Massachusetts Educational Financing Authority

Financial Statements with Management's Discussion and Analysis and Supplemental Information

June 30, 2024 and 2023

Massachusetts Educational Financing Authority
Index

Report of Independent Auditors

To the Management and Board of Directors of the Massachusetts Educational Financing Authority

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the Massachusetts Educational Financing Authority (the "Authority") as of and for the years ended June 30, 2024 and 2023, including the related notes, which collectively comprise the Authority's basic financial statements as listed in the index.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") on pages 5 through 15 be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, 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 audit 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental schedules on pages 38 through 45 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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 audit 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 auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules on pages 38 through 45 are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

Boston, Massachusetts
December 17, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

INTRODUCTION

This discussion and analysis of the financial position and performance of the Massachusetts Educational Financing Authority (the "Authority") is intended to provide an introduction and analytical overview of the basic financial statements of the Authority on a comparative basis for the fiscal years ended June 30, 2024 ("FY24") and 2023 ("FY23") along with selected comparative information for the fiscal year ended June 30, 2022 ("FY22"). This unaudited management's discussion and analysis should be read in conjunction with the attached audited financial statements and the notes thereto in its entirety.

The Authority is a body politic and corporate, constituting a public instrumentality of The Commonwealth of Massachusetts (the "Commonwealth"). The Authority was established as the Massachusetts College Student Loan Authority pursuant to Chapter 803 of the Acts of 1981, as amended (the "Act"), in recognition of the increasing costs of higher education, to assist students, their parents and institutions of higher education in financing, refinancing, and saving for the costs of such education. Since 2015, the Authority has maintained a AA- issuer credit rating from Standard and Poor's Ratings Services.

Beginning in 1983, the Authority established a number of proprietary, unsecured consumer loan programs for financing and refinancing loans for undergraduate and graduate students, to finance higher education expenses, including credit based and need based loans that bear interest on a fixed rate or variable rate basis. Since inception, the MEFA financing program has included loans to finance higher education expenses of current students. In 2015, the Authority introduced the MEFA refinancing program that offers credit-based fixed rate and variable rate loans to borrowers for the purpose of refinancing loans previously incurred for higher education expenses.

The loan programs are funded using proceeds from Educational Loan Revenue Bonds and Asset Backed Notes issued by the Authority (the "Bonds"). The Bonds, which are issued under various resolutions, are special obligations of the Authority, which has no taxing power, payable solely from the revenues and the funds and accounts established and pledged under the resolution. No revenues or other assets of the Authority are available to fund payment of the Bonds except as expressly provided by the resolutions. Neither the Commonwealth nor any political subdivision thereof is or shall be obligated to pay the principal or redemption or purchase price of and interest on the Bonds, and neither the full faith and credit, nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to such payment. The Authority has the same exemption as the Commonwealth (under I.R.S. Code, Section 115) from filing and/or paying federal income taxes.

In 2017, the Authority adopted a resolution authorizing the issuance of commercial paper notes ("the Notes") as an additional short term financing mechanism for its education loan programs. The Notes are special obligations of the Authority and are collateralized by the assets and associated revenues financed with Notes proceeds and further supported by a letter of credit. The letter of credit and any associated bank note or bank obligation are general obligations of the Authority secured by the full faith and credit of the Authority. The Authority intends to issue a combination of revenue bonds and asset backed notes to permanently finance education loans originated with proceeds from the Notes.

In addition to the loan programs, the Authority offers two college savings programs: The U. Plan: The Massachusetts Tuition Prepayment Program (the "U. Plan") and the U. Fund College Investing Plan (the "U. Fund"). The U. Plan, launched in February 1995, is a pre-paid tuition program that permits saving for a named beneficiary's undergraduate tuition and mandatory fees at participating Massachusetts colleges and universities in a manner designed to preserve the purchasing power of savings. The U. Fund, launched in March 1999, is a tax-advantaged method of saving for higher education costs (under I.R.S. Code, Section 529) through investment vehicles such as mutual funds. These funds are professionally administered and managed by Fidelity Investments (an unrelated party) on behalf of the account owners and are accordingly not a component of these financial statements. Proceeds earned by program participants through investing in the U. Fund are available to pay for costs of higher education nationwide.

In May 2017, the Authority, on behalf of the Commonwealth, introduced the Attainable Savings Plan (the "Attainable Plan"). The Attainable Plan, established under the Achieving a Better Life Experience (ABLE) Act of 2014, is a tax advantaged savings plan under Section 529A of the Internal Revenue Code that allows individuals with disabilities to save for qualifying disability expenses through investment vehicles such as mutual funds. These funds are professionally administered and managed by Fidelity Investments on behalf of the account owners and held by the Authority in a fiduciary capacity.

In addition to developing and operating its loan, savings and investment programs, the Authority conducts an extensive outreach program for students and parents across the Commonwealth on planning, saving, and paying for college and also offers MEFA Pathway, the Authority's college, and career planning portal, a free resource for students, parents, and high school counselors.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority maintains its accounts and prepares its financial statements in accordance with the accounting principles generally accepted in the United States of America ("GAAP"), as set forth by Governmental Accounting Standards Board ("GASB"). The financial records of the Authority are maintained utilizing the economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned and all expenses are recorded when they have been incurred.

The key to understanding the financial position and changes in the Authority's finances from year to year are presented in the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows and fiduciary fund financial statements.

The Statements of Net Position provide information about the Authority's financial condition at the end of the fiscal year by indicating the nature and amounts of its investments in resources (assets), its deferred outflows of resources, its obligations to outside creditors (liabilities), its deferred inflows of resources, and its resulting net position at the date of the Statements of Net Position. Net position represents total assets, plus deferred outflows of resources, less total liabilities, less deferred inflows of resources. The organization of the statement of net position separates assets and liabilities into their current and non-current components.

The Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and the expenses incurred during the year. All activities of the Authority are reported as either operating or non-operating. Operating activities are those that support the mission and purpose of the Authority. The principal operating revenues for the Authority are interest income earned on education loans and the principal operating expenses are bond and note interest expense and general and administrative costs. Non-operating activities represent transactions that are primarily investing, legislative or regulated in nature.

The Statements of Cash Flows present information related to cash inflows and outflows summarized by operating, capital and non-capital financing and investing activities. Cash flow information is a key factor to consider when evaluating financial viability and the Authority's ability to meet financial obligations.

The Statements of Fiduciary Net Position present information on the Attainable Plan's assets, liabilities and fiduciary net position and the Statements of Changes in Fiduciary Net Position present information showing how the Attainable Plan's fiduciary net position changed during the year. The Attainable Plan is held by the Authority on behalf of the account owners in a custodial fund and therefore cannot be used to support the Authority's enterprise operations. The GASB requires fiduciary funds be reported separately from the basic financial statements of business type activities.

The notes to the financial statements provide information that is useful to the reader in understanding the Authority's financial statements and the accounting principles applied.

The Authority's financial statements have been audited by PricewaterhouseCoopers LLP, as independent auditors.

LEGISLATIVE DEVELOPMENTS

From time to time, bills may be introduced into the Commonwealth legislature affecting government operations generally or that could seek to impose financial and other obligations on the Authority, which might include requiring the transfer of funds or assets from the Authority to the Commonwealth or other agencies of the Commonwealth.

Furthermore, measures and legislation may be considered by the federal government, or the Commonwealth legislature, which may affect the Authority's programs. While some of these measures may benefit the programs, no assurance can be given that the programs will not be adversely affected by such measures.

In addition, the United States Congress or the Commonwealth legislature could enact legislation that would affect the demand for or the repayment performance of the Authority's loan programs in a manner that might adversely affect the availability of amounts for the payment of debt service on obligations or that might result in the redemption prior to scheduled amortization of obligations.

The Authority cannot predict whether any particular legislation will be enacted or, if it is enacted, what effect it would have on the timing or amount of revenues received by the Authority from education finance loans, the timing of such receipt or the demand for those loans. There can be no assurance that any particular legislation will not be enacted or that such legislation, if enacted, will not have an adverse impact on the operations of the Authority, its financial condition or any of its contractual obligations.

FINANCIAL HIGHLIGHTS

The Authority disbursed a total of $449M of education loans in FY24 compared to $406M disbursed in FY23, representing a 10% increase in disbursements in a competitive education loan origination environment.

In the Authority's savings and investment programs, U. Fund assets under management, which are not a component of the Authority's financial statements, increased 15% to $9.7B. Attainable Plan assets under management, which are a fiduciary fund of the Authority, grew by 39% to $153.8M at June 30, 2024. For the U. Plan, the Authority had $11.3M of matured tuition certificates on its financial statements as a liability to program participants at the end of FY24 and $4.7M of deposits for the purchase of August 1, 2024 tuition certificates.

A new $15M grant was awarded to the Authority by the Commonwealth to support FY24 capital market bond issuance activities in conjunction with the Authority's tax-exempt private activity volume cap.

Total net position was $298.6M at the end of FY24, representing an increase of $12.8M or 4.5% growth from the beginning of the fiscal year compared to an increase of $11.1M in FY23 and 4% growth.

OPERATING AND NON-OPERATING RESULTS

The following illustrates the comparative results of total revenues from fiscal years ended June 30, 2024, 2023 and 2022, respectively:

(in thousands)

	2024		2023		2022	
Operating revenues						
Interest on educational loan notes	$	115,572	$	99,069	$	94,426
Non-interest revenues		24,168		8,299		8,075
Total operating revenues		139,740		107,368		102,501
Non-operating revenues		25,724		15,706		1,056
Total revenues	$	165,464	$	123,074	$	103,557

Operating revenues

Total operating revenues for the Authority, which consisted of interest earned on education loan notes, grant award income and earnings related to the Authority's savings programs, were $139.7M in FY24, a 30% increase compared to the prior fiscal year. FY23 total operating revenues were $107.4M, which represented a 5% increase from FY22 total operating revenues.

Interest earned on education loan notes increased by 17% and 5%, respectively in FY24 and FY23 due to the increase in education loan notes receivable and higher loan interest rates on new loan originations over the past three fiscal years. Interest income accounted for 83% of total operating revenues in FY24 and 92% in FY23.

Non-interest revenues increased by $15.9M or 191% in FY24 due to a new $15M grant awarded by the Commonwealth to the Authority to support FY24 capital market bond issuance activities.

Non-operating revenues

Total non-operating revenues were $25.7M in FY24 and consisted of interest and dividend income on the Authority's investments, which are invested in vehicles providing short-term flexibility and principal protection. Interest and dividend income increased by $10.1M and $14.6M in FY24 and FY23 respectively, as interest rates remained elevated and average cash and investment balances increased over the past three fiscal years.

As a result of the Authority's operating and non-operating revenue activities in FY24, total revenues increased by $42.4M or 34% compared to an increase of $19.5M or 19% in total revenues in FY23.

The following illustrates the comparative results of total expenses from fiscal years ended June 30, 2024, 2023 and 2022, respectively:

(in thousands)

	2024	2023	2022
Operating expenses			
Interest expense	$ 81,863	$ 65,005	$ 55,445
Non-interest expenses	47,280	42,119	41,246
Total operating expenses	129,143	107,124	96,691
Non-operating expenses	23,501	4,874	-
Total expenses	$ 152,644	$ 111,998	$ 96,691

Operating expenses

Total operating expenses for the Authority, which included bond and note interest expense, general and administrative costs, bond and note issuance costs and the provision for doubtful education loans, were $129.1M in FY24, a 21% increase compared to the prior fiscal year. FY23 operating expenses were $107.1M, representing an increase of 11% over FY22 operating expenses.

Interest expense on bonds and notes outstanding increased by 25.9% and 17% in FY24 and FY23, respectively as new bond issuances have outpaced bond redemptions and the cost of funds in the capital markets have increased. Interest expense represented 63% and 61% of total operating expense in FY24 and FY23, respectively.

Non-interest operating expenses increased by 12% compared to the prior fiscal year and were comprised of the provision for doubtful education loans, bond and note issuance costs and general and administrative expenses. The provision for doubtful education loans increased by $1.1M or 15% compared to the prior fiscal year as the seasoned loan portfolio performed as expected and new loan originations were added to the allowance. Bond and note issuance costs increased by $1.2M or 40% in FY24 relative to the size of the capital market transaction closed in the fiscal year and general and administrative expenses increased by $2.8M or 9% resulting from volume driven loan program administration expenses. FY23 non-interest expenses were consistent with FY22.

Non-operating expenses

Non-operating expenses relate to the yield restriction and arbitrage rebate requirements of Internal Revenue Code (IRC) Section 148 and corresponding Treasury Regulations.

Under yield restriction requirements, the Authority is required to keep the yield on student loans within a designated percentage of the bond yield of the related tax-exempt borrowing. The Authority has traditionally selected to utilize loan forgiveness at the retirement of the bonds to keep the yield within the designated bond yield of the related tax-exempt borrowing. The Authority's yield restriction expense increased by $17.8M in FY24 due to the acceleration of loan forgiveness resulting from the current year refunding component in the capital market transaction as well as an estimate for future loan forgiveness in older bond trusts.

Under arbitrage rebate requirements, investment interest earnings on tax-exempt proceeds are limited to the yield of the related tax-exempt bond issued. FY24 includes a $0.6M provision for estimated future arbitrage rebate payments in the newer bond trusts issued in the recent higher rate environment.

As a result of the Authority's operating and non-operating expense activities in FY24, total expenses increased by $40.6M or 36% compared to an increase of $15.3M or 16% in total expenses in FY23.

