ 24,615,912	\$ 133,334,066	\$ (4,366,768)	\$ 22,931,985	\$ 18,638	\$ 30,780	\$ 48,928,206	\$ 66,286,951	\$ 79,109,830	\$ 129,941,347	\$ 202,270,785	\$ 258,247,625	\$ 126,582,687	\$ 307,159,614	\$ 272,322,087	\$ 1,752,947,976
LIABILITIES AND NET POSITION																			
CURRENT LIABILITIES																			
Bonds Payable	\$ -	\$ -	\$ -	\$ -	\$ 18,605,000	\$ -	\$ 4,240,000	\$ -	\$ -	\$ 6,405,000	\$ 12,295,000	\$ 12,695,000	\$ 19,805,000	\$ 23,600,000	\$ 25,400,000	\$ 4,000,000	\$ -	\$ -	\$ 127,045,000
Accrued Interest Payable - Bonds	-	-	-	-	386,696	-	108,128	-	-	77,914	159,559	206,544	394,949	560,390	745,666	342,927	1,382,586	1,615,216	5,980,575
Fees Payable	192,132	(3,525)	(26,313)	(111)	45,846	-	40,003	-	-	24,702	35,138	39,583	52,349	128,869	158,872	76,539	189,049	84,252	1,037,385
Total Current Liabilities	192,132	(3,525)	(26,313)	(111)	19,037,542	-	4,388,131	-	-	6,507,616	12,489,697	12,941,127	20,252,298	24,289,259	26,304,538	4,419,466	1,571,635	1,699,468	134,062,960
NONCURRENT LIABILITIES																			
Bonds Payable	-	-	-	-	80,525,000	-	14,460,000	-	-	28,100,000	42,420,000	51,970,000	84,430,000	152,250,000	186,340,000	103,745,000	267,845,000	243,650,000	1,255,735,000
Premium on Bonds Payable	-	-	-	-	1,660,347	-	-	-	-	(406,559)	(468,185)	509,036	2,264,084	2,895,915	4,367,619	6,686,398	5,408,846	9,796,691	32,714,192
Total Noncurrent Liabilities	-	-	-	-	82,185,347	-	14,460,000	-	-	27,693,441	41,951,815	52,479,036	86,694,084	155,145,915	190,707,619	110,431,398	273,253,846	253,446,691	1,288,449,192
Total Liabilities	192,132	(3,525)	(26,313)	(111)	101,222,889	-	18,848,131	-	-	34,201,057	54,441,512	65,420,163	106,946,382	179,435,174	217,012,157	114,850,864	274,825,481	255,146,159	1,422,512,152
NET POSITION																			
Restricted	16,118,763	10,181,784	59,071,390	24,616,023	32,111,177	(4,366,768)	4,083,854	18,638	30,780	14,727,149	11,845,439	13,689,667	22,994,965	22,835,611	41,235,468	11,731,823	32,334,133	17,175,928	330,435,824
Total Liabilities and Net Position	\$ 16,310,895	\$ 10,178,259	\$ 59,045,077	\$ 24,615,912	\$ 133,334,066	\$ (4,366,768)	\$ 22,931,985	\$ 18,638	\$ 30,780	\$ 48,928,206	\$ 66,286,951	\$ 79,109,830	\$ 129,941,347	\$ 202,270,785	\$ 258,247,625	\$ 126,582,687	\$ 307,159,614	\$ 272,322,087	\$ 1,752,947,976

