

**NEW JERSEY HIGHER EDUCATION
STUDENT ASSISTANCE AUTHORITY**

NJCLASS/FFELP LOAN PROGRAMS

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2025 AND 2024



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**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FEELP LOAN PROGRAMS
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YEARS ENDED JUNE 30, 2025 AND 2024**

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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, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Programs' 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, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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, 2025 and 2024, 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.

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 17, 2025, 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 17, 2025

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2025

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 Years ended June 30, 2025, 2024, and 2023. 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.

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Financial Highlights and Analysis

The Programs' net position, referring to the difference between assets, deferred outflow of resources, liabilities, and deferred inflows of resources, decreased by \$4,776,578 from the prior Fiscal Year ended 2024, increased by \$6,919,194 from Fiscal Year ended 2023 to 2024, and decreased by \$8,762,499 from Fiscal Year ended 2022 to 2023. 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, 2025, 2024, and 2023, the assets and deferred outflows of the Programs exceeded liabilities and deferred inflows of resources by \$332,578,440, \$337,355,018, and \$330,435,824, 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 \$1,226,532,714, \$1,211,475,469, and \$1,188,049,444, at June 30, 2025, 2024, and 2023, respectively. For 2025 and 2024, these balances represent increases of \$15,057,245 and \$23,426,025, respectively due to higher loan originations than loan principal repayments, and capitalization of interest on deferred loans during the fiscal year and lower loan forgiveness than the prior years.

Changes in Cash and Investments Balances

The second major asset component was cash and investments, which together totaled \$756,379,073, \$521,922,042, and \$491,984,175 at June 30, 2025, 2024, and 2023, 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 2025 was due to the receipt of bond proceeds from the issuance of a second bond issuance, 2025-2, for student loans in Academic Year 2027. 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 loan 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.

- Cash and investments balances were replenished from principal repayments and interest income from NJCLASS and FFELP borrowers, amounting to \$232,102,213, \$222,298,548, and \$228,674,571 during Fiscal Years 2025, 2024, and 2023, respectively. In addition, NJCLASS administration fee income was \$143,091, \$725,377, and \$4,801,677 in interest was earned in interest income on investments for 2025, 2024, and 2023, respectively. 2025 NJCLASS administration fee income decreased significantly as NJCLASS no longer charged these fees for Standard Loans except for Consolidation Loans in the 2024-25 Academic Year. Interest income was higher in Fiscal Year 2025 due to higher interest rates for the entire fiscal year versus the prior year and higher cash balances.

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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 2025 by \$254,545,000 due to \$202,705,000 in retirements, offset by the 2025-1 bond issuance of \$227,750,000 and the 2025-2 bond issuance of \$229,500,000.

Of the amount retired in Fiscal Year 2025:

- \$87,000,000 in retirements was due to scheduled bond maturities.
- \$81,340,000 was due to Special Optional Redemptions of portions of the fixed rate 2015-1, 2016-1, 2017-1, 2018-1, 2019-1, 2020-1, 2021-1 and 2022-1 Issues, as a result of better than forecasted cash flows on these issues.
- \$28,325,000 was through a refunding of all of the Authority's remaining bond issue at par, as part of the 2025-1 Bond Issue.
- \$6,040,000 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, 2025, 2024, and 2024, Fiscal Years:

- The 2025-1 Bond Indenture contains three bond issues, 2015-1, 2025-2 and 2025-3 under the 2025 Master Indenture. Bond Issue 2025-1, with a par amount of \$176,630,000 in Senior Fixed Rate Bonds, \$23,120,000 in Senior Fixed Rate Refunding Bonds, and \$28,000,000 in Subordinate Bonds were issued in June 2025. Bond Issue 2025-2, with a par amount of \$229,500,000 in Senior Fixed Bonds were issued in June 2025. Bond Issue 2025-3, with a par amount of \$27,300,000 will be issued in September 2025 (see Subsequent Event Footnote). In addition, a net bond premium of \$2,669,085 and net cash of \$31,418,111 transferred from the retired 2015-1 Bond Issue of the 2012-1 Indenture resulted in total proceeds of \$492,776,776. Of this amount, \$201,158,675 was designated for the origination of NJCLASS, NJCLASS Refi+, and NJCLASS Consolidation loans for the 2025-2026 academic year and the acquisition of existing NJCLASS loans transferred from the 2012-1 and the 2018- Indentures. Further, an additional \$232,169,085 of the proceeds was invested in a guaranteed investment certificate. The remaining \$4,572,500 was allocated to required reserves. The Underwriter's fee, amounting to \$1,990,479 and other closing costs, estimated to be approximately \$886,946 paid from proceeds of the bond issue.
- 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.

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Changes in Liabilities — Bonds Payable (Continued)

- 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.

The following table contains condensed comparative financial information derived from the June 30, 2025, 2024, and 2023 financial statements of the NJCLASS/FFELP Loan Programs:

	2025	2024	Change from 2025 to 2024	2023	Change from 2024 to 2023
NET POSITION					
Current Assets	\$ 884,763,017	\$ 662,873,138	\$ 221,889,879	\$ 631,793,874	\$ 31,079,264
Noncurrent Assets	1,167,600,005	1,142,951,391	24,648,614	1,121,154,102	21,797,289
Total Assets	2,052,363,022	1,805,824,529	246,538,493	1,752,947,976	52,876,553
Current Liabilities	403,372,463	128,899,577	274,472,886	134,062,960	(5,163,383)
Noncurrent Liabilities	1,316,412,119	1,339,569,934	(23,157,815)	1,288,449,192	51,120,742
Total Liabilities	1,719,784,582	1,468,469,511	251,315,071	1,422,512,152	45,957,359
Net Position, Restricted	332,578,440	337,355,018	(4,776,578)	330,435,824	6,919,194
Total Liabilities and Net Position	<u>\$ 2,052,363,022</u>	<u>\$ 1,805,824,529</u>	<u>\$ 246,538,493</u>	<u>\$ 1,752,947,976</u>	<u>\$ 52,876,553</u>
CHANGES IN NET POSITION					
Operating Revenues	\$ 74,939,500	\$ 71,819,889	\$ 3,119,611	\$ 75,313,576	\$ (3,493,687)
Operating Expenses	77,324,677	62,920,631	14,404,046	60,319,994	2,600,637
Operating (Loss) Gain	(2,385,177)	8,899,258	(11,284,435)	14,993,582	(6,094,324)
Nonoperating Revenues (Expenses) and Other Changes:					
Income on Investments	20,233,112	19,123,630	1,109,482	13,803,116	5,320,514
Equity Distribution from Bond Refunding	(1,046,061)	(10,725,558)	9,679,497	(12,218,421)	1,492,863
Loan Forgiveness	(2,692,348)	(3,378,136)	685,788	(12,781,839)	9,403,703
Transfer to Non-NJCLASS Funds	(16,000,000)	(7,000,000)	(9,000,000)	(12,558,937)	5,558,937
Underwriting Expense	(2,877,425)	-	(2,877,425)	-	-
Other	(8,679)	-	(8,679)	-	-
Net Nonoperating Revenues (Expenses)	(2,391,401)	(1,980,064)	(402,658)	(23,756,081)	21,776,017
CHANGE IN NET POSITION	(4,776,578)	6,919,194	(11,695,772)	(8,762,499)	15,681,693
Net Position – Beginning of Year	337,355,018	330,435,824	6,919,194	339,198,323	(8,762,499)
NET POSITION – END OF YEAR	<u>\$ 332,578,440</u>	<u>\$ 337,355,018</u>	<u>\$ (4,776,578)</u>	<u>\$ 330,435,824</u>	<u>\$ 6,919,194</u>

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JUNE 30, 2025

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 \$4,125,818 and \$651,731 or 5.9% and 1.0% in 2025 and 2024, respectively while interest income decrease by \$7,995,431 or 10.4% in 2023. The 2025 increase was due to an increase in NJCLASS loans outstanding of \$15,057,245 from the prior year and increase in loan rates. Net disbursements during the 2025, 2024, and 2023 Fiscal Years were approximately \$191.5 million, \$186.2 million, and \$157.8 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 2025, HESAA is no longer charging an administrative fee. As a result, Administrative Fee Income in 2025 were \$143,091 or \$582,286 lower than 2024. After June 2023, a 1% administrative fee has been applied to all newly originated consolidation loans. 2025 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 and \$423,920 during the 2024 and 2025 Fiscal Years, respectively, after increasing \$293,134 during 2023. 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 \$10,941,188 at June 30, 2025, from \$13,805,874 at June 30, 2024, and \$19,546,469 at June 30, 2023.

Operating Expenses

- Bond interest expense for Fiscal Years 2025, 2024, and 2023 was \$51,428,790, \$47,414,273, and \$46,994,571, respectively. Fiscal Year 2025 increased \$4,014,517 or 8.5% over 2024 due to higher bonds outstanding during the year and higher overall interest rates. For years prior, bond interest expense increased \$419,702 and \$1,772,981 or 1.0% and 3.9% in 2024 and in 2023, respectively. The amount of bonds outstanding in 2024 increased after decreasing in 2023 from the prior year.

Bad Debt Expense

- In Fiscal Year 2025, an additional \$12,723,370 in bad debt expense was recognized following 2024 where \$3,618,020 in bad debt expense was recognized. In 2023, \$936,897 in bad debt expense was recognized. Some borrowers continued to struggle economically with payment of both their NJCLASS loans and federal loans following the federal government requirement to resume repayment in late calendar year 2023.

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Bad Debt Expense (Continued)

- 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 2025 and 2024, there was an equity distribution of \$1,046,061 and \$10,725,558 from the 2015-1 and 2014-1 bond issues, 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, \$2,692,348 and \$3,378,136 in loans and interest was forgiven in FY2025 and FY2024, respectively for the 2016-1 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 2025, the Programs had \$1,687,900,000 in bonds outstanding, compared to \$1,433,355,000 in the prior Fiscal Year — an increase of 17.8%. This is largely due to the issuance of the 2025-2 bond issue secured for student loans in the 2026-27 Academic Year. Further, bonds payable increased due to the issuance during the year of \$227,750,000 in 2025-1 Bonds, which closed on June 3, 2025, offset by retirements of \$202,705,000. In the prior Fiscal Year, HESAA issued \$228,190,000 in 2024-1 Bonds, offset by retirements of \$177,615,000.
- During Fiscal Year 2025, there was an increase in NJCLASS student loan origination volume, with cash disbursements of \$191,525,540 for new loans, compared to \$186,245,726 during Fiscal Year 2024, an increase of 2.8%.
- HESAA has experienced higher demand for NJCLASS loans in Academic Years 2024, 2023 and 2022 with disbursements increasing annually.

Cash Flows Summary

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Net Cash Provided by Operating Activities	\$ 22,318,742	\$ 26,260,827	\$ 60,424,657
Net Cash Provided (Used) by Financing Activities	192,612,314	(15,699,883)	(105,949,505)
Net Cash Provided by Investing Activities	<u>25,018,707</u>	<u>16,701,378</u>	<u>10,389,727</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ 239,949,763</u>	<u>\$ 27,262,322</u>	<u>\$ (35,135,121)</u>

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Current Conditions

In response to the continuing demand for NJCLASS loans, HESAA issued its Series 2025-1 Bonds on June 30, 2025, to fund anticipated NJCLASS loan volume for the 2024-25 academic year. During the previous year, HESAA issued its Series 2024-1 Bonds on May 30, 2024.