CHANGE IN NET POSITION

The following illustrates the comparative results of increases in net position from fiscal years ended June 30, 2024, 2023 and 2022, respectively:

(in thousands)

	2024	2023	2022
Operating revenues	$ 139,740	$ 107,368	$ 102,501
Operating expenses	129,143	107,124	96,691
Operating income	10,597	244	5,810
Non-operating revenues	25,724	15,706	1,056
Non-operating expenses	23,501	4,874	-
Non-operating income	2,223	10,832	1,056
Increase in net position	$ 12,820	$ 11,076	$ 6,866

Operating income

The Authority's operating income increased by $10.3M as a $16.5M increase in interest earned on education loan notes and a new $15M grant awarded to the Authority to support FY24 capital market bond issuance activities were partially offset by an increase in bond interest expense of $16.9M and loan program related expenses of $5.2M. In FY23, the Authority's operating income decreased by $5.6M as a $4.9M increase in total operating revenue was offset by an increase in bond interest expense of $9.6M reflective of a slowdown in bond principal paydowns and higher cost of funds.

Non-operating income

The Authority's non-operating income decreased by $8.6M as an increase in interest and dividend income of $10M was offset by an increase of $18.6M in arbitrage bond related expenses, which were accelerated due to FY24 bond refundings. In FY23, the Authority's non-operating income increased by $9.8M as investments performed well in a rising interest rate environment

As a result of these activities, net position increased by $12.8M in FY24 and increased by $11.1M during FY23.

FINANCIAL POSITION

The following table reflects the condensed Statements of Net Position at June 30, 2024 compared to the prior fiscal years ended 2023 and 2022. The Statements of Net Position present the financial position and financial strength of the Authority at the end of the fiscal year and includes all the assets, liabilities and deferred inflows of the Authority with the residual being classified as net position.

(in thousands)

	2024	2023	2022
Assets			
Cash and investments	$ 841,698	$ 730,043	$ 745,371
Education loan notes receivable	1,981,061	1,807,462	1,644,581
Other assets	50,952	46,295	41,308
Total assets	2,873,711	2,583,800	2,431,260
Liabilities			
Bonds payable	2,392,323	2,203,783	2,101,617
Notes payable	103,650	25,700	-
Bond and note interest payable	38,392	34,064	28,656
Other liabilities	38,821	33,471	25,136
Total liabilities	2,573,186	2,297,018	2,155,409
Deferred Inflows			
Gain on bond refunding	1,885	962	1,107
Total deferred inflows	1,885	962	1,107
Net Position			
Net investment in capital assets	9,627	10,827	7,984
Restricted	190,339	193,421	163,548
Unrestricted	98,674	81,572	103,212
Total net position	$ 298,640	$ 285,820	$ 274,744

Cash and investment balances increased by 15% mostly due to proceeds received from the Issue N 2024 capital market transaction. Cash and investment balances at the end of FY23 were consistent with FY22 year end balances

Education loan notes receivable increased by 10% in both FY24 and FY23 consistent with increases in new loan disbursements of 10% and 18%, respectively and higher loan interest rates on new loan originations over the past three fiscal years. The ratio of education loan note receivables to total assets was 69% and 70% at June 30, 2024 and 2023, respectively.

Other assets, which are comprised of interest receivable on education loan notes, prepaid expenses, and capital assets, increased by 10% due to a $5.3M increase in interest receivable consistent with the increase in education loan notes receivable. In FY23, Other assets included the recognition of $5.5M of subscription assets to conform to the capitalization requirements of GASB 96.

Bonds payable increased by 9% in FY24 as the Authority executed the $476M Issue N 2024 capital market transaction to fund the origination of new education loans and retire previously issued bonds and notes, which were partially offset by bond retirements and premium amortization of $287M. In FY23, bonds payable increased by 5% as the Authority executed the $333M Issue L 2023 capital market transaction to fund the origination of new education loans and retire previously issued commercial paper notes, which was partially offset by bond retirements and premium amortization of $231M.

Notes payable at June 30, 2024 represented $103.7M of commercial paper notes outstanding and reflect $129M of new notes issued and maturities of $51M during the fiscal year. In FY22, all commercial paper notes outstanding were retired with proceeds from the Issue M 2022 capital market transaction.

Other liabilities include a provision for estimated yield restriction liability of $10.3M and $4.9M at June 30, 2024 and 2023, respectively relating to IRS and Treasury regulations that require the Authority to keep the yield on its student loans within a designated percentage of the interest cost of the related tax-exempt borrowing. In addition, a $3.8M subscription liability to conform to the requirements of GASB 96 was recorded in FY23.

The increase in gain on bond refunding of $1M relates to previously issued bonds refunded as part of the Issue N 2024 capital market transaction.

Total net position of the Authority was $298.6M at June 30, 2024, representing an increase of $12.8M or 4.5% from the beginning of the fiscal year. Within net position, 67% is comprised of net investment in capital assets and those assets that are restricted through bond and note resolutions or program specific regulations at June 30, 2024. In FY23, net position increased by $11.1M or 4% from the beginning of the fiscal year.

STATEMENTS OF CASH FLOWS

The Statements of Cash Flows present information showing how the Authority's cash and cash equivalents position changed during the fiscal year. The Statements of Cash Flows classify cash receipts and cash payments as resulting from operating activities, non-capital financing activities, capital financing activities, and investing activities. Cash and cash equivalents were $298.8M and $303.9M at June 30, 2024 and 2023, respectively. These cash ending balances reflect the net activity of raising proceeds in the capital markets, disbursing that cash into education, and refinancing loans and collecting the loan payments over the life of the assets to pay debt service and operating expenses.

EDUCATIONAL LOAN NOTES ALLOWANCE

As of and for the years ending June 30, 2024, 2023 and 2022, respectively, the activity for the Authority's Education Loan Notes Allowance for Doubtful Accounts was as follows:

(in thousands)

Education Loan Note Defaulted Loans Provision	FY2024	FY2023	FY2022
Allowance at beginning of period	$102,112	$94,682	$89,363
Provision for education loan losses	$8,540	$7,430	$5,319
Allowance at end of period	$110,652	$102,112	$94,682
Gross loan defaults	$15,025	$13,202	$11,584
Recoveries	$5,359	$6,895	$5,730
Net loan defaults	$9,666	$6,307	$5,854
Net loan defaults as a percentage of average loans in repayment	0.61%	0.45%	0.43%
Allowance multiple of average non-current loans in repayment (90+ days)	9.51	9.84	9.64
Allowance as a percentage of the ending total loan balance	5.67%	5.74%	5.87%
Allowance as a percentage of ending loans in repayment	6.89%	6.90%	7.03%
Ending total loans, gross	$1,951,227	$1,778,422	$1,614,124
12-month average in repayment	$1,576,085	$1,408,324	$1,356,069
Ending loans in repayment	$1,606,940	$1,480,565	$1,346,333
12-month average 90+ days delinquent	$11,633	$10,373	$9,820
90+ days delinquent % of avg. repayment	0.74%	0.74%	0.72%

The Authority uses loan modifications to assist private loan borrowers demonstrating a need for temporary monthly payment relief. The loan modification plans in place temporarily reduce the borrower's monthly payment for up to forty-eight months without changing the original loan term or interest rate. As of June 30, 2024 and 2023, the total principal balance outstanding of loans in a modified status was $61M and $59M respectively, which represented approximately 3.8% of all loans in repayment. Loans in a modified payment plan status are factored into the allowance for education loan notes receivable, which is based on historical default and recovery performance.

During FY24, the Authority continued its methodology for estimating the allowance for doubtful accounts, which is derived from historical information based on the loan portfolios performance to achieve the current estimated net realizable value of the outstanding education loan notes. The FY24 provision for education loan losses was $8.5M, which increased the allowance for doubtful accounts to $110.7M. Approximately $6.4M and $5.1M of the allowance for doubtful accounts is allocated to education loans in deferment in FY24 and FY23, respectively.

DEBT ADMINISTRATION

As of June 30, 2024, the Authority had $2.36B of bond principal outstanding compared to $2.17B at the end of FY23. All of the Authority's outstanding bonds are rated by nationally recognized rating agencies.

Debt Issuance	S&P	Fitch	DBRS
FRN Indenture	AA+	AAA	-
Issue I	AA	A	-
Issue J	AA	A	-
Issue K - Senior	AA	AA	-
Issue K – Subordinate	A	-	-
Issue L – Senior	AA	-	-
Issue L – Subordinate	BBB	-	-
Issue M – Senior	AA	-	-
Issue M – Subordinate	BBB	-	-
Issue N – Senior	AA	-	-
Issue N – Senior Subordinate	A	-	-
Issue N – Subordinate	BBB	-	-
ABS 2018 Indenture - Senior	AA	-	AAA
ABS 2018 Indenture - Subordinate	A	-	A
ABS 2020 Indenture - Senior	AAA	-	AAA
ABS 2020 Indenture - Subordinate	AA	-	AA

The following is the segmentation of the bonds' outstanding portfolio:

- Fixed rate taxable revenue bonds represent 60% of the outstanding bond portfolio (an increase from 50% in FY23 and 45% in FY22).

- Fixed rate tax-exempt revenue bonds represent 35% of the outstanding bond portfolio (a decrease from 44% in FY23 and 47% in FY22).

- Fixed rate taxable asset backed notes represent 4% of the outstanding bond portfolio (a decrease from 5% in FY23 and 7% in FY22).

- Taxable floating rate notes represent 1% of the outstanding bond portfolio (no change from FY23 and FY22).

The Authority also had $103.7M of commercial paper notes outstanding at June 30, 2024 which are supported by a letter of credit. The notes have published short term ratings of A-1+ by S&P and F1+ by Fitch in each case based upon the issuance of the letter of credit by the bank. The letter of credit and any associated bank note or bank obligation are general obligations of the Authority.

CAPITAL ASSETS

For the year ended June 30, 2024, the Authority had $9.6M invested in capital assets, representing a net decrease (additions and depreciation) of $1.2M. The reconciliation below summarizes the change in capital assets by fiscal year. FY23 included $5.5M of technology subscription assets resulting from the implementation of GASB 96.

(in thousands)

	2024	2023	2022
Beginning balance, net	$ 10,827	$ 7,984	$ 8,074
Additions	1,856	5,882	2,165
Depreciation and amortization	(3,057)	(3,039)	(2,255)
Ending balance, net	$ 9,626	$ 10,827	$ 7,984

FINANCIAL CONTACT

The Authority's financial statements are designed to present readers with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives and expends. If you have any questions regarding the report or need additional financial information, please contact MEFA at 60 State Street, Suite 900, Boston, MA 02109.

Massachusetts Educational Financing Authority
Statements of Net Position
As of June 30, 2024 and 2023
(in thousands)

	2024	2023
Assets		
Current assets		
Cash and cash equivalents (Notes 3 and 4)	$ 272,969	$ 276,738
Investments (Notes 3 and 4)	21,266	21,257
Education loan notes receivable, net (Notes 3, 5, and 10)	165,751	149,657
Interest receivable on education loan notes (Note 3)	34,617	29,306
Prepaid expenses and other assets	6,661	5,872
Total current assets	501,264	482,830
Non-current assets		
Cash and cash equivalents (Notes 3 and 4)	25,792	27,131
Investments (Notes 3 and 4)	521,671	404,917
Derivative instruments (Notes 3 and 8)	47	290
Education loan notes receivable, net (Notes 3, 5, and 10)	1,815,310	1,657,805
Capital assets, net of accumulated depreciation (Notes 3, 12 and 13)	9,627	10,827
Total assets	$ 2,873,711	$ 2,583,800
Liabilities		
Current liabilities		
Accounts payable and accrued expenses (Note 3)	$ 17,415	$ 15,772
Bonds payable – current portion (Note 6)	127,115	129,239
Certificates payable (Note 9)	4,663	5,467
Accrued bond and note interest payable	38,392	34,064
Other liabilities – current (Notes 3 and 12)	1,697	1,747
Total current liabilities	189,282	186,289
Non-current liabilities		
Notes payable (Note 7)	103,650	25,700
Bonds payable – net of current portion (Note 6)	2,265,208	2,074,544
Yield restriction liability - (Note 3)	10,712	4,874
Other liabilities – non-current (Notes 3 and 12)	4,334	5,611
Total liabilities	2,573,186	2,297,018
Deferred inflows of resources		
Net gain on bond refunding (Note 6)	1,885	962
Total deferred inflows of resources	1,885	962
Total liabilities and deferred inflows of resources	2,575,071	2,297,980
Net position		
Net investment in capital assets	9,627	10,827
Restricted	190,339	193,421
Unrestricted	98,674	81,572
Total net position	298,640	285,820
Total liabilities, deferred inflows of resources and net position	$2,873,711	$ 2,583,800

The accompanying notes are an integral part of the financial statements.