*Bonds have been retired

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024**

	Retired 1998 Indenture*	Retired 2008*	Retired 2009 Series A*	2010-1 Series	2017-1	2010-1 Indenture Loan Reserve Fund	2010 FFELP	2010-2	2012-1	2014-1	2015-1	2016-1	2018-1	2019-1	2020-1	2021-1	2022-1	2023-1	2024-1	Total
OPERATING REVENUES																				
Interest Income:																				
NJCLASS Student Loans	\$ 34,850	\$ 50	\$ 100,110	\$ 485,972	\$ 5,538,724	\$ -	\$ -	\$ -	\$ -	\$ 2,177,782	\$ 2,852,975	\$ 3,758,659	\$ 5,635,091	\$ 9,097,383	\$ 10,313,934	\$ 4,635,287	\$ 13,073,285	\$ 11,428,615	\$ 437,811	\$ 69,770,528
FFELP Student Loans	-	-	-	-	-	-	1,323,984	-	-	-	-	-	-	-	-	-	-	-	-	1,323,984
Total Interest Income	34,850	50	100,110	485,972	5,538,724	-	1,323,984	-	-	2,177,782	2,852,975	3,758,659	5,635,091	9,097,383	10,313,934	4,635,287	13,073,285	11,428,615	437,811	71,094,512
Administrative Fee Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	974	567,387	145,190	11,826	725,377
Total Operating Revenues	34,850	50	100,110	485,972	5,538,724	-	1,323,984	-	-	2,177,782	2,852,975	3,758,659	5,635,091	9,097,383	10,313,934	4,636,261	13,640,672	11,573,805	449,637	71,819,889
OPERATING EXPENSES																				
Loan Servicing Fees:																				
NJCLASS Student Loans	1	-	193	92,846	524,271	-	-	18,638	30,780	236,599	413,572	440,962	607,001	1,460,262	1,815,688	884,713	2,323,620	2,011,876	110,171	10,971,193
FFELP Student Loans	-	-	-	-	-	-	284,323	-	-	-	-	-	-	-	-	-	-	-	-	284,323
Total Loan Servicing Fees	1	-	193	92,846	524,271	-	284,323	18,638	30,780	236,599	413,572	440,962	607,001	1,460,262	1,815,688	884,713	2,323,620	2,011,876	110,171	11,255,516
Program Expenses:																				
Annual Insurance Expense and Trustee Fees	-	-	-	-	27,999	-	22,087	-	-	34,167	39,167	41,667	51,922	27,061	36,501	24,803	22,950	29,056	-	357,380
Bad Debt Expense	(843,584)	(527,433)	3,319,621	-	-	(73,423)	-	-	-	(4,221,051)	435,015	682,809	665,724	1,220,273	1,042,978	460,557	835,041	577,057	44,436	3,618,020
RAP Expense	1,974	-	-	6,823	32,293	-	-	-	-	18,350	22,441	18,442	51,615	61,343	30,015	13,044	29,816	18,945	5,586	310,887
Other	-	-	-	(49,418)	-	-	-	-	-	-	257	-	4,915	454	4,299	224	3,375	655	-	(35,245)
Total Program Expenses	(841,610)	(527,433)	3,319,621	(42,595)	60,292	(73,423)	22,087	-	-	(4,168,534)	496,623	743,175	774,176	1,309,131	1,113,787	498,638	891,182	625,713	50,022	4,250,842
Bond Interest Expense	-	-	-	-	3,115,482	-	1,115,436	-	-	1,608,245	1,909,141	1,938,383	3,198,316	4,505,964	6,193,843	2,190,138	10,997,612	9,716,367	925,346	47,414,273
Total Operating Expenses	(841,609)	(527,433)	3,319,814	50,251	3,700,045	(73,423)	1,421,846	18,638	30,780	(2,323,690)	2,819,336	3,122,520	4,579,493	7,275,357	9,123,318	3,573,479	14,212,414	12,353,956	1,085,539	62,920,631
OPERATING INCOME (LOSS)	876,459	527,483	(3,219,704)	435,721	1,838,679	73,423	(97,862)	(18,638)	(30,780)	4,501,472	33,639	638,139	1,255,598	1,822,026	1,190,616	1,062,782	(571,742)	(780,151)	(635,902)	8,899,258
NONOPERATING REVENUES (EXPENSES)																				
Income on Investments	330,877	344,450	1,418,131	806,434	1,171,700	118,365	203,611	-	-	447,425	691,488	746,276	1,171,676	1,483,965	1,803,227	830,066	2,280,195	5,450,263	(174,519)	19,123,630
Equity Distribution from Bond Refunding	-	-	-	-	-	-	-	-	-	(10,725,558)	-	-	-	-	-	-	-	-	-	(10,725,558)
Gain (Loss) on Transfer	-	-	9,357,424	(8,825,608)	(20,356,263)	-	-	-	-	(8,640,397)	-	-	-	-	-	-	-	-	-	28,464,844
Loan Forgiveness	-	-	-	-	-	-	-	-	-	(310,091)	-	(520,993)	(2,547,052)	-	-	-	-	-	-	(3,378,136)
Transfer to Non-NJCLASS Funds	(7,000,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,000,000)
Total Nonoperating Revenues (Expenses)	(6,669,123)	344,450	10,775,555	(8,019,174)	(19,184,563)	118,365	203,611	-	-	(19,228,621)	691,488	225,283	(1,375,376)	1,483,965	1,803,227	830,066	2,280,195	5,450,263	28,290,325	(1,980,064)
CHANGE IN NET POSITION	(5,792,664)	871,933	7,555,851	(7,583,453)	(17,345,884)	191,788	105,749	(18,638)	(30,780)	(14,727,149)	725,127	861,422	(119,778)	3,305,991	2,993,843	1,892,848	1,708,453	4,670,112	27,654,423	6,919,194
Net Position (Deficit) - Beginning of Year	16,118,763	10,181,784	59,071,390	24,616,023	32,111,177	(4,366,768)	4,083,854	18,638	30,780	14,727,149	11,845,439	13,689,667	22,994,965	22,835,611	41,235,468	11,731,823	32,334,133	17,175,928	-	330,435,824
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ 10,326,099</u>	<u>\$ 11,053,717</u>	<u>\$ 66,627,241</u>	<u>\$ 17,032,570</u>	<u>\$ 14,765,293</u>	<u>\$ (4,174,980)</u>	<u>\$ 4,189,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,570,566</u>	<u>\$ 14,551,089</u>	<u>\$ 22,875,187</u>	<u>\$ 26,141,602</u>	<u>\$ 44,229,311</u>	<u>\$ 13,624,671</u>	<u>\$ 34,042,586</u>	<u>\$ 21,846,040</u>	<u>\$ 27,654,423</u>	<u>\$ 337,355,018</u>	