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. Several years after the end of the pandemic era repayment pause, defaults increased significantly in FY25 driven by the resumption of collections of federal loans and disruptions of repayment plans such as the SAVE Plan along with overall increases in essential living costs to borrowers. Defaults grew to \$18.8 Million in FY25. 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 2024-25, 2023-24, and 2022-23, refer to **NOTES TO FINANCIAL STATEMENTS — NOTE 3, STUDENT LOANS RECEIVABLE.**

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STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

ASSETS	2025	2024
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 720,382,929	\$ 480,433,166
Investments	35,996,144	41,488,876
NJCLASS Student Loans Receivable, Net	57,138,574	63,994,365
FFELP Student Loans Receivable, Net	1,794,133	4,529,714
Interest Receivable:		
Investments	2,261,999	1,554,863
NJCLASS Student Loans	8,340,091	8,573,944
FFELP Student Loans	659,109	807,156
NJCLASS Defaulted Student Loan Principal and Interest in 2009 and 2010 Indenture Loan Reserve Funds, Net of Allowance for Doubtful Accounts of \$181,703,376 in 2025 and \$165,623,663 in 2024	58,048,115	61,454,537
Default Collections Receivable	-	8,240
Due from Loan Servicing Agents	14,654	9,688
Other Receivables	127,269	18,589
Total Current Assets	884,763,017	662,873,138
NONCURRENT ASSETS		
NJCLASS Student Loans Receivable, Less Current Portion	1,158,452,950	1,134,482,386
FFELP Student Loans Receivable, Less Current Portion	9,147,055	8,469,005
Total Noncurrent Assets	1,167,600,005	1,142,951,391
 Total Assets	 \$ 2,052,363,022	 \$ 1,805,824,529
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Bonds Payable	\$ 394,000,000	\$ 121,550,000
Accrued Interest Payable – Bonds	7,537,665	6,172,916
Fees Payable	1,834,798	1,176,661
Total Current Liabilities	403,372,463	128,899,577
NONCURRENT LIABILITIES		
Bonds Payable, Less Current Portion	1,293,900,000	1,311,805,000
Premium on Bonds Payable, Net	22,512,119	27,764,934
Total Noncurrent Liabilities	1,316,412,119	1,339,569,934
 Total Liabilities	 1,719,784,582	 1,468,469,511
NET POSITION		
Restricted	332,578,440	337,355,018
 Total Liabilities and Net Position	 \$ 2,052,363,022	 \$ 1,805,824,529

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, 2025 AND 2024

	2025	2024
OPERATING REVENUES		
Interest Income:		
NJCLASS Student Loans	\$ 73,896,346	\$ 69,770,528
FFELP Student Loans	900,063	1,323,984
Administrative Fee Income	143,091	725,377
Total Operating Revenues	74,939,500	71,819,889
OPERATING EXPENSES		
Loan Servicing Fees:		
NJCLASS Student Loans	12,224,647	10,971,193
FFELP Student Loans	209,218	284,323
Total Loan Servicing Fees	12,433,865	11,255,516
Program Expenses:		
Annual Insurance Expense and Transaction Fees	446,483	357,380
Bad Debt Expense	12,723,370	3,618,020
RAP Debt Expense	247,187	310,687
Other Expense (Income)	44,982	(35,245)
Total Program Expenses	13,462,022	4,250,842
Bond Interest Expense	51,428,790	47,414,273
Total Operating Expenses	77,324,677	62,920,631
OPERATING (LOSS) INCOME, NET	(2,385,177)	8,899,258
NONOPERATING REVENUES (EXPENSES) AND OTHER CHANGES		
Income on Investments	20,233,112	19,123,630
Equity Distribution from Bond Refunding	(1,046,061)	(10,725,558)
Loan Forgiveness	(2,692,348)	(3,378,136)
Underwriting Expense	(2,877,425)	-
Transfer to Non-NJCLASS Funds	(16,000,000)	(7,000,000)
Other	(8,679)	-
Net Nonoperating Expenses	(2,391,401)	(1,980,064)
CHANGE IN NET POSITION	(4,776,578)	6,919,194
Net Position – Beginning of Year	337,355,018	330,435,824
NET POSITION – END OF YEAR	\$ 332,578,440	\$ 337,355,018

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, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest Receipts:		
NJCLASS Student Loans	\$ 72,963,678	\$ 63,155,970
FFELP Student Loans	947,318	1,731,164
Principal Receipts:		
NJCLASS Student Loans	155,841,316	151,950,147
FFELP Student Loans	2,349,901	5,442,678
Collections on Defaulted Loans	10,340,497	8,973,356
NJCLASS Student Loan Disbursements	(191,525,540)	(186,245,726)
FFELP Student Loan Purchases	43,072	299,354
Annual Insurance, Surveillance and Transaction Fees	(446,482)	(357,380)
Due from NJCLASS Life of Loan	(16,000,000)	(7,000,000)
RAP Expense	(247,187)	(310,687)
Loan Servicing Fees	(11,667,498)	(11,002,859)
Repayment of Government Interest Related to FFELP Loans	(235,349)	(410,434)
Miscellaneous Expense	(44,984)	35,244
Net Cash Provided by Operating Activities	22,318,742	26,260,827
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Paid on Bonds	(174,373,428)	(148,898,469)
Bond Proceeds	428,918,428	199,473,469
Interest Paid on Bonds	(55,316,852)	(52,171,189)
Equity Distribution from Bond Refunding	(1,046,061)	(10,725,558)
Underwriting Fees for 2025-1 Bond Issue	(2,877,425)	-
Loan Forgiveness	(2,692,348)	(3,378,136)
Net Cash Provided (Used) by Financing Activities	192,612,314	(15,699,883)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Purchases, Sales Proceeds, and Maturities, Net	5,492,732	(2,675,545)
Interest on Investments	19,525,975	19,376,923
Net Cash Provided by Investing Activities	25,018,707	16,701,378
NET INCREASE IN CASH AND CASH EQUIVALENTS	239,949,763	27,262,322
Cash and Cash Equivalents – Beginning of Year	480,433,166	453,170,844
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 720,382,929	\$ 480,433,166