Massachusetts Educational Financing Authority
Statements of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2024 and 2023
(in thousands)

	2024	2023
Operating revenues		
Interest on education loan notes receivable (Note 3)	$ 115,572	$ 99,069
College savings plan interest and fees (Note 9)	7,856	7,153
Other revenue	16,312	1,146
Total operating revenues	139,740	107,368
Operating expenses		
Bond and note interest expense (Notes 6 and 7)	81,863	65,005
Costs of bond and note issuance	4,332	3,105
Provision for doubtful education loan notes receivable (Note 5)	8,540	7,430
General and administrative (Notes 3, 11, 12, and 13)	33,008	30,490
Other expense	1,400	1,094
Total operating expenses	129,143	107,124
Operating income	10,597	244
Non-operating revenues (expenses)		
Interest and dividends	25,724	15,623
(Decrease) increase in fair value of derivative instruments	(244)	83
Arbitrage rebate liability expense (Note 3)	(595)	-
Yield restriction liability expense (Note 3)	(22,662)	(4,874)
Net non-operating revenues	2,223	10,832
Total increase in net position	12,820	11,076
Net position, beginning of year	285,820	274,744
Net position, end of year	$ 298,640	$ 285,820

The accompanying notes are an integral part of the financial statements.

Massachusetts Educational Financing Authority
Statements of Cash Flows
For the years ended June 30, 2024 and 2023

(in thousands)

	2024	2023
Cash flows from operating activities:		
Payments for disbursed loans	$ (448,603)	$ (406,441)
Payments received on outstanding loan principal	263,085	250,471
General and administrative payments	(30,541)	(26,962)
Interest received on education loans	95,418	83,225
Proceeds from other sources	24,054	8,284
Net cash used in operating activities	(96,587)	(91,423)
Cash flows from non-capital financing activities:		
Proceeds from issuance of bonds	472,165	332,843
Proceeds from issuance of commercial paper notes	129,000	107,100
Costs of bond and note issuance	(700)	(3,105)
Bond and note interest paid	(85,259)	(68,352)
Principal payments on bonds payable	(278,611)	(222,069)
Principal payments on commercial paper notes	(51,050)	(81,400)
Net cash provided by non-capital financing activities	185,545	65,017
Cash flows from capital financing activities:		
Purchase of capital assets and software development	(1,857)	(2,941)
Net cash used in capital financing activities	(1,857)	(2,941)
Cash flows from investing activities:		
Proceeds from maturity/sale of investments	329,853	21,613
Purchases of investments	(447,420)	(331,202)
Interest and dividends received on cash and investments	25,359	14,038
Net cash used in investing activities	(92,208)	(295,551)
Net decrease in cash and cash equivalents	(5,107)	(324,898)
Cash and cash equivalents, beginning of year	303,868	628,766
Cash and cash equivalents, end of year	$ 298,761	$ 303,868

The accompanying notes are an integral part of the financial statements.

(in thousands)

Reconciliation of operating income to net cash used in operating activities	2024	2023
Operating income	$ 10,597	$ 244
Adjustments to reconcile operating income to net cash used in operating activities:		
Depreciation expense	3,057	3,257
Provision for doubtful education loan notes receivable	8,540	7,430
Costs of bond and note issuance	4,332	3,105
Bond and note interest expense	81,863	65,005
Changes in assets and liabilities:		
Education loan notes receivable	(182,136)	(170,311)
Interest receivable on education loan notes	(27,972)	(409)
Prepaid expenses and other assets	(425)	(68)
Accounts payable and accrued expenses	1,644	324
Other liabilities	(1,925)	-
Accrued yield restriction	5,838	-
Net cash used in operating activities	$ (96,587)	$ (91,423)

The accompanying notes are an integral part of the financial statements.

Attainable Savings Plan **(a Custodial Fund of the Massachusetts Educational Financing Authority)**
Statements of Fiduciary Net Position
As of June 30, 2024 and 2023
(in thousands)

	2024	2023
Assets		
Investments, at fair value	$153,805	$110,821
Receivable for investments sold	5	46
Receivable for units sold	225	198
Distributions receivable	120	79
Total assets	154,155	111,144
Liabilities		
Payable for investments purchased	297	228
Payable for units redeemed	53	95
Accrued management fee	21	18
Total liabilities	371	341
Fiduciary net position, end of year	$153,784	$110,803

The accompanying notes are an integral part of the financial statements.

Attainable Savings Plan **(a Custodial Fund of the Massachusetts Educational Financing Authority)**
Statements of Changes in Fiduciary Net Position
For the years ended June 30, 2024 and 2023
(in thousands)

	2024	2023
Additions		
Contributions	$50,203	$34,535
Investments Earnings:		
Investment distributions from underlying funds	3,267	2,264
Capital gain distributions from underlying funds	47	2,345
Net increase / (decrease) in fair value of investments	10,228	3,628
Total Investments Earnings	13,542	8,237
Total additions	63,745	42,772
Deductions		
Withdrawals	(20,538)	(14,308)
Management fee	(226)	(189)
Total deductions	(20,764)	(14,497)
Increase in net position	42,981	28,275
Fiduciary net position, beginning of year	110,803	82,528
Fiduciary net position, end of year	$153,784	$110,803

The accompanying notes are an integral part of the financial statements.

NOTES TO THE ENTERPRISE FINANCIAL STATEMENTS

1. THE AUTHORITY

The Massachusetts Educational Financing Authority (the "Authority") is a body politic and corporate, constituting a public instrumentality of The Commonwealth of Massachusetts (the "Commonwealth"). The Authority was established as the Massachusetts College Student Loan Authority pursuant to Chapter 803 of the Acts of 1981, as amended (the "Act"), in recognition of the increasing costs of higher education, to assist students, their parents and institutions of higher education in financing, refinancing, and saving for the costs of such education.

Beginning in 1983, the Authority established several proprietary, unsecured consumer loan programs for financing and refinancing loans for undergraduate and graduate students, to finance higher education expenses, including credit based and need based loans that bear interest on a fixed rate or variable rate basis. Since inception, the MEFA financing program has included loans to finance higher education expenses of current students.

The Authority solicits participation in its loan programs from qualifying independent and public education institutions and eligible borrowers. For-profit higher education schools are not eligible to participate in the MEFA financing program. In addition to developing and operating its loan, savings and investment programs, the Authority conducts an extensive outreach program for students and parents across the Commonwealth on planning, saving, and paying for college.

The loan programs are carried out on a long-term funding basis using proceeds from Education Loan Revenue Bonds (the "Bonds") or Asset Backed Notes (see *Note 6*). The Bonds, which are issued under various resolutions, are special obligations of the Authority, which has no taxing power, payable solely from the revenues and the funds and accounts established and pledged under the resolutions. No revenues or other assets of the Authority are available to fund payment of the Bonds except as expressly provided by the resolutions. Neither the Commonwealth nor any political subdivision thereof is or shall be obligated to pay the principal or redemption or purchase price of and interest on the Bonds, and neither the full faith and credit, nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to such payment. The Authority has the same exemption as the Commonwealth (under I.R.S. Code, Section 115) from filing and/or paying federal income taxes.

In February 1995, the Authority, in cooperation with the Commonwealth and Massachusetts colleges and universities, introduced the Massachusetts College Saving Program, which was further named The U. Plan: The Massachusetts Tuition Prepayment Program (the "U. Plan") to distinguish between each of the Authority's two college savings programs. The U. Plan is a prepaid tuition program that permits individuals to save for a beneficiary's undergraduate tuition and mandatory fees at participating Massachusetts colleges and universities in a manner designed to preserve the purchasing power of an individual's savings.

In March 1999, the Authority, on behalf of the Commonwealth, introduced the U. Fund College Investing Plan (the "U. Fund"). The U. Fund is a tax-advantaged method of saving for higher education costs through investment vehicles such as stock, bond, and money market mutual funds. Those funds are professionally administered and managed by Fidelity Investments (an unrelated party) and held in a contractual trust on behalf of the owners of the funds and accordingly are not a component of these financial statements.

In 2003, the Authority introduced *MEFA Counselor* to coordinate its efforts to educate families and students about planning, saving, and paying for college. Working through schools, libraries and community organizations, the Authority provides step-by-step guidance to assist students in accessing higher education opportunities through in-person and virtual seminars, one-on-one telephone counseling, and online, interactive resources for families at every stage of the college financing process. The technology available through *MEFA Pathway*, previously known as *YourPlanForCollege*, introduced in 2010, offers a complete college and career planning resource for students, parents, and school counselors across the Commonwealth. The Commonwealth's college and career web portal is free for school counselors, students, and their families.

In 2015, the Authority introduced the MEFA refinancing program that offers credit-based fixed rate and variable rate loans to borrowers for the purpose of refinancing loans previously incurred for higher education expenses.

In March 2017, the Authority adopted a resolution (the "Note Resolution") to authorize the issuance of commercial paper notes ("the Notes") as a temporary financing mechanism for its loan programs (see *Note 7*). The Notes are supported by an irrevocable direct-pay letter of credit (the "Letter of Credit") and payable primarily from drawings on the Letter of Credit as well as revenues and the funds and accounts established and pledged under the resolution. The Authority intends to issue a combination of revenue bonds and asset backed notes to permanently finance education loans originated with proceeds from the Notes. The Notes are special obligations of the Authority. Neither the

Commonwealth nor any political subdivision thereof is or shall be obligated to pay the principal of or interest on the Notes, and neither the full faith and credit, nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to such payment.

In May 2017, the Authority, on behalf of the Commonwealth, introduced the Attainable Savings Plan (the "Attainable Plan"). The Attainable Plan, established under the Achieving a Better Life Experience (ABLE) Act of 2014, is a tax advantaged savings plan that allows individuals with disabilities to save for qualifying expenses through investment vehicles such as stock, bond, and money market mutual funds. Those funds are professionally managed by Fidelity and held by the Authority on behalf of the owners of the funds and accordingly are reported as a fiduciary fund of the Authority. The Governmental Accounting Standards Board ("GASB") requires fiduciary activities be excluded from the basic financial statements of business type activities and reported separately in fiduciary fund financial statements.

In 2021, the MEFA Institute was launched to offer free professional development opportunities to school counselors, college access professionals, college administrators, and community-based organizations focused on planning, saving, and paying for college. Expert guidance is provided through trainings, tools and resources.

2. BASIS OF PRESENTATION

Accounting and Reporting Standards
These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Authority accounts for and reports its activities by applying Standards of Governmental Accounting and Financial Reporting, as promulgated by the GASB. The statements are prepared utilizing the economic resources measurement focus and the accrual basis of accounting, wherein revenues are recognized when earned and expenses when incurred.

The GASB defines the basic financial statements of a business type activity as the following: Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. The Statement of Net Position is presented to illustrate both the current and non-current balances of each asset and liability, as well as deferred outflows of resources and deferred inflows of resources. All revenues and expenses are classified as either operating or non-operating activities in the Statement of Revenues, Expenses and Changes in Net Position. Operating activities are those that support the mission and purpose of the Authority. Non-operating activities represent transactions that are capital, investing, legislative or regulated in nature.

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. The GASB requires the categorization of net position into the following three components:

- **Net investment in capital assets**: capital assets, net of accumulated depreciation.

- **Restricted net position**: net position subject to externally imposed stipulations or enabling legislation that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. The Authority's restricted net position is comprised of:

  - **Trusteed Bond Funds**
    The Bond resolutions for the Trusteed Bond Funds establish various funds and accounts, the primary purpose of which is to (i) provide a basis for the allocation and disbursement of monies received by the Bond funds; (ii) pay Bond issuance costs; (iii) provide for the periodic payment of principal and interest; and (iv) establish reserves to provide for the timely servicing of debt obligations (see *Note 5*). The use of the assets of the various funds and accounts is governed and restricted by the Trusteed Bond Fund Resolutions (see *Note 6*).

    The assets, deferred outflows, liabilities, deferred inflows, and net position of these funds are the sole responsibility of the trust of each of the individual bond indentures. Neither the Authority, the College Savings funds, nor any other indenture have entitlement to any of the assets or any legal obligation to settle the liabilities of these bond indentures.

  - **Trusteed Notes Funds**
    The Notes issued under the Notes Resolution are special obligations of the Authority. The Notes are collateralized by the assets and associated revenues financed from Note proceeds and further supported by the Letter of Credit. The Letter of Credit and any associated bank note or bank obligation are general obligations of the Authority secured by the full faith and credit of the Authority.

The Note Resolution established certain funds and accounts to provide a basis for the allocation and disbursement of monies received by the Notes funds. The use of the assets of these funds and accounts is governed and restricted by the Note Resolution (see *Note 7*).

- **U. Plan**
  The College Savings Funds (the "Fund") consist of the U. Plan and the U. Fund. The U. Plan is governed by the terms and conditions of participation described in the Program Description and Offering Statement, including the Enrollment Agreement that is in effect for each enrollment year. The Fund accounts for fee income and for the operating expenses of the U. Plan as well as all monies received from the program investors and other deposits (*see Note 9*).

- **Program Reserve Fund**
  Pursuant to Chapter 15C, Section 5C, of the General Laws as established by Chapter 803 of the Acts of 1981, and as amended by Chapter 133, Section 12, of the Acts of 1992 (the "Act"), the program reserve fund was established by the Authority. The Act authorized the Authority to develop and establish a comprehensive state-supported supplemental education loan program. The program consists of lending medium and long-range fixed rate and variable rate loans. These programs shall operate at effective rates of interest and other feasible terms.

- **Unrestricted net position**: net position that is not subjected to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties. The Authority's unrestricted net position includes the general fund and fees earned from the U. Fund. The Authority's unrestricted net position is comprised of:

  - **General Fund**
    The General Fund, through monthly draws from the Trusteed Bond Funds and College Savings Funds, maintains the funds available for paying the operating expenses of the Authority, investing in capital assets, supporting capital market activities through direct contributions for cost of issuance and over collateralization requirements of structured transactions and liquidity for Letter of Credit requirements. The general fund may also include outstanding loans that remain after an entire trust is retired.

