Consolidated Financial Statements, Supplemental Information and Reports Required for Audits in Accordance with Government Auditing Standards and the Uniform Guidance

American Student Assistance and Subsidiaries

December 31, 2024 and 2023

AMERICAN STUDENT ASSISTANCE AND SUBSIDIARIES

Consolidated Financial Statements, Supplemental Information and Reports Required for Audits in Accordance with Government Auditing Standards and the Uniform Guidance

Table of Contents

Consolidated Financial Statements:

Independent Auditors' Report	1-2
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6-23

Supplemental Information:

Consolidated Schedule of Expenditures of Federal Awards	24
Notes to Consolidated Schedule of Expenditures of Federal Awards	25-26

Reporting Under Government Auditing Standards:

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	27-28

Reporting Under the Uniform Guidance:

Independent Auditors' Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	29-31
Schedule of Findings and Questioned Costs	32-33

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Independent Auditors' Report

Board of Directors
Massachusetts Higher Education Assistance Corporation
d/b/a American Student Assistance

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Agency Operating Fund for Massachusetts Higher Education Assistance Corporation d/b/a American Student Assistance ("ASA"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of ASA as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of ASA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

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

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2025 on our consideration of ASA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ASA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ASA's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Boston, Massachusetts
May 15, 2025

AMERICAN STUDENT ASSISTANCE AND SUBSIDIARIES

Consolidated Statements of Financial Position

(Dollars in Thousands)

December 31,

	2024	*2023*
Assets		
Cash and cash equivalents	$ 32,095	$ 21,873
Other receivables	1,968	5,128
Special account maintenance fee receivable	13,198	25,426
Prepaid expenses and deposits	2,058	1,535
Investments	1,045,121	969,679
Other assets	213	266
Right-of-use asset	10,486	11,504
Property and equipment, net	8,684	9,775
Total assets	**$ 1,113,823**	**$ 1,045,186**
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 8,472	$ 6,260
Service fee payable	4,691	9,730
Bond payable	99,361	99,259
Lease liability	13,138	14,339
Other liabilities	1,489	1,594
Total liabilities	**127,151**	**131,182**
Net assets without donor restrictions	986,672	914,004
Total liabilities and net assets	**$ 1,113,823**	**$ 1,045,186**

See accompanying notes to the consolidated financial statements.

AMERICAN STUDENT ASSISTANCE AND SUBSIDIARIES

Consolidated Statements of Activities

(Dollars in Thousands)

Years Ended December 31,

	2024	*2023*
Operating revenues:		
Account maintenance fees	$ 5,380	$ 6,458
Default aversion fees	878	1,337
Lost revenue reimbursement	-	51,617
Special account maintenance fee	69,258	25,426
Defaulted loan recoveries - net of reimbursement to the U.S. Department of Education	-	215
Grants and contracts	399	411
Other debt management services	542	23
Gross revenues	**76,457**	**85,487**
Service fees due to third party servicer	23,233	26,407
Net revenue available for operations	**53,224**	**59,080**
Operating expenses:		
Employee compensation and fringe benefit costs	16,751	15,549
Depreciation and amortization expenses	4,198	3,443
Occupancy and building costs	1,687	1,919
Office expenses	174	183
Professional fees and services	27,163	22,244
Information systems equipment and maintenance	4,339	3,903
Travel and industry related activities	614	647
Grant expense	21,015	9,045
Funding for strategic programs	3,587	2,606
Interest expense	2,776	2,776
Other expenses	2,028	1,723
Total operating expenses	**84,332**	**64,038**
Decrease in net assets from operating activities	**(31,108)**	**(4,958)**
Non-operating gain (expense):		
Net investment return	102,917	100,353
Non-operating income (expense)	859	(992)
Total non-operating gain	**103,776**	**99,361**
Change in net assets	**72,668**	**94,403**
Net assets without donor restrictions, beginning of year	914,004	819,601
Net assets without donor restrictions, end of year	**$ 986,672**	**$ 914,004**

See accompanying notes to the consolidated financial statements.