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, 2025 AND 2024

	2025	2024
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating (Loss) Income	\$ (2,385,177)	\$ 8,899,258
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Bad Debt Expense	12,723,370	3,618,020
Interest Paid on Debt	59,425,499	57,470,654
Effect of Net Change in Operating Assets and Liabilities:		
NJCLASS Student Loans Receivable	(17,114,775)	(28,991,103)
FFELP Student Loans Receivable	2,057,531	5,546,489
NJCLASS Defaulted Student Loans	(12,673,291)	(3,439,349)
Interest Receivable:		
NJCLASS Student Loans	233,856	(218,385)
FFELP Student Loans	148,047	194,106
Due from NJCLASS Life of Loan	(16,000,000)	(7,000,000)
Default Collections Receivable	8,240	20,186
Due from Loan Servicing Agents	(4,966)	78,057
Accrued Interest Payable – Bonds	(7,996,709)	(10,056,382)
Fees Payable	658,136	139,276
Due to Loan Reserve Fund	3,238,981	-
Net Cash Provided by Operating Activities	\$ 22,318,742	\$ 26,260,827
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES		
Amortization – Net Premium on Bonds Payable	\$ (9,361,458)	\$ (10,248,724)
Discount on Acquisition of Bonds	(247,187)	(310,687)
Bond Retirement - Refunding	(28,331,572)	(28,716,531)
Total Noncash Financing Activities	\$ (37,940,217)	\$ (39,275,942)

See accompanying Notes to Financial Statements.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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, 2025 and 2024, 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, 2025 AND 2024**

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, 2025 AND 2024

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, 2025 AND 2024**

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:

	2025	2024
Lockbox Cash (Wells Fargo Bank)	\$ 6,273,227	\$ 2,703,747
Trust Accounts Invested in Wells Fargo		
Secured Institutional Money Market Fund	714,109,702	477,729,419
Total	\$ 720,382,929	\$ 480,433,166

The carrying amount in these accounts at June 30, 2025 and 2024 were \$720,382,929 and \$480,433,166, respectively.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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, 2025 and 2024 were \$29,821,818 and \$29,117,816, 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, 2025 and 2024, were \$35,996,144 and \$41,488,876, 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, 2025 AND 2024

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, 2025, 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, 2025 AND 2024

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. In FY25, all of the variable rate loans were converted to fixed rate 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. Prior to FY25, the Refi+ loan had a tiered interest rate structure, with two rates, and no step up rate, based on credit score at time of application. For the 2025 academic year, the rates are 5.99% for 10-year loans and 6.75% 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.

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)

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.

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 2024-25, 2023-24, 2022-23, and 2021-22 academic years are shown in the charts below.

2024-2025 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	5.99%	N/A	0%	10	N/A
Fixed Rate Option 2	6.99%	N/A	0%	15	N/A
Fixed Rate Option 3	7.99%	N/A	0%	20	N/A
Refi + Loan (Rates based on Credit Score)	5.99%	N/A	0%	10	N/A
Refi + Loan (Rates based on Credit Score)	6.75%	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

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% to 6.55%	N/A	0%	10	N/A
Refi + Loan (Rates based on Credit Score)	6.70% to 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

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)

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

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, 2025 and 2024, \$12,224,647 and \$10,971,193 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, 2025 and 2024, the fees included administrative expenses of \$27,061 and \$36,897, respectively, paid to the Authority and fees paid to servicing agents of \$70,751 and \$91,167, respectively. In addition, for the years ended June 30, 2025 and 2024, loan consolidation rebate fees of \$112,740 and \$154,374, 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.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
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NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)

Loan Defaults/Loan Reserve Fund (Continued)

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.

For the Fiscal Years 2025 and 2024, 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 \$1,077,137 and \$1,494,999, respectively. As of June 30, 2025 and 2024, defaulted loans totaled \$239,751,490 and \$227,078,200, 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, 2025 and 2024 were \$181,703,376 and \$165,623,663, 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 2025, the 2015-1 bond issue 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
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JUNE 30, 2025 AND 2024

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, 2025

Student Loan Revenue Bond Title Issue Year/Series	Interest Rate Range as of June 30, 2025	Maturity Dates	Bonds			Bonds Outstanding (in thousands) June 30, 2025	Amounts Due within One Year ⁽²⁾ (in thousands)
			Bonds Outstanding (in thousands) June 30, 2024	Additions (in thousands)	Reductions (in thousands)		
			2010, Series FFELP ⁽¹⁾	2.151%	6/1/2036		
2015-1	4.00%-5.00%	12/1/2016-12/1/2044	41,025	-	41,025	-	-
2016-1	2.75%-5.00%	12/1/2017-12/1/2046	50,480	-	12,610	37,870	37,870
2017-1	2.95%-5.00%	12/1/2019-12/1/2047	78,225	-	17,720	60,505	13,500
2018-1	3.35%-5.00%	12/1/2020-12/1/2048	81,430	-	20,110	61,320	13,195
2019-1	2.375%-5.00%	12/1/2020-12/1/2049	144,250	-	29,000	115,250	18,600
2020-1	3.500%-5.00%	12/1/2022-12/1/2050	180,340	-	30,300	150,040	22,710
2021-1	2.500%-5.00%	12/1/2023-12/1/2051	103,745	-	12,400	91,345	9,500
2022-1	4.25%-5.00%	12/1/2024-12/1/2052	267,845	-	33,500	234,345	24,925
2023-1	4.11%-5.00%	12/1/2025-12/1/2053	243,650	-	-	243,650	22,200
2024-1	4.25%-5.25%	12/1/2027-12/1/2054	228,190	-	-	228,190	-
2025-1	4.50%-5.50%	12/1/2027-12/1/2055	-	227,750	-	227,750	-
2025-2	5.00%	6/2/2026	-	229,500	-	229,500	229,500
Totals			<u>\$ 1,433,355</u>	<u>\$ 457,250</u>	<u>\$ 202,705</u>	<u>\$ 1,687,900</u>	<u>\$ 394,000</u>

- (1) The 2010-FFELP Bonds are Tax Exempt SOFG Floating Rate Bonds, originally consisting of Class A-1 and 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 SOFG plus .95%. Interest is paid quarterly.
- (2) Amounts Due within One Year includes \$39,095,000 of 'Special Option Redemptions' made in July 2025 and \$229,500,000 of 2025-2 Convertible Bonds.