  - **U. Fund**
    The U. Fund is governed by the terms and conditions of participation described in the Fidelity Brokerage Services, LLC Customer Agreement, and the U. Fund Supplemental Information. While the beneficial interests of the participants of the U. Fund (or overall aggregate value of these funds) are not included in the financial statements, the Authority does receive certain fees and incurs related operating expenses in connection with the U. Fund that are included in these financial statements. The related revenue earned and expenses incurred by the Authority in offering the U. Fund program are not subject to externally imposed stipulations and therefore the aggregate net position of the program is classified on the Statement of Net Position as unrestricted (*see Note 9).*

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management Estimates
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.

Certain relevant elements such as tax policies, political and economic conditions, competition in products, asset pricing variance and interest rate fluctuations and relationships may result in actual results differing from those estimated. The Authority makes every effort to incorporate an analysis of all market conditions as of the Statement of Net Position date in determining what to record as the most accurate estimates.

Cash, Cash Equivalents and Investments
Cash and cash equivalents are comprised of cash in bank depository accounts and money market funds in the Trusteed Bond and Trusteed Note Funds, which are restricted in nature. Investments, the alternatives of which are governed by the Authority's enabling legislation, include guaranteed investment contracts in the Trusteed Bond Funds and money

market funds within the Authority's General and U. Plan funds. Cash and investments not intended to be used within one fiscal year are classified as long-term assets.

Interest and Fees on Education Loan Notes Receivable
Interest on education loan notes receivable is accrued and credited as earned on the principal amount outstanding.

Allowance for Education Loan Notes Receivable
The Trusteed Bond Fund Resolutions establish cash and investment reserve accounts to provide funding for education loan notes receivable which may reach a specified state of delinquency or uncollectibility (*see Note 5*). For financial accounting purposes, adjustments to the allowance for the estimated amount for each of the aforementioned items are included as an expense or revenue in the Statement of Revenues, Expenses and Changes in Net Position. This aggregate allowance is reviewed and adjusted as necessary based on management's assessment of the net realizable value of the loan portfolio.

Arbitrage Requirements
Arbitrage is earned when the proceeds of a tax-exempt bond issue are used to acquire investments that earn a yield more than the bond yield, which is the average yield issuers pay to their bondholders. Liabilities are measured by computing the excess amount earned on investments over the amount that would have been earned if proceeds were invested at the bond yield.

Under Internal Revenue Code (IRC) Section 148 and related Treasury Regulations, two sets of rules apply to the Authority to determine whether bonds are arbitrage bonds:

<u>Yield Restriction</u>
IRC Section 148(a) requires the Authority to keep the yield to the Authority on student loans within a designated percentage of the bond yield of the related tax-exempt borrowing. The Authority has traditionally selected to utilize loan forgiveness at the retirement of the bonds to keep the yield within the designated bond yield of the related tax-exempt borrowing.

A separate method of reducing yield is to make yield reduction payments to the United States Treasury. These estimated yield reduction payments may be made by the end of the tenth year and every fifth year thereafter during the life of each bond issue and when the bonds are retired. The Authority has contracted with a third party to calculate the estimated liability of the yield restrictions for bonds that are in their tenth year or beyond. The factors used in determining this estimate are sensitive to change in the future and consequently the change in estimate may be material to the financial statement results.

<u>Arbitrage Rebate</u>
Under IRC Section 148(f), arbitrage rebate represents the excess, if any, of amounts earned on bond proceeds and certain related funds on taxable securities (except for earnings that are not required to be rebated under limited exemptions under the Code) over the bond yield on the Authority's tax-exempt bonds, plus income attributable to any such excess. Such rebate payments are due every fifth year of each bond issue and when the bonds are retired. The Authority contracts with a third party to calculate estimated amounts due on an annual basis to the federal government. After reviewing and evaluating this estimate, management records a corresponding liability for any amount expected to be remitted.

Capital Assets
Capital assets include computer hardware, software development costs, furniture and fixtures, office equipment, lease assets, and subscription assets and are recorded at cost less accumulated depreciation computed using the straight-line method over an estimated useful life of 3 to 10 years *(see Note 13).* Capital assets are defined as assets over a certain dollar threshold with an estimated useful life more than one year.

Right-to-use Leases and Subscription Based Technology Agreements
The Authority is a lessee in a non-cancelable right-to-use office space lease and is also party to various non-cancelable subscription-based information technology arrangements that allow the Authority to use third party software for a period of time specified in a contract.

The Authority accounts for these arrangements in accordance with GASB Statement No. 87, "Leases" (GASB 87) and GASB Statement No. 96, "Subscription-Based Information Technology Arrangements" (GASB 96) whereas a liability and a corresponding asset are recognized at the commencement of the lease or agreement and measured at the present value of payments expected to be made during the term. Subsequently the liability is reduced by the principal portion of payments made during the term and the asset is amortized on a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

Investment Earnings
Investment earnings include interest earned on cash and investments.

Accounting and Financial Reporting for Refunding of Debt
Gains and losses on retirement of debt are accounted for in accordance with GASB 23 and GASB 65. The gains and losses on debt refunding, which involve the issuance of new debt whose proceeds are used to pay previously issued debt, have been recognized as deferred inflows or outflows of resources and amortized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. Gains and losses on extinguishment of debt that does not involve a refunding are recognized immediately.

General and Administrative Expenses
General and administrative expenses include personnel costs, professional fees, marketing costs and office expense and are funded by the Trusteed Bond Funds, College Savings Plans and Authority based on an operating budget prepared by Authority management and approved annually by the Board of Directors. Loan program administration costs are also included in general and administrative costs and funded by the Trusteed Bond Funds in accordance with the Trusteed Bond Fund resolutions requirements.

Fair Value
GASB statement No. 72, *Fair Value Measurement and Application* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement requires the use of certain valuation techniques when measuring fair value and established a hierarchy of valuation inputs: Level 1 inputs (quoted prices in active markets for identical investments), Level 2 inputs (inputs other than quoted prices that are observable) and Level 3 inputs (unobservable inputs). As of June 30, 2024 and June 30, 2023, the Authority's money market investments are categorized as Level 1 and derivative instruments are categorized as Level 2.

Derivative Instruments
The fair values of hedgeable derivatives and other derivatives are presented on the Statement of Net Position, either as a derivative liability (negative fair value) or as a derivative asset (positive fair value). The change in fair value of derivatives is recorded as a deferred inflow or outflow of resources if determined to be an effective hedge and presented on the Authority's Statement of Net Position. If a derivative instrument does not meet the criteria of a hedging derivative, the change in fair value is presented as an increase (decrease) in fair value of derivative instruments on the Statement of Revenues, Expenses and Changes in Net Position.

Recently Issued Accounting Pronouncements
In June 2022, GASB issued Statement No. 101, "Compensated Absences" (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The Authority is currently assessing the impact of GASB 101.

In December 2023, GASB issued Statement No. 102, "Certain Risk Disclosures" (GASB 102). The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Authority is currently assessing the impact of GASB 102.

In April 2024, GASB issued Statement No. 103, "Financial Reporting Model Improvements" (GASB 103). The objective of this Statement is to improve key components of the financial reporting model. The purposes of the improvements are to (a) enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and (b) address certain application issues identified through preagenda research conducted by the GASB. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Authority is currently assessing the impact of GASB 103.

In September 2024, GASB issued Statement No. 104, "Disclosure of Certain Capital Assets" (GASB 104). The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. GASB 104 requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34 and requires additional disclosures for capital assets held for sale   The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Authority is currently assessing the impact of GASB 104.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Authority's enabling legislation and its individual fund resolutions govern the investment alternatives available to the Authority. In general, the Authority may invest in obligations of the United States Government and its agencies, investment grade securities issued by the various states, time deposits in banks which are federally insured (provided that, to the extent such time deposits exceed insurance, they are either fully collateralized or are rated in the top three rating categories by Standard and Poor's Corporation ("S&P") or Moody's Investor's Service Inc. ("Moody's")) and in repurchase and investment agreements with financial institutions or insurance companies which are rated in the top three rating categories by S&P or Moody's or which meet certain capital standards. The requirements within the top three rating categories vary among the trusteed funds and depend upon the type of investment.

The following summarize the cash, cash equivalents and investments of the Authority and identifies certain types of investment risk as defined by Governmental Accounting Standards Board No. 40 Deposit and Investment Risks Disclosures at June 30, 2024 and 2023, respectively.

(in thousands)	2024	2023
Cash deposits	$ 1,834	$ 3,763
Mutual funds:		
Money market funds – Authority and College Savings	129,165	109,984
Money market funds – Trusteed Bonds and Notes	296,929	300,107
Guaranteed investment contracts	413,772	316,189
Total cash, cash equivalents and investments	$ 841,700	$ 730,043

At June 30, 2024, $732M of the total cash and investments balance listed above was restricted in nature and at June 30, 2023, $637.6M was restricted.

Credit Risk and Custodial Credit Risk
Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. Custodial credit risk is the risk that in the event of a financial institution's counterparty failure, the Authority's deposits or investments may not be returned to it. The Authority manages its exposure to credit risk and custodial credit risk by limiting investments to those permitted by the Authority's enabling legislation and its investment policy.

As of June 30, 2024 and June 30, 2023, $1.4M and $3.3M were exposed to custodial credit risk as uninsured and uncollateralized deposits, respectively. As required by the Authority's investment policy, depository banks are all rated in the top three rating categories by S&P or Moody's. The Authority's money market mutual funds are all rated AAAm by S&P.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

As of June 30, 2024, the Authority had guaranteed investment contracts with the following financial institutions:

Investment Agreement Contract Provider	**Current S&P Ratings**
Mass Mutual Life Insurance Company	AA+
Toronto-Dominion Bank	AA-

As of June 30, 2024, the Authority had the following cash and investments by financial institution within each outstanding trust and the Authority:

Authority, College Savings Funds and Trusteed Note Funds	Cash and Investments	% of Total
Bank of America	$ 1,422,891	1.0%
US Bank	$ 33,938	0.1%
Fidelity U.S. Government Portfolio – Authority	$ 102,459,790	72.4%
JP Morgan Federal Money Market – Authority	$ 5,439,609	3.9%
Fidelity Government Money Market – College Savings	$ 1,753,463	1.2%
First American Government Obligations - College Savings	$ 19,512,194	13.8%
Fidelity U.S. Government Portfolio – Trusteed Note Funds	$ 10,724,414	7.6%
Issue FRN Indenture	Cash and Investments	% of Total
Fidelity U.S. Government Portfolio	$ 2,242,804	100%
Issue ABS 18 Indenture	Cash and Investments	% of Total
Bank of America	$ 1,194	0.1%
Fidelity U.S. Government Portfolio	$ 1,147,107	99.9%
Issue ABS 20 Indenture	Cash and Investments	% of Total
Bank of America	$ 5,904	0.4%
Fidelity U.S. Government Portfolio	$ 1,616,777	99.6%
Issue I Indenture	Cash and Investments	% of Total
Bank of America	$ 75,685	0.1%
Fidelity U.S. Government Portfolio	$ 53,368,313	99.9%
Issue J Indenture	Cash and Investments	% of Total
Bank of America	$ 58,027	25.0%
Fidelity U.S. Government Portfolio	$ 173,884	75.0%
Issue K Indenture	Cash and Investments	% of Total
Bank of America	$ 23,117	0.1%
Fidelity U.S. Government Portfolio	$ 26,768,068	99.9%
Issue L Indenture	Cash and Investments	% of Total
Bank of America	$ 29,431	0.1%
Fidelity U.S. Government Portfolio	$ 113,162,247	82.2%
Mass Mutual Life Insurance Company	$ 24,016,500	17.5%
Toronto-Dominion Bank	$ 213,857	0.2%
Issue M Indenture	Cash and Investments	% of Total
Bank of America	$ 3,707	0.1%
Fidelity U.S. Government Portfolio	$ 85,390,355	99.9%
Issue N Indenture	Cash and Investments	% of Total
Bank of America	$ 228	0.0%
Fidelity U.S. Government Portfolio	$ 2,300,796	0.6%
Mass Mutual Life Insurance Company	$ 4,755,300	1.2%
Toronto-Dominion Bank	$ 385,000,000	98.2%
Total cash, cash equivalents and investments	$ 841,699,600	

5. EDUCATIONAL FINANCINGS

The Authority originates proprietary, unsecured consumer education loan notes at the original principal amount of the note. During the years ended June 30, 2024 and 2023, respectively, the activity for the Authority's Education loan notes receivable was as follows:

(in thousands)	2024	2023
Outstanding education loan notes receivable (beginning) gross	$ 1,909,574	$1,739,263
Increases to education loan notes receivable	463,423	421,832
Decreases to education loan notes receivable	(281,284)	(251,521)
Outstanding education loan notes receivable (ending) gross	2,091,713	1,909,574
Allowance for education loan notes receivable (beginning)	102,112	94,682
Increase to allowance for education loan notes receivable	8,540	7,430
Allowance for education loan notes receivable (ending)	110,652	102,112
Outstanding education loan notes receivable (ending) net	$ 1,981,061	$ 1,807,462

The allowance for educational loan notes receivable is derived from information based on the loan portfolios historical default and recovery performance to achieve the current estimated net realizable value of the outstanding education loan notes.

Defaulted loans are included in outstanding education loan notes receivable and classified as non-current assets with a portion classified as current assets based on estimated collections.