*Bonds have been retired

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	Retired 1998 Indenture*	Retired 2008*	Retired 2009 Series A*	2010-1 Series	2017-1	2010-1 Indenture Loan Reserve Fund	2010 FFELP	2010-2	2010-2 Indenture Loan Reserve Fund	2012-1	2013-1	2014-1	2015-1	2016-1	2018-1	2019-1	2020-1	2021-1	2022-1	2023-1	Total
OPERATING REVENUES																					
Interest Income:																					
NJCLASS Student Loans	\$ 49,944	\$ 7	\$ (514,513)	837,380	\$ 6,537,068	\$ -	\$ -	\$ -	\$ -	\$ 2,186,416	\$ 2,096,664	\$ 3,341,056	\$ 3,616,064	\$ 4,380,828	\$ 7,166,663	\$ 11,038,645	\$ 11,781,455	\$ 5,044,483	\$ 10,902,085	\$ 654,551	\$ 69,118,796
FFELP Student Loans	-	-	-	-	-	-	1,393,103	-	-	-	-	-	-	-	-	-	-	-	-	-	1,393,103
Total Interest Income	49,944	7	(514,513)	837,380	6,537,068	-	1,393,103	-	-	2,186,416	2,096,664	3,341,056	3,616,064	4,380,828	7,166,663	11,038,645	11,781,455	5,044,483	10,902,085	654,551	70,511,899
Administrative Fee Income	-	-	9,508	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,861)	207,672	4,558,775	27,883	4,801,677
Total Operating Revenues	49,944	7	(505,005)	837,380	6,537,068	-	1,393,103	-	-	2,186,416	2,096,664	3,341,056	3,616,064	4,380,828	7,166,663	11,038,645	11,779,294	5,252,155	15,460,860	682,434	75,313,576
OPERATING EXPENSES																					
Loan Servicing Fees:																					
NJCLASS Student Loans	8	1	90	2,794	606,117	-	-	-	-	178,908	248,932	359,497	491,024	523,562	691,391	1,672,567	2,034,802	964,689	3,323,188	149,874	11,247,444
FFELP Student Loans	-	-	-	-	-	-	364,255	-	-	-	-	-	-	-	-	-	-	-	-	-	364,255
Total Loan Servicing Fees	8	1	90	2,794	606,117	-	364,255	-	-	178,908	248,932	359,497	491,024	523,562	691,391	1,672,567	2,034,802	964,689	3,323,188	149,874	11,611,699
Program Expenses:																					
Annual Insurance Expense	-	-	19,250	-	49,020	-	22,367	-	-	25,000	27,500	32,500	32,500	35,000	43,004	53,851	38,231	10,000	59,998	-	448,221
and Transaction Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad Debt Expense	(590,376)	(615,173)	9,544,078	-	38,662	378,147	-	-	-	(6,381,756)	(5,573,101)	360,809	417,718	536,462	350,482	874,618	702,583	265,639	597,923	68,894	936,897
RAP Expense	-	-	-	7,184	38,662	-	-	-	-	4,339	6,597	25,765	25,765	15,568	64,356	63,738	33,367	10,071	29,003	4,261	329,696
Total Program Expenses	(590,376)	(615,173)	9,563,328	7,184	87,682	378,147	22,367	-	-	(6,352,417)	(5,539,964)	419,074	475,983	587,030	457,892	992,177	773,201	285,710	687,624	73,155	1,713,724
Bond Interest Expense	-	-	-	-	3,912,006	-	1,022,695	-	-	1,646,224	2,109,447	1,832,312	2,476,895	2,429,433	4,058,569	5,547,570	7,268,854	2,208,322	11,001,845	1,380,399	46,994,571
Total Operating Expenses	(590,368)	(615,172)	9,563,418	9,978	4,605,805	378,147	1,409,317	-	-	(4,527,285)	(3,180,685)	2,710,883	3,443,902	3,540,025	5,207,852	8,212,314	10,076,857	3,458,721	15,012,857	1,603,428	60,319,994