Bonds Outstanding June 30, 2024

Student Loan Revenue Bond Title Issue Year/Series	Interest Rate Range as of June 30, 2024	Maturity Dates	Bonds			Bonds Outstanding (in thousands) June 30, 2024	Amounts Due within One Year ⁽²⁾ (in thousands)
			Bonds Outstanding (in thousands) June 30, 2023	Additions (in thousands)	Reductions (in thousands)		
			2010, Series FFELP ⁽¹⁾	2.151%	6/1/2036		
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) Amounts Due within One Year includes \$47,005,000 of 'Special Option Redemptions' made in August 2023.

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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, 2025.

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 2025. 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, 2024-1, 2025-1, and 2025-2 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 2025 Fiscal Year, a total of \$81,340,000 of bonds within these respective issues were redeemed under this provision and are included in the Cumulative Schedule of Bond Redemptions at June 30, 2025. 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.

Optional Redemptions

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

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NJCLASS/FFELP LOAN PROGRAMS
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NOTE 4 BONDS PAYABLE (CONTINUED)

Optional Redemptions (Continued)

The following chart outlines the optional redemption provisions for the 2008 through 2025-2 bonds. Bonds maturing prior to these dates are not subject to optional redemption prior to maturity.

Bond	Maturity	Subject to Optional Redemption	First Eligible Call Date
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
2025-1	On or Before 12/1/34	No	
2025-1	On or After 12/1/45	Yes at Par Plus Accrued Interest	December 1, 2034
2025-2	On or Before 6/1/26	No	
2025-2	On or After 6/2/26	Yes at Par Plus Accrued Interest	June 2, 2026

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 2025 and thereafter, are included in the Schedule of Future Maturities and Sinking Fund Requirements shown on page 30.

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 4 BONDS PAYABLE (CONTINUED)

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.

Cumulative Schedule of Bond Redemptions at June 30, 2025

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, 2025
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)	-	(103,550,000)	(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	-	-	(136,865,000)	-	-	-	-	-	-	8,135,000
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	-	(72,000,000)	-	-	-	-	(79,675,000)	-	(28,325,000)	-
2016-1	190,000,000	-	(60,000,000)	-	-	-	-	(92,130,000)	-	-	37,870,000
2017-1	250,000,000	-	(68,400,000)	-	-	-	-	(121,095,000)	-	-	60,505,000
2018-1	215,850,000	-	(71,000,000)	-	-	-	-	(83,530,000)	-	-	61,320,000
2019-1	285,550,000	-	(43,000,000)	-	-	-	-	(127,300,000)	-	-	115,250,000
2020-1	247,440,000	-	(41,500,000)	-	-	-	-	(55,900,000)	-	-	150,040,000
2021-1	107,745,000	-	(8,500,000)	-	-	-	-	(7,900,000)	-	-	91,345,000
2022-1	267,845,000	-	(8,900,000)	-	-	-	-	(24,600,000)	-	-	234,345,000
2023-1	243,650,000	-	-	-	-	-	-	-	-	-	243,650,000
2024-1	228,190,000	-	-	-	-	-	-	-	-	-	228,190,000
2025-1	227,750,000	-	-	-	-	-	-	-	-	-	227,750,000
2025-2	229,500,000	-	-	-	-	-	-	-	-	-	229,500,000
Totals	<u>\$ 7,472,316,064</u>	<u>\$ 3,562,871</u>	<u>\$ (1,516,495,000)</u>	<u>\$ (340,823,935)</u>	<u>\$ (30,960,000)</u>	<u>\$ (55,670,000)</u>	<u>\$ (266,040,000)</u>	<u>\$ (1,748,340,000)</u>	<u>\$ (1,149,925,000)</u>	<u>\$ (679,725,000)</u>	<u>\$ 1,687,900,000</u>

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

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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)	-	(103,550,000)	(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	-	-	(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	\$ 7,015,066,064	\$ 3,562,871	\$ (1,429,495,000)	\$ (334,783,935)	\$ (30,960,000)	\$ (55,670,000)	\$ (266,040,000)	\$ (1,667,000,000)	\$ (1,149,925,000)	\$ (651,400,000)	\$ 1,433,355,000