The Authority uses loan modifications to assist private loan borrowers, demonstrating a need for temporary payment relief during difficult economic times. The loan modification plans in place temporarily reduce the borrower's monthly payment for up to twenty-four months without changing the original loan term or interest rate. As of June 30, 2024 and 2023, the total principal balance outstanding of loans in a modified status was $61M and $59M representing approximately 3.8% of all loans in repayment, respectively. At June 30, 2024 and 2023, these modified loans were 94.8% and 93.9% current, respectively, defined as less than 30 days past due, regarding monthly payments received under the modified terms. Loans in a modified payment plan status are factored into the allowance for education loan notes receivable, which is based on historical default and recovery performance.

The loan and debt service reserve funds are designed and funded to provide another level of support for defaulted loans and debt service payments that provide stability to the cash flow of the bond issuance. On an annual basis, the reserve requirements are reviewed and funded by cash balances at levels approved by the insurer or rating agencies of each specific bond issue. The fund balance of the loan and debt service reserve requirements in aggregate was $33.8M and $34.1M for fiscal years 2024 and 2023, respectively.

6. BONDS PAYABLE

The following table shows the bonds payable activity related to education loan financings for the fiscal years ended 2024 and 2023:

(in thousands)

	2023	Issued	Redeemed	2024
Taxable education loan revenue bonds, final maturities 2032-2049 at fixed interest rates of 2.00%-6.35%	$ 1,076,015	$ 370,040	$ (32,985)	$ 1,413,070
Tax-exempt education loan revenue bonds, final maturities 2030-2054 at fixed interest rates of 2.00%-5.00%	951,871	105,490	(219,241)	838,120
Education loan asset backed notes, final maturities 2033-2042 at fixed interest rates of 2.30%-4.65%	124,365	-	(22,916)	101,449
Floating rate notes, final maturity 2038 at variable interest rates	13,376	-	(3,469)	9,907
Bonds Outstanding, Gross Balance	2,165,627	475,530	(278,611)	2,362,546
Net unamortized issuance premiums	38,156	268	(8,647)	29,777
Bonds Outstanding, Net Balance	$ 2,203,783	$475,798	$ (287,258)	$2,392,323

	2022	Issued	Redeemed	2023
Taxable education loan revenue bonds, final maturities 2032-2049 at fixed interest rates of 2.00%-5.95%	$ 918,650	$ 214,930	$ (57,565)	$ 1,076,015
Tax-exempt education loan revenue bonds, final maturities 2030-2054 at fixed interest rates of 2.00%-5.00%	967,046	115,085	(130,260)	951,871
Education loan asset backed notes, final maturities 2033-2042 at fixed interest rates of 2.30%-4.65%	152,250	-	(27,885)	124,365
Floating rate notes, final maturity 2038 at variable interest rates	19,735	-	(6,359)	13,376
Bonds Outstanding, Gross Balance	2,057,681	330,015	(222,069)	2,165,627
Net unamortized issuance premiums	43,936	2,828	(8,608)	38,156
Bonds Outstanding, Net Balance	$ 2,101,617	$ 332,843	$ (230,677)	$ 2,203,783

Bonds payable issued under the individual Trust resolutions are payable from a pledge of the assets and revenues of each Trusteed Bond Fund. Bonds may be redeemed at par and ahead of scheduled maturity under circumstances specified in the Bond Resolutions. All bonds payable issued under the Trust resolutions contain a provision that in the event of default, the timing of repayment of outstanding amounts become immediately due.

On May 31, 2024, under the Issue N 2024 Bond Resolution, the Authority issued $475.5M of education loan revenue bonds to finance and refinance education loans. The N2024 bonds were issued with a premium of $0.3M. Proceeds of $72.4M from the Issue N Series 2024 bonds were used to optionally redeem bonds previously issued under the Issue J resolutions. The difference between the reacquisition price and the net carrying amount of the old debt of $1.1M was reported as a deferred inflow of resources in fiscal year 2024 and recognized as a component of interest expense over the remaining life of the new debt. These refunding transactions did not result in a material economic gain or a significant difference between the cash flows required to service the old debt and cash flows required to service the new debt.

On June 2, 2023, under the Issue L 2023 Bond Resolution, the Authority issued $330M of education loan revenue bonds to finance and refinance education loans. The Issue L 2023 Bonds were issued with a premium of $2.8M.

Total interest expense for the years ended June 30, 2024 and 2023 was $81.9M and $65M, respectively and includes $7.6M and $8.6M amortization of bond issuance premium, respectively.

As of June 30, 2024 mandatory annual maturities of bonds principal payable by Trusteed Bond Fund for the next five fiscal years and thereafter are as follows (in thousands):

	2025	2026	2027	2028	2029	Remaining Schedule	Total Payable
2008 FRN	-	-	-	-	-	$9,907	$ 9,907
2014 Issue I	33,600	24,000	18,000	-	-	-	75,600
2015A Issue I	7,000	8,000	-	-	-	-	15,000
2015B Issue I	5,070	1,230	465	470	435	260	7,930
2017 Issue K	13,230	12,480	9,370	-	-	42,800	77,880
2018 Issue L	24,210	26,165	25,710	23,545	17,590	50,290	167,510
2018 ABS	-	-	-	-	-	37,899	37,899
2019 Issue L	12,380	13,705	13,755	13,855	15,880	63,500	133,075
2020 ABS	-	-	-	-	-	63,550	63,550
2020 Issue L	18,065	20,550	24,715	25,360	24,230	98,130	211,050
2021 Issue M	7,000	20,000	29,800	27,800	29,700	259,115	373,415
2022 Issue M	4,000	19,400	24,900	30,800	30,600	274,485	384,185
2023 Issue L	-	-	-	-	19,000	311,015	330,015
2024 Issue N	-	-	4,000	5,500	20,240	445,790	475,530
	$124,555	$145,530	$150,715	$127,330	$157,675	$ 1,656,741	$2,362,546

The following is a summary of the principal maturities and estimated interest expense for bonds payable outstanding at June 30, 2024 (in thousands):

Year Ending June 30	Principal	Interest	Total Debt Service
2025	$124,555	$91,259	$215,814
2026	145,530	98,781	244,311
2027	150,715	92,484	243,199
2028	127,330	86,612	213,942
2029	157,675	80,824	238,499
2030-2034	595,287	321,946	917,233
2035-2039	260,787	232,510	493,297
2040-2044	56,747	203,311	260,058
2045-2049	325,065	139,066	464,131
2050-2054	378,000	29,068	407,068
Thereafter	40,855	1,021	41,876
	$2,362,546	$1,376,883	$3,739,429

In July and August 2024, the Authority redeemed fixed rate bonds outstanding of $121.6M and $1.3M of floating rate notes.

7. NOTES PAYABLE

The Note Resolution and subsequent amendments authorize the issuance and sale of up to $350M of Commercial Paper Revenue Notes. The Notes are interest bearing obligations with maturities no later than 270 days from their date of issuance and payable primarily from draws on the Letter of Credit at maturity as well as revenues and the funds and accounts established and pledged under the Note Resolution. There were no draws outstanding on the Letter of Credit at June 30, 2024 and 2023.

The activity related to the Notes for the fiscal years ended 2024 and 2023 was as follows:
(in thousands)

	2024	2023
Notes outstanding, beginning balance	$ 25,700	$ -
Commercial paper notes issued	129,000	107,100
Commercial paper notes matured	(51,050)	(81,400)
Notes outstanding, ending balance	$ 103,650	$ 25,700

The Notes are a short-term financing mechanism and the Authority has historically issued a combination of long-term revenue bonds and asset backed notes to finance the education loans originated with proceeds from the Notes. Proceeds from education loan revenue bond Issue N 2024 were used to retire $24M of commercial paper notes outstanding in fiscal year 2024. In fiscal year 2023, proceeds from education loan revenue bond Issue L 2023 were used to retire $30M of commercial paper notes outstanding.

Total interest expense on the Notes for the fiscal years ended June 30, 2024 and June 30, 2023 was $4.9M and $0.5M, respectively. Interest rates on Notes issued during fiscal year 2024 ranged from 5.32% to 5.54% with maturities ranging from 1 day to 70 days and an average outstanding note balance during the fiscal year of $88M. Interest rates on Notes issued during fiscal year 2023 ranged from 4.85% to 5.35% with maturities ranging from 9 days to 61 days and an average outstanding note balance during the fiscal year of $10.5M

As the Authority has demonstrated the ability to consummate the refinancing of the Notes, the obligation is reported as a non-current liability on the Statement of Net Position.

8. DERIVATIVES

As a method to manage the debt costs associated with financing student loans, the Authority has engaged in the use of interest rate cap derivatives, which were structured specifically regarding its underlying asset portfolio. As the interest rate caps no longer meet the criteria of an effective hedging relationship, they are presented as other derivatives on the Statement of Net Position and any changes in fair value are presented as an increase or decrease in fair value of derivative instruments on the Statement of Revenues, Expenses & Changes in Net Position.

The fair value of the other derivatives was $46.9K and $290.8K at June 30, 2024 and 2023, respectively with amortized notional balances outstanding of $51.8M and $60.7M, respectively.

9. COLLEGE SAVINGS INVESTING PROGRAMS

The U. Plan was developed by the Authority in cooperation with the Commonwealth of Massachusetts, pursuant to specific legislative authorization in 1989. The purpose of the U. Plan is to allow families to save for undergraduate tuition at participating Massachusetts colleges and universities in a manner designed to preserve the purchasing power of the savings.

As of June 30, 2024 and 2023, the Authority had deposits of $4.7M and $5.5M, respectively for the purchase of tuition certificates under the Commonwealth of Massachusetts General Obligation Bonds, effective August 1, 2024, and August 1, 2023, respectively.

As part of the annual cycle of the U. Plan program, Commonwealth of Massachusetts General Obligation Bonds were purchased as follows:

(in thousands)

	Bonds Purchased	Issue Date	Maturity Dates From/Through
2002 College Opportunity Bonds, Series A	5,970	August 1, 2002	August 1, 2007 / 2022
2003 College Opportunity Bonds, Series A	6,343	August 1, 2003	August 1, 2008 / 2023
2004 College Opportunity Bonds, Series A	7,118	August 1, 2004	August 1, 2009 / 2024
2005 College Opportunity Bonds, Series A	7,078	August 1, 2005	August 1, 2010 / 2025
2006 College Opportunity Bonds, Series A	5,763	August 1, 2006	August 1, 2011 / 2026
2007 College Opportunity Bonds, Series A	6,028	August 1, 2007	August 1, 2012 / 2027
2008 College Opportunity Bonds, Series A	5,894	August 1, 2008	August 1, 2013 / 2028
2009 College Opportunity Bonds, Series A	6,903	August 1, 2009	August 1, 2014 / 2029
2010 College Opportunity Bonds, Series A	8,426	August 1, 2010	August 1, 2015 / 2030
2011 College Opportunity Bonds, Series A	9,031	August 1, 2011	August 1, 2016 / 2031
2012 College Opportunity Bonds, Series A	11,738	August 1, 2012	August 1, 2017 / 2032
2013 College Opportunity Bonds, Series A	10,998	August 1, 2013	August 1, 2018 / 2033
2014 College Opportunity Bonds, Series A	9,781	August 1, 2014	August 1, 2019 / 2034
2015 College Opportunity Bonds, Series A	9,209	August 1, 2015	August 1, 2020 / 2035
2016 College Opportunity Bonds, Series A	8,675	August 1, 2016	August 1, 2021 / 2036
2017 College Opportunity Bonds, Series A	9,442	August 1, 2017	August 1, 2022 / 2037
2018 College Opportunity Bonds, Series A	8,136	August 1, 2018	August 1, 2023 / 2038
2019 College Opportunity Bonds, Series A	8,386	August 1, 2019	August 1, 2024 / 2039
2020 College Opportunity Bonds, Series A	7,048	August 1, 2020	August 1, 2025 / 2040
2021 College Opportunity Bonds, Series A	7,836	August 1, 2021	August 1, 2026 / 2041
2022 College Opportunity Bonds, Series A	7,236	August 1, 2022	August 1, 2027 / 2042
2023 College Opportunity Bonds, Series A	7,104	August 1, 2023	August 1, 2028 / 2043
Total	$ 174,143		

The U. Plan tuition certificates represent a beneficial ownership interest in these bonds. The bonds bear interest at a rate equal to the annual increase in the consumer price index plus 2.5%. Between the date deposits are collected from participants and the purchase of the bonds, the amounts collected and a related liability to participants are recorded on the Statement of Net Position as certificates payable. Once bonds are purchased, the liability is removed from the Statement of Net Position of the Authority. When bonds mature, the cash is moved to an investment account restricted to MEFA's use and an associated liability to U. Plan participants is recorded on the Statement of Net Position. As of June 30, 2024 and 2023, included in accounts payable and accrued expenses, were matured certificates payable to U. Plan participants in the amounts of $11.3M and $11M, respectively.

The U. Fund was developed by the Authority on behalf of the Commonwealth of Massachusetts under section 529 of the Internal Revenue Code of 1986, as amended. The purpose of the U. Fund is to allow families to save for higher education expenses through the investment in mutual funds, which are professionally managed by Fidelity Investments. At June 30, 2024 and 2023, the U. Fund was composed of thirty-seven portfolios, comprised of equity, fixed income, and money market funds. Each portfolio is designed to accommodate the asset allocation based on the risk profile of the participants. As of June 30, 2024 and 2023, net assets for the U. Fund were $9,661M and $8,412M, respectively.