OPERATING INCOME (LOSS)	640,312	615,179	(10,668,423)	827,402	1,931,263	(378,147)	(16,214)	-	-	6,713,701	5,277,349	630,173	172,162	840,803	1,958,811	2,826,331	1,702,437	1,793,434	448,003	(920,994)	14,993,582
NONOPERATING REVENUES (EXPENSES)																					
Income on Investments	383,657	200,457	734,144	448,942	927,538	65,808	125,699	-	36	453,103	391,935	478,016	566,022	601,759	926,520	1,191,644	1,385,197	340,286	3,161,504	1,420,849	13,803,116
Equity Distribution from Bond Refunding	-	-	-	-	-	-	-	-	(80,407)	(10,445,093)	(1,892,921)	-	-	-	-	-	-	-	-	-	(12,218,421)
Gain (Loss) on Transfer	-	-	18,247,638	-	-	-	-	-	-	(18,333,617)	(15,544,270)	(196,944)	-	-	-	-	-	-	(848,880)	16,676,073	-
Loan Forgiveness	-	-	-	-	-	-	-	-	-	(3,207,121)	(2,106,060)	-	-	(1,494,592)	(1,789,377)	(4,184,689)	-	-	-	-	(12,781,839)
Transfer to Non-NJCLASS Funds	(10,400,890)	-	(2,158,047)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,558,937)
Total Nonoperating Revenues (Expenses)	(10,017,233)	200,457	16,823,735	448,942	927,538	65,808	125,699	-	(80,371)	(28,325,607)	(20,052,377)	(1,824,968)	566,022	(892,833)	(862,857)	(2,993,045)	1,385,197	340,286	2,312,624	18,096,822	(23,756,081)
CHANGE IN NET POSITION	(9,376,921)	815,636	6,755,312	1,276,344	2,858,801	(312,339)	109,485	-	(80,371)	(21,611,906)	(14,775,028)	(1,194,815)	738,184	(52,030)	1,095,954	(166,714)	3,087,634	2,133,720	2,760,627	17,175,928	(8,762,499)
Net Position (Deficit) - Beginning of Year	25,495,684	9,366,148	52,316,078	23,339,679	29,252,376	(4,054,429)	3,974,369	18,638	80,371	21,642,686	14,775,028	15,921,964	11,107,255	13,741,697	21,899,011	23,002,325	38,147,834	9,598,103	29,573,506	-	339,198,323
NET POSITION (DEFICIT) - END OF YEAR	\$ 16,118,763	\$ 10,181,784	\$ 59,071,390	\$ 24,616,023	\$ 32,111,177	\$ (4,366,768)	\$ 4,083,854	\$ 18,638	\$ -	\$ 30,780	\$ -	\$ 14,727,149	\$ 11,845,439	\$ 13,689,667	\$ 22,994,065	\$ 22,835,611	\$ 41,235,468	\$ 11,731,823	\$ 32,334,133	\$ 17,175,928	\$ 330,435,824

*Bonds have been retired



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board Members
New Jersey Higher Education Student Assistance Authority
Trenton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the NJCLASS/FFELP Loan Programs (the Programs) of the New Jersey Higher Education Student Assistance Authority, which comprise of the statement of net position as of June 30, 2024, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements and have issued our report thereon dated October 18, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Programs' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Programs' internal control. Accordingly, we do not express an opinion on the effectiveness of the Programs' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

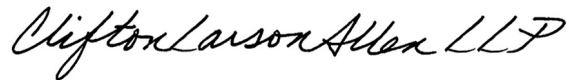
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Programs' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
October 18, 2024



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.