(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, 2025 AND 2024**

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>
2026	\$ 394,000,000	\$ 71,367,206	\$ 465,367,206
2027	86,950,000	55,933,034	142,883,034
2028	107,400,000	51,089,076	158,489,076
2029	95,025,000	46,180,013	141,205,013
2030	73,975,000	42,092,263	116,067,263
2031-2035	250,480,000	166,503,738	416,983,738
2036-2040	87,610,000	136,874,244	224,484,244
2041-2045	191,600,000	109,413,009	301,013,009
2046-2050	239,420,000	51,337,344	290,757,344
2051-2056	161,440,000	24,910,921	186,350,921
Total	<u>\$ 1,687,900,000</u>	<u>\$ 755,700,848</u>	<u>\$ 2,443,600,848</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, 2024-1, 2025-1 and 2025-2 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>2025</u>	<u>2024</u>
Bond Premium	\$ 117,040,195	\$ 117,804,253
Accumulated Amortization	(82,234,215)	(78,827,104)
Total Unamortized Bond Premium	<u>\$ 34,805,980</u>	<u>\$ 38,977,149</u>
Annual Amortization Revenue	<u>\$ 10,667,916</u>	<u>\$ 11,317,316</u>
Bond Discount	\$ 16,968,326	\$ 15,776,507
Accumulated Amortization	(4,674,465)	(4,564,292)
Total Unamortized Bond Discount	<u>\$ 12,293,861</u>	<u>\$ 11,212,215</u>
Annual Amortization Expense	<u>\$ 1,306,458</u>	<u>\$ 1,068,591</u>
Net Unamortized Bond Premium	<u>\$ 22,512,119</u>	<u>\$ 27,764,934</u>
Net Amortization Revenue	<u>\$ 9,361,458</u>	<u>\$ 10,248,725</u>

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
 NJCLASS/FFELP LOAN PROGRAMS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025 AND 2024**

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 2025 and 2024 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 2012-2025. 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, 2025 and 2024 by bond portfolio year is as follows:

<u>Bond Issue</u>	<u>API Liability</u>	
	<u>June 30, 2025</u>	<u>June 30, 2024</u>
2015-1	\$ -	\$ 87,610
2016-1	529,343	1,082,242
2017-1	-	343,528
2019-1	1,256,822	3,432,255
2023-1	-	202,900

NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
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JUNE 30, 2025 AND 2024

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. 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 21, 2025, HESAA retired \$39,095,000 of its 2018-1, 2019-1, 2020-1, 2021-1, 2022-1 and 2023-1 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.

On September 3, 2025, The Authority issued Senior Student Loan Revenue Refunding Bonds, Series 2025-3 for the primary purpose of defeasing the outstanding Series 2016-1 Bonds. The Series 2025-3 Bonds were issued as fixed rate bonds pursuant to the Master Indenture and a Third Supplemental Indenture.

SUPPLEMENTARY INFORMATION

**NEW JERSEY HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY
NJCLASS/FFELP LOAN PROGRAMS
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2025**

	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	2025-1	2025-2	Total
ASSETS																			
CURRENT ASSETS																			
Cash and Cash Equivalents	\$ 282,751	\$ 76,317	\$ 378,991	\$ 17,674,685	\$ 16,927,002	\$ -	\$ 896,503	\$ 16,467	\$ 12,413,385	\$ 20,199,227	\$ 27,992,492	\$ 36,699,838	\$ 19,438,950	\$ 45,198,286	\$ 41,537,106	\$ 41,131,359	\$ 207,350,632	\$ 232,168,938	\$ 720,382,929
Investments	1,017,325	1,937,079	30,458,065	-	-	2,583,675	-	-	-	-	-	-	-	-	-	-	-	-	35,986,144
NJCLASS Student Loans Receivable, Net	71,615	-	60,023	(1)	3,295,438	-	-	(139)	2,075,722	3,612,488	7,055,576	8,939,307	4,956,782	11,265,456	6,741,604	6,569,145	2,495,558	-	57,138,574
FFELP Student Loans Receivable, Net	-	-	-	-	-	-	1,794,133	-	-	-	-	-	-	-	-	-	-	-	1,794,133
NJCLASS Defaulted Student Loan Principal and Interest, Net of Allowance for Doubtful	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts of \$181,703,376	7,413,717	3,946,603	35,675,340	-	1,313,313	-	-	-	1,418,592	1,632,910	2,018,492	1,821,675	468,206	1,172,774	680,963	432,870	52,660	-	58,048,115