10. RELATED PARTIES

During the fiscal years ended June 30, 2024 and June 30, 2023, four members of the Authority were officers/trustees of participating institutions and the Authority purchased loans totaling $14.2M and $11.8M, respectively, in principal balance, from these institutions. At June 30, 2024 and 2023 $71.8M and $69M, respectively, of loans purchased from those institutions were outstanding.

11. DEFINED CONTRIBUTION PLANS

All employees of the Authority participate in the Massachusetts Educational Financing Authority Retirement Savings Plan (the "Plan"); a defined contribution plan created in accordance with Internal Revenue Code Sections 401(a) and 414(d). Plan benefit terms are established and may be amended by the Authority acting in its capacity as Plan Administrator. The Authority contributes an amount equal to 12.4% of an employee's gross salary to the Plan, which vest 100% after two years of employment.

The Authority also offers the Deferred Compensation Plan of the Massachusetts Educational Financing Authority (the "Deferred Plan"). The Deferred Plan was created under Internal Revenue Code Section 457(b) and allows employees the opportunity to make pre- and post-tax contributions to the plan subject to IRS limitations. Deferred Plan benefit terms are established and may be amended by the Authority acting in its capacity as Plan Administrator. The Authority provides a matching contribution equal to 100% of the amount contributed to the Deferred Plan up to 6% of an employee's gross salary. Total employee contributions to the Deferred Plan for the years ended June 30, 2024 and 2023 were $533K and $495K, respectively. Employee contributions to the Deferred Plan vest immediately.

It is the Authority's policy to fund contributions on a current basis. Total retirement plan expense included in general and administrative expense on the Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2024 and 2023 was $1.2M and $1.1M, respectively. The Authority pays administrative expenses of the plans for the plan participants and Matrix Financial Solutions is the custodian of the plan assets.

12. RIGHT-TO-USE LEASE AND SUBSCRIPTION BASED TECHNOLOGY ARRANGEMENTS

The Authority entered into a ten-year lease agreement for its current office space commencing in March 2018. In accordance with GASB 87, a lease liability and corresponding lease asset have been recognized for this lease.

At June 30, 2024 and 2023, the balance of the lease liability was as follows:

(in thousands)	2024	2023
Lease liability, current	$ 731	$ 703
Lease liability, non-current	2,090	2,821
Total lease liability	$ 2,821	$ 3,524

A summary of the principal and interest requirements to maturity for the lease liability is presented below (in thousands):

Year Ending June 30	Total lease payments	Interest	Principal
2025	$782	$51	$731
2026	796	36	760
2027	809	20	789
2028	545	4	541
Total	$2,932	$111	$2,821

The office space lease is subject to the Authority paying certain variable operating costs, such as annual escalation for increases in real estate taxes and operating expenses, which are not included in the measurement of the lease liability balances above. Total expense relating to these costs for the years ended June 30, 2024 and 2023 was $66.2K and $44K, respectively.

The Authority is also party to subscription-based information technology arrangements that allow the Authority to use third party software, alone or in combination with technology assets, for a period of time specified in a contract. In accordance with GASB 96, which was adopted by the Authority in fiscal year 2023, a subscription liability and corresponding subscription asset have been recognized for these arrangements.

At June 30, 2024 and 2023, the balance of the subscription liability was as follows:

(in thousands)	2024	2023
Subscription liability, current	$ 966	$ 1,043
Subscription liability, non-current	1,649	2,790
Total subscription liability	$ 2,615	$ 3,833

A summary of the principal and interest requirements to maturity, presented separately, for the subscription liability is presented below (in thousands):

Year Ending June 30	Total subscription payments	Interest	Principal
2025	$1,052	$86	$966
2026	844	53	791
2027	878	20	858
Total	$2,774	$159	$2,615

13. CAPITAL ASSETS

The activity related to the Authority's capital assets for the fiscal years ended 2024 and 2023, respectively, was as follows:

(in thousands)	June 30, 2023	Additions	June 30, 2024
Software	$ 14,798	$ 1,498	$ 16,296
Right-to-use lease assets	6,034	-	6,034
Subscription assets	5,519	347	5,866
Computer hardware	736	12	748
Furniture	434	-	434
Equipment	304	-	304
Total capital assets (at cost)	27,825	1,857	29,682
Accumulated depreciation	(16,998)	(3,057)	(20,055)
Capital assets, net	$ 10,827	$ (1,200)	$ 9,627

(in thousands)

	June 30, 2022	Additions	June 30, 2023
Software	$ 14,463	$ 335	$ 14,798
Right-to-use lease assets	6,034	-	6,034
Subscription assets	-	5,519	5,519
Computer hardware	730	6	736
Furniture	434	-	434
Equipment	282	22	304
Total capital assets (at cost)	21,943	5,882	27,825
Accumulated depreciation	(13,959)	(3,039)	(16,998)
Capital assets, net	$ 7,984	$ 2,843	$ 10,827

Included in general and administrative expenses are depreciation expenses of $3.1M and $3M for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTES TO FIDUCIARY FUND FINANCIAL STATEMENTS

1. THE ATTAINABLE PLAN

In May 2017, the Authority, on behalf of the Commonwealth, introduced the Attainable Savings Plan (the "Attainable Plan"). The Attainable Plan, established under the Achieving a Better Life Experience (ABLE) Act of 2014, is a tax advantaged savings plan under Section 529A of the Internal Revenue Code that allows individuals with disabilities to save for qualifying disability expenses through investment portfolios ("Portfolios") managed by Fidelity Management & Research Company LLC (FMR) and held by the Authority on behalf of the account owners in a custodial fund. A custodial fund is a type of fiduciary fund which is used to report assets held in a trustee or custodial capacity for others and therefore cannot be used to support a government's own programs. Fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flow. The Governmental Accounting Standards Board ("GASB") requires fiduciary funds be reported separately from the basic financial statements of business type activities.

2. BASIS OF PRESENTATION

Accounting and Reporting Standards
The GASB defines the basic financial statements of a fiduciary custodial fund as the Statement of Fiduciary Net Position, which presents information on the Attainable Plan's assets and liabilities and a Statement of Changes in Fiduciary Net Position, which presents information showing how the Attainable Plan's net position changed during the year. The Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position present only the Attainable Plan, not the financial position of the Authority or changes to its financial position or cash flows in accordance with accounting principles generally accepted in the United States of America.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These fiduciary fund financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB, which requires management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from those estimates. The following summarizes the significant accounting policies of the Attainable Plan:

Investment Valuation
Each Portfolio categorizes the inputs to valuation techniques used to value its investments into a disclosure hierarchy consisting of three levels as shown below:

Level 1 – quoted prices in active markets for identical investments
Level 2 – other significant observable inputs
Level 3 – unobservable inputs (including each Portfolio's own assumptions based on the best information available)

Investments in the underlying funds are valued at their closing net asset value (NAV) each business day. As of June 30, 2024, and June 30, 2023, all investments held by the Portfolios are categorized as Level 1 under the fair value hierarchy

Investment Transactions and Income
For financial reporting purposes, the Portfolios' investment holdings and NAV include trades executed through the end of the last business day of the period. The NAV per unit for processing designated beneficiary transactions is calculated as of the close of business of the New York Stock Exchange and includes trades executed through the end of the prior business day. Gains and losses on securities sold are determined on the basis of average cost. Income and capital gain distributions from the underlying funds, if any, are recorded on the ex-dividend date. Interest income is accrued as earned. There are no distributions of net investment gains or net investment income to the Portfolios' designated beneficiaries or persons with signature authority.

Expenses
Expenses are recorded on the accrual basis. Expense estimates are accrued in the period to which they relate and adjustments are made when actual amounts are known. Expenses included in the accompanying financial statements reflect the expenses of each Portfolio and do not include any expenses associated with the underlying funds.

Contributions and Withdrawals
Contributions and withdrawals are recognized on the trade date. Contributions on the Statement of Changes in Fiduciary Net Position include any contributions to the Attainable Plan made by account owners and any exchanges within the Attainable Plan that result in a reinvestment of assets. Withdrawals in the Statement of Changes in Fiduciary Net Position include any withdrawals from the Attainable Plan made by account owners and any exchanges within the Attainable Plan that result in a withdrawal and subsequent reinvestment of assets.

Other
There are no unrecognized tax benefits in the accompanying financial statements in connection with the tax positions taken by each Portfolio. The Portfolios do not file any tax returns since the Attainable Plan is exempt from federal and state income tax under Section 529A of the Internal Revenue Code.

4. PLAN FEES

The Authority has entered into a Management & Administrative Services agreement with Fidelity Brokerage Services, LLC, to provide administrative, record-keeping, distribution, and marketing services to the Attainable plan. Under this agreement and a related agreement with FMR, a Management and Administration Fee is charged to the Portfolios at an annual rate based on the net assets of each Portfolio. This fee has two components, a Program Manager fee paid to FMR, which ranges from .00% to .12% and a State Sponsor fee paid to the Authority, which ranges from .00% to .05%.

5. INVESTMENTS

The following summarizes the value of the investments of the Attainable Plan (in thousands):

Portfolios	Underlying Funds	June 30, 2024	June 30, 2023
ABLE Conservative Income 20%	Fidelity Asset Manager® 20%	$10,102	$7,846
ABLE Income 30% Portfolio	Fidelity Asset Manager® 30%	7,278	5,765
ABLE Moderate Income 40% Portfolio	Fidelity Asset Manager® 40%	8,049	6,121
ABLE Balanced 50% Portfolio	Fidelity Asset Manager® 50%	19,577	14,978
ABLE Moderate Growth 60% Portfolio	Fidelity Asset Manager® 60%	18,792	13,977
ABLE Growth 70% Portfolio	Fidelity Asset Manager® 70%	21,838	15,791
ABLE Aggressive Growth 85% Portfolio	Fidelity Asset Manager® 85%	35,427	25,867
ABLE Multi-Asset Index Portfolio	Fidelity® Multi-Asset Index Fund	2,900	-
ABLE Money Market Portfolio	Fidelity® Government Cash Reserves	29,842	20,476
		$153,805	$110,821

At June 30, 2024 and June 30, 2023, the costs of investments were $143.4M and $110.5M, respectively.

Supplemental Schedules

The following supplementary information, which provides financial information segregated by fund, is presented for purposes of additional analysis and is not a required part of the financial statements of the Authority.

Massachusetts Educational Financing Authority

Supplemental Schedule 1

Statements of Net Position

June 30, 2024 and 2023

	2024					2023				
Assets	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**
Current assets										
Cash and cash equivalents	$ 260,788	$ 10,758	$ 1,035	$ 388	$ 272,969	$ 272,070	$ 1,328	$ 3,573	$ (233)	$ 276,738
Investments	-	-	21,266	-	21,266	-	-	21,257	-	21,257
Education loan notes receivable, net	159,822	5,191	-	738	165,751	146,709	1,648	-	1,300	149,657
Interest receivable on education loan notes	34,404	213	-	-	34,617	29,275	31	-	-	29,306
Prepaid expenses and other assets	1,988	45	3,653	975	6,661	1,832	9	3,142	889	5,872
Interfund balances	(1,887)	-	-	1,887	-	(1,012)	-	-	1,012	-
Total current assets	455,115	16,207	25,954	3,988	501,264	448,874	3,016	27,972	2,968	482,830
Non-current assets										
Cash and cash equivalents	25,792	-	-	-	25,792	27,131	-	-	-	27,131
Investments	413,772	-	47,840	60,059	521,671	316,189	-	40,648	48,080	404,917
Derivative instruments	-	-	-	47	47	-	-	-	290	290
Education loan notes receivable, net	1,716,301	88,557	-	10,452	1,815,310	1,624,365	22,946	-	10,494	1,657,805
Capital assets, net of accumulated depreciation	-	-	-	9,627	9,627	-	-	-	10,827	10,827
Total assets	$ 2,610,980	$ 104,764	$ 73,794	$ 84,173	$ 2,873,711	$ 2,416,559	$ 25,962	$ 68,620	$ 72,659	$ 2,583,800
Liabilities										
Current liabilities										
Accounts payable and accrued expenses	$ 667	$ -	$ 11,335	$ 5,413	$ 17,415	$ 237	$ -	$ 11,026	$ 4,509	$ 15,772
Bonds payable - current portion	127,115	-	-	-	127,115	129,239	-	-	-	129,239
Certificates payable	-	-	4,663	-	4,663	-	-	5,467	-	5,467
Accrued bond and note interest payable	37,917	475	-	-	38,392	34,030	34	-	-	34,064
Other liabilities - current	-	-	-	1,697	1,697	-	-	-	1,747	1,747
Total current liabilities	165,699	475	15,998	7,110	189,282	163,506	34	16,493	6,256	186,289
Non-current liabilities										
Notes payable	-	103,650	-	-	103,650	-	25,700	-	-	25,700
Bonds payable - net of current portion	2,265,208	-	-	-	2,265,208	2,074,544	-	-	-	2,074,544
Yield restriction liability	10,712	-	-	-	10,712	4,874	-	-	-	4,874
Other liabilities - non-current	595	-	-	3,739	4,334	-	-	-	5,611	5,611
Total liabilities	2,442,214	104,125	15,998	10,849	2,573,186	2,242,924	25,734	16,493	11,867	2,297,018
Deferred inflows of resources										
Net gain on bond refunding	1,885	-	-	-	1,885	962	-	-	-	962
Total deferred inflows of resources	1,885	-	-	-	1,885	962	-	-	-	962
Total liabilities and deferred inflows of resources	2,444,099	104,125	15,998	10,849	2,575,071	2,243,886	25,734	16,493	11,867	2,297,980
Net position										
Net investment in capital assets	-	-	-	9,627	9,627	-	-	-	10,827	10,827
Restricted	166,881	639	20,706	2,113	190,339	172,673	228	18,517	2,003	193,421
Unrestricted	-	-	37,090	61,584	98,674	-	-	33,610	47,962	81,572
Total net position	166,881	639	57,796	73,324	298,640	172,673	228	52,127	60,792	285,820
Total liabilities, deferred inflows and net position	$ 2,610,980	$ 104,764	$ 73,794	$ 84,173	$ 2,873,711	$ 2,416,559	$ 25,962	$ 68,620	$ 72,659	$ 2,583,800