Interest Receivable - Investments	-	-	-	59,964	54,561	-	2,456	2,026	39,625	64,011	89,328	116,738	63,690	145,785	132,174	133,379	663,815	694,447	2,261,999
Interest Receivable - NJCLASS Student Loans	1,489	-	91,352	-	336,789	-	-	-	277,824	416,501	749,648	832,140	412,689	1,202,188	1,818,366	1,936,877	264,228	-	8,340,091
Interest Receivable - FFELP Student Loans	-	-	-	-	-	-	659,109	-	-	-	-	-	-	-	-	-	-	-	659,109
Due from Other Bond Issue Funds	-	-	-	-	-	-	-	-	-	-	-	143,337	229,998	611,599	515,532	(326,882)	(1,173,584)	-	-
Due from Loan Servicing Agents	-	-	-	-	-	-	14,654	-	-	-	-	-	-	-	-	-	-	-	14,654
Other Receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	9,999	72,605	44,665	-	-	127,269
Total Current Assets	8,786,897	5,959,999	66,663,771	17,734,648	21,927,103	2,583,675	3,366,855	18,354	16,225,148	25,925,137	37,905,536	48,553,035	25,570,315	59,606,087	51,498,350	49,921,413	209,653,309	232,863,385	884,763,017
NONCURRENT ASSETS																			
NJCLASS Student Loans Receivable	344,199	-	517,754	-	48,884,411	-	-	-	36,000,708	56,865,659	101,953,261	146,736,867	84,252,721	212,579,950	225,026,887	214,978,421	30,312,112	-	1,158,452,950
FFELP Student Loans Receivable	-	-	-	-	-	-	9,147,055	-	-	-	-	-	-	-	-	-	-	-	9,147,055
Total Noncurrent Assets	344,199	-	517,754	-	48,884,411	-	9,147,055	-	36,000,708	56,865,659	101,953,261	146,736,867	84,252,721	212,579,950	225,026,887	214,978,421	30,312,112	-	1,167,600,005
Total Assets	\$ 9,131,096	\$ 5,959,999	\$ 67,181,525	\$ 17,734,648	\$ 70,811,514	\$ 2,583,675	\$ 12,513,910	\$ 18,354	\$ 52,225,856	\$ 82,790,796	\$ 139,858,797	\$ 195,289,902	\$ 109,823,036	\$ 272,186,037	\$ 276,525,237	\$ 264,899,834	\$ 239,965,421	\$ 232,863,385	\$ 2,052,363,022
LIABILITIES AND NET POSITION																			
CURRENT LIABILITIES																			
Bonds Payable	\$ -	\$ -	\$ -	\$ -	\$ 13,500,000	\$ -	\$ 2,000,000	\$ -	\$ 37,870,000	\$ 13,195,000	\$ 18,600,000	\$ 22,710,000	\$ 9,500,000	\$ 24,925,000	\$ 22,200,000	\$ -	\$ -	\$ 229,500,000	\$ 394,000,000
Accrued Interest Payable - Bonds	-	-	-	-	238,712	-	44,113	-	107,852	234,691	370,668	535,935	291,600	1,794,030	1,180,210	996,755	860,599	692,500	7,537,665
Fees Payable	232,887	3,159	16,594	-	28,859	-	24,112	-	29,084	38,909	96,526	123,920	63,558	156,531	196,546	186,191	637,922	-	1,834,788
Total Current Liabilities	232,887	3,159	16,594	-	13,767,571	-	2,068,225	-	38,006,936	13,468,600	19,067,194	23,369,855	9,855,158	26,865,561	23,576,756	1,182,946	1,498,521	230,392,500	403,372,463
NONCURRENT LIABILITIES																			
Bonds Payable	-	-	-	-	47,005,000	-	6,135,000	-	48,125,000	96,650,000	127,330,000	81,845,000	209,420,000	221,450,000	228,190,000	227,750,000	-	-	1,293,900,000
Premium on Bonds Payable	-	-	-	-	117,762	-	-	-	(188,856)	671,376	539,463	1,032,693	3,524,477	2,414,712	6,430,980	4,107,011	1,193,416	2,669,085	22,512,119
Total Noncurrent Liabilities	-	-	-	-	47,122,762	-	6,135,000	-	(188,856)	48,796,376	97,169,463	128,362,693	85,369,477	211,834,712	227,880,980	232,297,011	228,943,416	2,669,085	1,316,412,119
Total Liabilities	232,887	3,159	16,594	-	60,890,333	-	8,203,225	-	37,818,080	62,264,976	116,256,657	151,732,548	95,224,635	238,700,273	251,457,736	233,479,957	230,441,937	233,061,585	1,719,784,582
NET POSITION																			
Restricted	8,898,209	5,956,840	67,164,931	17,734,648	9,921,181	2,583,675	4,310,685	18,354	14,407,776	20,525,820	23,602,140	43,557,354	14,598,401	33,485,764	25,067,501	31,419,877	9,523,484	(198,200)	332,578,440
Total Liabilities and Net Position	\$ 9,131,096	\$ 5,959,999	\$ 67,181,525	\$ 17,734,648	\$ 70,811,514	\$ 2,583,675	\$ 12,513,910	\$ 18,354	\$ 52,225,856	\$ 82,790,796	\$ 139,858,797	\$ 195,289,902	\$ 109,823,036	\$ 272,186,037	\$ 276,525,237	\$ 264,899,834	\$ 239,965,421	\$ 232,863,385	\$ 2,052,363,022