Massachusetts Educational Financing Authority

Supplemental Schedule 1

Statements of Revenues, Expenses and Changes in Net Position

For the years ended June 30, 2024 and 2023

	2024					2023				
Operating revenues	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**
Interest on education loan notes receivable	$ 109,720	$ 5,852	$ -	$ -	$ 115,572	$ 98,426	$ 641	$ -	$ 2	$ 99,069
College savings plan interest and fees	-	-	7,793	63	7,856	-	-	7,107	46	7,153
Other revenue	-	-	1,312	15,000	16,312	-	-	1,146	-	1,146
Total operating revenues	109,720	5,852	9,105	15,063	139,740	98,426	641	8,253	48	107,368
Operating expenses										
Bond and note interest expense	76,978	4,885	-	-	81,863	64,464	541	-	-	65,005
Costs of bond and note issuance	4,308	-	-	24	4,332	3,090	-	-	15	3,105
Provision for doubtful education loan notes receivable	7,876	816	-	(152)	8,540	5,789	283	-	1,358	7,430
General and administrative	19,052	2	6,014	7,940	33,008	9,960	1	6,742	13,787	30,490
Other expense	1,400	-	-	-	1,400	1,093	-	-	1	1,094
Total operating expenses	109,614	5,703	6,014	7,812	129,143	84,396	825	6,742	15,161	107,124
Operating income (loss)	106	149	3,091	7,251	10,597	14,030	(184)	1,511	(15,113)	244
Non-operating revenues (expenses)										
Interest and dividends	19,750	335	2,578	3,061	25,724	11,836	44	1,791	1,952	15,623
(Decrease) increase in fair value of derivative instruments	-	-	-	(244)	(244)	-	-	-	83	83
Arbitrage rebate liability expense	(595)	-	-	-	(595)	-	-	-	-	-
Yield restriction liability expense	(22,662)	-	-	-	(22,662)	(4,874)	-	-	-	(4,874)
Net asset transfers	(17,803)	-	-	17,803	-	-	-	-	-	-
Net non-operating revenues	(21,310)	335	2,578	20,620	2,223	6,962	44	1,791	2,035	10,832
Income (loss) before interfund transfers	(21,204)	484	5,669	27,871	12,820	20,992	(140)	3,302	(13,078)	11,076
Interfund transfers	15,412	(73)	-	(15,339)	-	7,007	113	-	(7,120)	-
Total increase (decrease) in net position	(5,792)	411	5,669	12,532	12,820	27,999	(27)	3,302	(20,198)	11,076
Net position, beginning of year	172,673	228	52,127	60,792	285,820	144,674	255	48,825	80,990	274,744
Net position, end of year	$ 166,881	$ 639	$ 57,796	$ 73,324	$ 298,640	$ 172,673	$ 228	$ 52,127	$ 60,792	$ 285,820

Massachusetts Educational Financing Authority

Supplemental Schedule 1

Statements of Cash Flows

For the years ended June 30, 2024 and 2023

	2024					2023				
Cash flows from operating activities:	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**
Payments for disbursed loans	$ (317,408)	$ (131,195)	$ -	$ -	$ (448,603)	$ (360,417)	$ (46,024)	$ -	$ -	$ (406,441)
Payments received on outstanding loan principal	254,751	7,577	-	757	263,085	248,435	687	-	1,349	250,471
General & administrative payments	(18,586)	(1)	(6,046)	(5,908)	(30,541)	(10,428)	(2)	(6,170)	(10,362)	(26,962)
Interest received on education loans	90,225	5,193	-	-	95,418	82,614	611	-	-	83,225
Proceeds from other sources	-	-	8,991	15,063	24,054	-	-	8,238	46	8,284
Net cash provided by (used in) operating activities	8,982	(118,426)	2,945	9,912	(96,587)	(39,796)	(44,728)	2,068	(8,967)	(91,423)
Cash flows from non-capital financing activities:										
Proceeds from issuance of bonds	472,165	-	-	-	472,165	332,843	-	-	-	332,843
Proceeds from issuance of commercial paper notes	-	129,000	-	-	129,000	-	107,100	-	-	107,100
Costs of bond and note issuance	(675)	-	-	(25)	(700)	(3,090)	-	-	(15)	(3,105)
Bond and note nterest paid	(80,816)	(4,443)	-	-	(85,259)	(67,845)	(507)	-	-	(68,352)
Principal payments on bonds payable	(278,611)	-	-	-	(278,611)	(222,069)	-	-	-	(222,069)
Principal payments on commercial paper notes	-	(51,050)	-	-	(51,050)	-	(81,400)	-	-	(81,400)
Net asset transfers	(55,640)	54,051	-	1,589	-	(13,490)	20,778	-	(7,288)	-
Net cash provided by (used in) non-capital financing activities	56,423	127,558	-	1,564	185,545	26,349	45,971	-	(7,303)	65,017
Cash flows from capital financing activities:										
Purchase of capital assets and software development	-	-	-	(1,857)	(1,857)	-	-	-	(2,941)	(2,941)
Net cash used in capital financing activities	-	-	-	(1,857)	(1,857)	-	-	-	(2,941)	(2,941)
Cash flows from investing activities:										
Proceeds from maturity/sale of investments	292,173	-	11,680	26,000	329,853	-	-	10,540	11,073	21,613
Purchases of investments	(389,755)	-	(19,685)	(37,980)	(447,420)	(316,189)	-	(13,211)	(1,802)	(331,202)
Interest and dividends received on cash and investments	19,556	298	2,522	2,983	25,359	10,527	51	1,658	1,802	14,038
Net cash provided by (used in) investing activities	(78,026)	298	(5,483)	(8,997)	(92,208)	(305,662)	51	(1,013)	11,073	(295,551)
Net increase (decrease) in cash and cash equivalents	(12,621)	9,430	(2,538)	622	(5,107)	(319,109)	1,294	1,055	(8,138)	(324,898)
Cash and cash equivalents, beginning of year	299,201	1,328	3,573	(234)	303,868	618,310	34	2,518	7,904	628,766
Cash and cash equivalents, end of year	$ 286,580	$ 10,758	$ 1,035	$ 388	$ 298,761	$ 299,201	$ 1,328	$ 3,573	$ (234)	$ 303,868

Massachusetts Educational Financing Authority
Supplemental Schedule 1
Statements of Cash Flows, Continued
For the years ended June 30, 2024 and 2023

	2024					2023				
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**
Operating income (loss)	$ 106	$ 149	$ 3,091	$ 7,251	$ 10,597	$ 14,030	$ (184)	$ 1,511	$ (15,113)	$ 244
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation expense	-	-	-	3,057	3,057	-	-	-	3,257	3,257
Provision for doubtful education loan notes receivable	7,876	816	-	(152)	8,540	5,789	283	-	1,358	7,430
Costs of bond and note issuance	4,308	-	-	24	4,332	3,090	-	-	15	3,105
Bond and note interest expense	76,978	4,885	-	-	81,863	64,464	541	-	-	65,005
Changes in assets and liabilities:										
Education loan notes receivable	(59,272)	(123,623)	-	759	(182,136)	(126,323)	(45,337)	-	1,349	(170,311)
Interest receivable on education loan notes	(27,317)	(655)	-	-	(27,972)	(380)	(30)	-	1	(409)
Prepaid expenses and other assets	36	-	(455)	(6)	(425)	9	-	23	(100)	(68)
Accounts payable and accrued expenses	429	2	309	904	1,644	(475)	(1)	534	266	324
Other liabilities	-	-	-	(1,925)	(1,925)	-	-	-	-	-
Accrued yield restriction	5,838	-	-	-	5,838	-	-	-	-	-
Net cash provided by (used in) operating activities	$ 8,982	$ (118,426)	$ 2,945	$ 9,912	$ (96,587)	$ (39,796)	$ (44,728)	$ 2,068	$ (8,967)	$ (91,423)

Massachusetts Educational Financing Authority

Supplemental Schedule 2

Statements of Net Position

June 30, 2024 and 2023

2024

Assets	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	Issue N Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Current assets										
Cash and cash equivalents	$ 1,485	$ 45,443	$ 231	$ 23,360	$ 108,382	$ 77,632	$ 2,301	$ 647	$ 1,307	$ 260,788
Education loan notes receivable, net	1,072	18,847	1,078	10,253	48,052	48,918	17,718	4,424	9,460	159,822
Interest receivable on education loan notes	350	691	-	556	14,273	17,153	1,035	170	176	34,404
Prepaid expenses and other assets	14	242	103	116	504	350	630	10	19	1,988
Interfund balances	-	(378)	(34)	-	(1,120)	-	(327)	(28)	-	(1,887)
Total current assets	2,921	64,845	1,378	34,285	170,091	144,053	21,357	5,223	10,962	455,115
Non-current assets										
Cash and cash equivalents	757	8,000	-	3,431	5,024	7,763	-	500	317	25,792
Investments	-	-	-	-	24,017	-	389,755	-	-	413,772
Education loan notes receivable, net	8,350	74,761	8,192	73,494	714,700	651,737	87,451	38,326	59,290	1,716,301
Total assets	$ 12,028	$ 147,606	$ 9,570	$ 111,210	$ 913,832	$ 803,553	$ 498,563	$ 44,049	$ 70,569	$ 2,610,980
Liabilities										
Current liabilities										
Accounts payable and accrued expenses	$ 10	$ 19	$ 20	$ 16	$ 178	$ 64	$ 349	$ 4	$ 7	$ 667
Bonds payable - current portion	-	46,153	-	13,516	55,742	11,704	-	-	-	127,115
Accrued interest payable	121	2,410	-	1,787	19,129	13,622	795	25	28	37,917
Total current liabilities	131	48,582	20	15,319	75,049	25,390	1,144	29	35	165,699
Non-current liabilities										
Bonds payable - net of current portion	9,907	55,232	-	66,959	800,561	755,506	475,798	37,708	63,537	2,265,208
Yield restriction liability	-	10,712	-	-	-	-	-	-	-	10,712
Other liabilities - non-current	-	-	-	-	489	91	15	-	-	595
Total liabilities	10,038	114,526	20	82,278	876,099	780,987	476,957	37,737	63,572	2,442,214
Deferred inflows of resources										
Net gain (loss) on bond refunding	-	-	-	-	-	887	1,081	(83)	-	1,885
Total deferred inflows of resources	-	-	-	-	-	887	1,081	(83)	-	1,885
Total liabilities and deferred inflows of resources	10,038	114,526	20	82,278	876,099	781,874	478,038	37,654	63,572	2,444,099
Net position										
Restricted	1,990	33,080	9,550	28,932	37,733	21,679	20,525	6,395	6,997	166,881
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total net position	1,990	33,080	9,550	28,932	37,733	21,679	20,525	6,395	6,997	166,881
Total liabilities, deferred inflows and net position	$ 12,028	$ 147,606	$ 9,570	$ 111,210	$ 913,832	$ 803,553	$ 498,563	$ 44,049	$ 70,569	$ 2,610,980

2023

Assets	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Current assets									
Cash and cash equivalents	$ 660	$ 60,191	$ 46,928	$ 33,920	$ 80,069	$ 47,984	$ 947	$ 1,371	$ 272,070
Education loan notes receivable, net	1,595	20,605	18,511	11,006	37,372	43,199	4,585	9,836	146,709
Interest receivable on education loan notes	519	867	838	837	13,286	12,566	184	178	29,275
Prepaid expenses and other assets	11	291	231	164	870	234	10	21	1,832
Interfund balances	-	(358)	(34)	-	(310)	(281)	(29)	-	(1,012)
Total current assets	2,785	81,596	66,474	45,927	131,287	103,702	5,697	11,406	448,874
Non-current assets									
Cash and cash equivalents	760	8,000	2,750	3,431	-	11,373	500	317	27,131
Investments	-	-	-	-	316,189	-	-	-	316,189
Education loan notes receivable, net	11,860	100,565	115,385	89,969	493,409	693,428	45,824	73,925	1,624,365
Total assets	$ 15,405	$ 190,161	$ 184,609	$ 139,327	$ 940,885	$ 808,503	$ 52,021	$ 85,648	$ 2,416,559
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	$ 13	$ 22	$ 45	$ 15	$ 58	$ 70	$ 5	$ 9	$ 237
Bonds payable - current portion	-	46,090	29,298	15,336	38,515	-	-	-	129,239
Accrued interest payable	155	3,488	2,914	2,162	11,325	13,923	30	33	34,030
Total current liabilities	168	49,600	32,257	17,513	49,898	13,993	35	42	163,506
Non-current liabilities									
Bonds payable - net of current portion	13,377	101,083	111,541	80,980	857,128	786,342	45,536	78,557	2,074,544
Yield restriction liability	-	-	4,874	-	-	-	-	-	4,874
Other liabilities - non-current	-	-	-	-	-	-	-	-	-
Total liabilities	13,545	150,683	148,672	98,493	907,026	800,335	45,571	78,599	2,242,924
Deferred inflows of resources									
Net gain (loss) on bond refunding	-	-	-	-	-	1,072	(110)	-	962
Total deferred inflows of resources	-	-	-	-	-	1,072	(110)	-	962
Total liabilities and deferred inflows of resources	13,545	150,683	148,672	98,493	907,026	801,407	45,461	78,599	2,243,886
Net position									
Restricted	1,860	39,478	35,937	40,834	33,859	7,096	6,560	7,049	172,673
Unrestricted	-	-	-	-	-	-	-	-	-
Total net position	1,860	39,478	35,937	40,834	33,859	7,096	6,560	7,049	172,673
Total liabilities, deferred inflows and net position	$ 15,405	$ 190,161	$ 184,609	$ 139,327	$ 940,885	$ 808,503	$ 52,021	$ 85,648	$ 2,416,559

Massachusetts Educational Financing Authority

Supplemental Schedule 2

Statements of Revenues, Expenses and Changes in Net Position

For the years ended June 30, 2024 and 2023

2024

	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	Issue N Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Operating revenues										
Interest on education loan notes receivable	$ 875	$ 6,363	$ 7,079	$ 5,715	$ 42,364	$ 40,520	$ 215	$ 2,730	$ 3,859	$ 109,720
Total operating revenues	875	6,363	7,079	5,715	42,364	40,520	215	2,730	3,859	109,720
Operating expenses										
Bond interest expense	780	3,748	2,774	2,732	36,320	26,228	795	1,761	1,840	76,978
Costs of bond issuance	-	-	-	-	12	-	4,296	-	-	4,308
Provision for doubtful education loan notes receivable	3	451	(242)	363	7,267	(642)	282	135	259	7,876
General and administrative	49	774	10,279	425	4,144	2,885	21	175	300	19,052
Other expense	-	114	146	106	401	470	-	122	41	1,400
Total operating expenses	832	5,087	12,957	3,626	48,144	28,941	5,394	2,193	2,440	109,614
Operating income (loss)	43	1,276	(5,878)	2,089	(5,780)	11,579	(5,179)	537	1,419	106
Non-operating revenues (expenses)										
Interest and dividends	87	3,038	1,571	1,009	10,138	3,100	635	74	98	19,750
Arbitrage rebate expense	-	-	-	-	(489)	(91)	(15)	-	-	(595)
Yield restriction expense	-	(10,712)	(11,950)	-	-	-	-	-	-	(22,662)
Net asset transfers	-	-	(437)	(15,000)	-	-	-	(780)	(1,586)	(17,803)
Net non-operating revenues (expenses)	87	(7,674)	(10,816)	(13,991)	9,649	3,009	620	(706)	(1,488)	(21,310)
Income (loss) before interfund transfers	130	(6,398)	(16,694)	(11,902)	3,869	14,588	(4,559)	(169)	(69)	(21,204)
Interfund transfers	-	-	(9,693)	-	5	(5)	25,084	4	17	15,412
Total increase (decrease) in net position	130	(6,398)	(26,387)	(11,902)	3,874	14,583	20,525	(165)	(52)	(5,792)
Net position, beginning of year	1,860	39,478	35,937	40,834	33,859	7,096	-	6,560	7,049	172,673
Net position, end of year	$ 1,990	$ 33,080	$ 9,550	$ 28,932	$ 37,733	$ 21,679	$ 20,525	$ 6,395	$ 6,997	$ 166,881

2023

	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Operating revenues									
Interest on education loan notes receivable	$ 775	$ 8,402	$ 9,158	$ 6,808	$ 30,854	$ 34,651	$ 3,156	$ 4,622	$ 98,426
Total operating revenues	775	8,402	9,158	6,808	30,854	34,651	3,156	4,622	98,426
Operating expenses									
Bond interest expense	798	6,003	4,716	3,148	18,537	26,931	2,115	2,216	64,464
Costs of bond issuance	-	-	-	-	3,096	(6)	-	-	3,090
Provision for doubtful education loan notes receivable	18	1,498	885	578	(2,579)	6,382	(281)	(712)	5,789
General and administrative	67	943	840	470	1,370	4,627	369	1,274	9,960
Other expense	-	145	172	76	229	250	-	221	1,093
Total operating expenses	883	8,589	6,613	4,272	20,653	38,184	2,203	2,999	84,396
Operating income (loss)	(108)	(187)	2,545	2,536	10,201	(3,533)	953	1,623	14,030
Non-operating revenues (expenses)									
Interest and dividends	70	2,154	1,338	1,066	2,718	4,358	55	77	11,836
Arbitrage rebate expense	-	-	-	-	-	-	-	-	-
Yield restriction expense	-	-	(4,874)	-	-	-	-	-	(4,874)
Net asset transfers	-	-	-	-	-	-	-	-	-
Net non-operating revenues (expenses)	70	2,154	(3,536)	1,066	2,718	4,358	55	77	6,962
Income (loss) before interfund transfers	(38)	1,967	(991)	3,602	12,919	825	1,008	1,700	20,992
Interfund transfers	3	-	-	-	6,908	81	5	10	7,007
Total increase (decrease) in net position	(35)	1,967	(991)	3,602	19,827	906	1,013	1,710	27,999
Net position, beginning of year	1,895	37,511	36,928	37,232	14,032	6,190	5,547	5,339	144,674
Net position, end of year	$ 1,860	$ 39,478	$ 35,937	$ 40,834	$ 33,859	$ 7,096	$ 6,560	$ 7,049	$ 172,673

Massachusetts Educational Financing Authority

Supplemental Schedule 2

Statements of Cash Flows

For the years ended June 30, 2024 and 2023

2024

	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	Issue N Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Cash flows from operating activities:										
Payments for disbursed loans	$ -	$ -	$ -	$ -	$ (313,715)	$ (3,659)	$ (34)	$ -	$ -	$ (317,408)
Payments received on outstanding loan principal	4,126	27,000	24,973	16,989	82,979	75,324	1,243	7,405	14,712	254,751
General & administrative payments	(51)	(777)	(10,267)	(415)	(4,037)	(2,891)	327	(174)	(301)	(18,586)
Interest received on education loans	946	6,536	7,081	5,768	32,472	30,413	408	2,741	3,860	90,225
Net cash provided by (used in) operating activities	5,021	32,759	21,787	22,342	(202,301)	99,187	1,944	9,972	18,271	8,982
Cash flows from non-capital financing activities:										
Proceeds from issuance of bonds	-	-	-	-	-	-	472,165	-	-	472,165
Costs of bond issuance	-	-	-	-	(12)	-	(663)	-	-	(675)
Bond interest paid	(813)	(6,944)	(7,291)	(3,948)	(30,455)	(27,847)	-	(1,677)	(1,841)	(80,816)
Principal payments on bonds payable	(3,470)	(43,670)	(138,155)	(15,000)	(37,400)	(18,000)	-	(7,890)	(15,026)	(278,611)
Net asset transfers	-	20	72,551	(15,000)	814	(30,286)	(81,394)	(777)	(1,568)	(55,640)
Net cash (used in) provided by non-capital financing activities	(4,283)	(50,594)	(72,895)	(33,948)	(67,053)	(76,133)	390,108	(10,344)	(18,435)	56,423
Cash flows from investing activities:										
Proceeds from maturity/sale of investments	-	-	-	-	292,173	-	-	-	-	292,173
Purchases of investments	-	-	-	-	-	-	(389,755)	-	-	(389,755)
Interest and dividends received on cash and investments	84	3,087	1,661	1,046	10,518	2,984	4	72	100	19,556
Net cash provided by (used in) investing activities	84	3,087	1,661	1,046	302,691	2,984	(389,751)	72	100	(78,026)
Net increase (decrease) in cash and cash equivalents	822	(14,748)	(49,447)	(10,560)	33,337	26,038	2,301	(300)	(64)	(12,621)
Cash and cash equivalents, beginning of year	1,420	68,191	49,678	37,351	80,069	59,357	-	1,447	1,688	299,201
Cash and cash equivalents, end of year	$ 2,242	$ 53,443	$ 231	$ 26,791	$ 113,406	$ 85,395	$ 2,301	$ 1,147	$ 1,624	$ 286,580

2023

	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Cash flows from operating activities:									
Payments for disbursed loans	$ -	$ -	$ -	$ -	$ 70	$ (360,487)	$ -	$ -	$ (360,417)
Payments received on outstanding loan principal	5,535	31,815	30,936	21,135	70,636	63,636	8,662	16,080	248,435
General & administrative payments	(69)	(951)	(848)	(462)	(1,529)	(4,904)	(373)	(1,292)	(10,428)
Interest received on education loans	571	8,645	9,360	6,800	25,971	23,411	3,208	4,648	82,614
Net cash provided by (used in) operating activities	6,037	39,509	39,448	27,473	95,148	(278,344)	11,497	19,436	(39,796)
Cash flows from non-capital financing activities:									
Proceeds from issuance of bonds	-	-	-	-	332,843	-	-	-	332,843
Costs of bond issuance	-	-	-	-	(3,096)	6	-	-	(3,090)
Bond interest paid	(722)	(7,964)	(6,905)	(4,961)	(23,760)	(19,310)	(2,006)	(2,217)	(67,845)
Principal payments on bonds payable	(6,359)	(22,470)	(42,215)	(23,985)	(99,155)	-	(9,769)	(18,116)	(222,069)
Net asset transfers	3	2	-	-	(22,705)	9,195	5	10	(13,490)
Net cash (used in) provided by non-capital financing activities	(7,078)	(30,432)	(49,120)	(28,946)	184,127	(10,109)	(11,770)	(20,323)	26,349
Cash flows from investing activities:									
Proceeds from maturity/sale of investments	-	-	-	-	-	-	-	-	-
Purchases of investments	-	-	-	-	(316,189)	-	-	-	(316,189)
Interest and dividends received on cash and investments	65	1,926	1,190	970	1,961	4,293	52	70	10,527
Net cash provided by (used in) investing activities	65	1,926	1,190	970	(314,228)	4,293	52	70	(305,662)
Net increase (decrease) in cash and cash equivalents	(976)	11,003	(8,482)	(503)	(34,953)	(284,160)	(221)	(817)	(319,109)
Cash and cash equivalents, beginning of year	2,396	57,188	58,160	37,854	115,022	343,517	1,668	2,505	618,310
Cash and cash equivalents, end of year	$ 1,420	$ 68,191	$ 49,678	$ 37,351	$ 80,069	$ 59,357	$ 1,447	$ 1,688	$ 299,201

Massachusetts Educational Financing Authority

Supplemental Schedule 2

Statements of Cash Flows, Continued

For the years ended June 30, 2024 and 2023

2024

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	Issue N Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Operating income (loss)	$ 43	$ 1,276	$ (5,878)	$ 2,089	$ (5,780)	$ 11,579	$ (5,179)	$ 537	$ 1,419	$ 106
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Provision for doubtful education loan notes receivable	3	451	(242)	363	7,267	(642)	282	135	259	7,876
Costs of bond issuance	-	-	-	-	12	-	4,296	-	-	4,308
Bond interest expense	780	3,748	2,774	2,732	36,320	26,228	795	1,761	1,840	76,978
Changes in assets and liabilities:										
Education loan notes receivable	4,030	27,111	41,919	16,866	(239,240)	66,558	1,209	7,523	14,752	(59,272)
Interest receivable on education loan notes	169	(10,535)	(11,924)	281	(987)	(4,530)	192	16	1	(27,317)
Prepaid expenses and other assets	-	-	37	11	(12)	-	-	-	-	36
Accounts payable and accrued expenses	(4)	(4)	(25)	-	119	(6)	349	-	-	429
Accrued yield restriction	-	10,712	(4,874)	-	-	-	-	-	-	5,838
Net cash provided by (used in) operating activities	$ 5,021	$ 32,759	$ 21,787	$ 22,342	$ (202,301)	$ 99,187	$ 1,944	$ 9,972	$ 18,271	$ 8,982

2023

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Operating income (loss)	$ (108)	$ (187)	$ 2,545	$ 2,536	$ 10,201	$ (3,533)	$ 953	$ 1,623	$ 14,030
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Provision for doubtful education loan notes receivable	18	1,498	885	578	(2,579)	6,382	(281)	(712)	5,789
Costs of bond issuance	-	-	-	-	3,096	(6)	-	-	3,090
Bond interest expense	798	6,003	4,716	3,148	18,537	26,931	2,115	2,216	64,464
Changes in assets and liabilities:									
Education loan notes receivable	5,506	31,903	30,608	20,071	60,285	(299,655)	8,661	16,298	(126,323)
Interest receivable on education loan notes	(175)	300	703	1,132	5,766	(8,187)	53	28	(380)
Prepaid expenses and other assets	-	10	9	18	(1)	(14)	-	(13)	9
Accounts payable and accrued expenses	(2)	(18)	(18)	(10)	(157)	(262)	(4)	(4)	(475)
Accrued yield restriction	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) operating activities	$ 6,037	$ 39,509	$ 39,448	$ 27,473	$ 95,148	$ (278,344)	$ 11,497	$ 19,436	$ (39,796)