* Bonds have been retired.

**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	1,923,684	7,001,676	30,140,243	174,068	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	-	-	-	-	-	-	-	10,681	47,889	69,255	187,950	342,389	211,174	275,762	37,534	(1,182,634)	-
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	10,000,790	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	-	80,013	107,717	155,284	311,324	465,175	643,054	326,260	1,664,398	1,063,685	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	65,613	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 REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2025**

	Retired 1998 Indenture*	Retired 2008*	Retired 2009 Series A*	2010-1 Series	2017-1	2010-1 Indenture Loan Reserve Fund	2010 FFELP	2015-1	2016-1	2018-1	2019-1	2020-1	2021-1	2022-1	2023-1	2024-1	2025-1	2025-2	Total
OPERATING REVENUES																			
Interest Income:																			
NJCLASS Student Loans	\$ 39,903	\$ -	\$ 73,639	\$ 1,020	\$ 3,682,194	\$ -	\$ -	\$ 2,077,112	\$ 3,060,748	\$ 4,840,074	\$ 7,397,101	\$ 8,820,699	\$ 4,249,418	\$ 12,760,883	\$ 15,722,808	\$ 10,939,740	\$ 231,007	\$ -	\$ 73,896,346
FFELP Student Loans	-	-	-	-	-	-	900,063	-	-	-	-	-	-	-	-	-	-	-	900,063
Total Interest Income	39,903	-	73,639	1,020	3,682,194	-	900,063	2,077,112	3,060,748	4,840,074	7,397,101	8,820,699	4,249,418	12,760,883	15,722,808	10,939,740	231,007	-	74,796,409
Administrative Fee Income	-	-	-	-	-	-	-	-	-	-	-	-	-	21	-	134,744	8,326	-	143,091
Total Operating Revenues	39,903	-	73,639	1,020	3,682,194	-	900,063	2,077,112	3,060,748	4,840,074	7,397,101	8,820,699	4,249,418	12,780,904	15,722,808	11,074,484	239,333	-	74,939,500
OPERATING EXPENSES																			
Loan Servicing Fees:																			
NJCLASS Student Loans	737	-	1,604	-	378,205	-	-	326,240	387,726	537,790	1,330,505	1,659,364	902,885	2,199,527	2,591,122	1,865,335	43,407	-	12,224,647
FFELP Student Loans	-	-	-	-	-	-	209,218	-	-	-	-	-	-	-	-	-	-	-	209,218
Total Loan Servicing Fees	737	-	1,604	-	378,205	-	209,218	326,240	387,726	537,790	1,330,505	1,659,364	902,885	2,199,527	2,591,122	1,865,335	43,407	-	12,433,865
Program Expenses:																			
Annual Insurance Expense and Trustee Fees	-	-	-	-	57,473	-	21,599	79,167	67,500	26,746	37,700	24,355	10,000	23,409	12,000	86,534	-	-	446,483
Bad Debt Expense	(476,522)	(704,730)	(903,675)	88,549	(279,787)	-	-	(3,914,040)	1,541,562	2,207,908	3,486,656	3,968,798	1,127,454	2,891,975	1,868,042	1,634,961	186,219	-	12,723,370
RAP Expense	1,534	-	-	-	17,239	-	-	17,479	21,043	32,065	43,912	19,918	17,484	21,419	18,749	35,132	1,213	-	247,187
Other	-	-	49	-	3,101	-	-	1,627	4,023	3,337	5,448	11,243	823	7,605	1,983	5,507	236	-	44,982
Total Program Expenses	(474,988)	(704,730)	(903,626)	88,549	(201,974)	-	21,599	(3,815,767)	1,634,128	2,270,056	3,573,716	4,024,314	1,155,761	2,944,408	1,900,774	1,762,134	187,668	-	13,462,022
Bond Interest Expense	-	-	-	-	2,555,038	-	626,993	1,971,126	1,563,504	2,514,583	3,728,247	5,370,882	2,024,511	10,063,165	9,720,972	9,782,833	614,456	892,500	51,428,790
Total Operating Expenses	(474,251)	(704,730)	(901,822)	88,549	2,731,269	-	857,810	(1,518,401)	3,585,358	5,322,409	8,632,468	11,054,560	4,083,157	15,207,100	14,212,868	13,410,302	845,531	892,500	77,324,677
OPERATING INCOME (LOSS)	514,154	704,730	975,461	(87,529)	950,925	-	42,253	3,595,513	(524,610)	(482,335)	(1,235,367)	(2,233,861)	166,261	(2,446,196)	1,509,940	(2,335,818)	(606,198)	(892,500)	(2,385,177)
NONOPERATING REVENUES (EXPENSES)																			
Income on Investments	57,956	198,393	1,550,343	781,084	862,815	116,125	78,829	474,131	581,136	912,704	1,189,509	1,562,270	807,773	1,890,883	1,715,816	6,095,230	663,815	694,300	20,233,112
Equity Distribution from Bond Refunding	-	-	-	-	-	-	-	(1,046,061)	-	-	-	-	-	-	-	-	-	-	(1,046,061)
Gain (Loss) on Transfer	-	-	6,011,886	8,523	(6,657,772)	6,642,530	-	(15,575,546)	-	(2,779,632)	-	-	-	-	6,719	12,343,292	-	-	-
Other	-	-	-	(80)	-	-	(249)	(66)	(66)	(104)	(1,029)	(366)	(304)	(1,509)	(4,295)	(677)	-	-	(8,679)
Loan Forgiveness	-	-	-	-	-	-	-	-	(199,773)	-	(2,492,575)	-	-	-	-	-	-	-	(2,692,348)
Transfer to Non-NJCLASS Funds	(2,000,000)	(6,000,000)	(8,000,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,000,000)
Underwriting Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,877,425)	-	(2,877,425)
Total Nonoperating Revenues (Expenses)	(1,942,044)	(5,801,607)	(437,771)	789,607	(5,795,037)	6,758,655	78,829	(16,147,725)	381,297	(1,867,032)	(1,304,095)	1,561,904	807,469	1,889,374	1,711,521	6,101,272	10,129,682	694,300	(2,391,401)
CHANGE IN NET POSITION	(1,427,890)	(5,096,877)	537,690	702,078	(4,844,112)	6,758,655	121,082	(12,552,212)	(143,313)	(2,349,367)	(2,539,462)	(671,957)	973,730	(556,822)	3,221,461	3,765,454	9,523,484	(198,200)	(4,776,578)
Net Position (Deficit) - Beginning of Year	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	27,854,423	-	-	337,355,018
NET POSITION (DEFICIT) - END OF YEAR	<u>\$ 8,898,209</u>	<u>\$ 5,956,840</u>	<u>\$ 67,164,931</u>	<u>\$ 17,734,648</u>	<u>\$ 9,921,181</u>	<u>\$ 2,583,675</u>	<u>\$ 4,310,685</u>	<u>\$ 18,354</u>	<u>\$ 14,407,776</u>	<u>\$ 20,525,820</u>	<u>\$ 23,602,140</u>	<u>\$ 43,557,354</u>	<u>\$ 14,698,401</u>	<u>\$ 33,485,764</u>	<u>\$ 25,067,501</u>	<u>\$ 31,419,877</u>	<u>\$ 9,523,484</u>	<u>\$ (198,200)</u>	<u>\$ 332,578,440</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, 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	\$ 5,835,091	\$ 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	5,835,091	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	5,835,091	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	41,857	51,922	27,061	36,501	24,803	22,950	29,056	-	357,380	
Bad Debt Expense	(843,594)	(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	
RAF 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	310,687	
Other	-	-	-	(49,418)	-	-	-	-	-	-	-	257	4,915	454	4,293	224	3,375	656	-	(35,245)	
Total Program Expenses	(841,610)	(527,433)	3,319,621	(42,595)	60,292	(73,423)	22,087	-	-	(4,188,534)	496,623	743,175	774,176	1,309,131	1,113,767	498,628	891,182	625,713	50,022	4,250,842	
Bond Interest Expense	-	-	-	-	3,115,482	-	1,115,436	-	-	1,608,245	1,909,141	1,938,363	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)	3,319,614	50,251	3,700,045	(73,423)	1,421,946	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	12,353,966	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	636,139	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	\$ 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		

* 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, 2025, 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 Programs' basic financial statements and have issued our report thereon dated October 17, 2025.

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 the 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 17, 2025



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