AMERICAN STUDENT ASSISTANCE AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Dollars in Thousands)

Years Ended December 31,

	2024	*2023*
Cash flows from operating activities:		
Change in net assets	$ 72,668	$ 94,403
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization expenses	4,198	3,443
Net realized and unrealized gain on investments	(80,365)	(78,244)
Changes in assets and liabilities:		
Prepaid expenses and deposits	(523)	337
Receivable from Federal Fund	-	2,335
Special account maintenance fee receivable	12,228	(25,426)
Other receivables	3,160	(1,633)
Right-of-use asset	1,018	986
Other assets	53	(12)
Accounts payable and accrued expenses	2,212	221
Service fee payable	(5,039)	6,340
Bond payable	102	-
Lease liability	(1,201)	(1,144)
Other liabilities	(105)	85
Net cash provided by operating activities	**8,406**	**1,691**
Cash flows from investing activities:		
Purchases of investments	(552,593)	(444,848)
Sales and maturities of investments	557,516	382,384
Additions to property and equipment	(3,107)	(2,547)
Net cash provided by (used in) investing activities	**1,816**	**(65,011)**
Increase (decrease) in cash and cash equivalents	**10,222**	**(63,320)**
Cash and cash equivalents, beginning of year	21,873	85,193
Cash and cash equivalents, end of year	**$ 32,095**	**$ 21,873**

See accompanying notes to the consolidated financial statements.

Note 1 - Organization

American Student Assistance, along with its subsidiaries, (collectively, "ASA"), is a private nonprofit with a mission to help students know themselves, know their options, and make informed decisions to achieve their education and career goals. ASA fulfills their mission by providing tools and resources to students online and through community-based organizations. ASA is committed to helping students explore education and career options starting in middle school, experiment through hands-on opportunities, and execute a plan to meet their goals. ASA's innovative programs and partnerships, combined with a robust research agenda and advocacy platform, enable ASA to provide meaningful impact to young people on a national scale.

Massachusetts Higher Education Assistance Corporation ("MHEAC") is the legal name of ASA. ASA has a legacy of more than 60 years of working directly with students. Under the Higher Education Act of 1965, as amended (the "Act"), ASA is considered to be a Federal Family Education Loan Program ("FFELP") guaranty agency and is required to maintain and account for activities within two separate funds; an Agency Operating Fund (the "Operating Fund") and a Federal Fund (the "Federal Fund"), which is owned and regulated by the U.S. Department of Education ("ED"). The Operating Fund is used to record the financial activities incurred by ASA in fulfilling its corporate mission while ASA operates the Federal Fund on behalf of ED. The financial activities applicable to the Federal Fund are reported in a separate set of financial statements.

ASA's current mission builds upon its years of experience helping students and young people achieve their goals.

ASA's portfolio under management was approximately $8.6 billion and $10.3 billion for the years ended December 31, 2024 and 2023, respectively. ASA's defaulted loan portfolio under management was approximately $1.1 billion and $1.0 billion for the years ended December 31, 2024 and 2023, respectively. ASA paid claims for defaulted loans previously guaranteed of approximately $238.8 million and $290.3 million for the years ended December 31, 2024 and 2023, respectively. Recent experience shows that the collection activity that ASA undertakes tends to peak in the second and third years after the year a claim is paid, and accordingly, ASA's ability to earn fees on collections follows those patterns.

ASA maintains an outsourced agreement with another FFELP guaranty agency to carry out a significant portion of its activities. Such outsourcing provides for compensation of a significant portion of the revenues with these amounts being indicated as service fees due to third party servicer in the Consolidated Statements of Activities. The agreement expires on September 30, 2026. ASA remains directly responsible for compliance with the attributes of the program and continues to be a guaranty agency notwithstanding this arrangement.

ASA operates ASA Fund I, LLC ("ASA Fund") which is designed to make investments to assist in funding ASA's mission as well as to make certain investments that align with ASA's mission. Activities of ASA Fund are consolidated in these financial statements. Intercompany accounts and transactions have been eliminated.

Note 1 - Organization (Continued)

On April 29, 2024, NextGen Insights Group LLC ("NextGen") was formed – with ASA as the sole member – to house and launch a new initiative that gives teens and young adults a platform to voice their opinions and preferences while providing teen-centric organizations with a quick and intuitive way to gain deep market research insights on their target audience. Activities of NextGen are consolidated in these financial statements. Intercompany accounts and transactions have been eliminated.

ASA offers fiscal sponsorship for certain supported organizations. On November 8, 2023, ASA entered into the Affiliation Agreement ("the Agreement") with Network for Teaching Entrepreneurship ("NFTE"), a charitable not-for-profit corporation, due to the alignment of the organizations' charitable mission and programmatic initiatives. The Agreement establishes ASA as a Type II supporting organization of NFTE, as described in Internal Revenue Code Section 509(a)(3). According to the Agreement, ASA made an initial unrestricted grant and incentive match grants to NFTE. The match grant is capped annually for an initial term of ten years.

ASA and the Federal Fund operate in a complex regulatory environment that evolves as laws, funding and other factors change over time. While reporting is based on current agreements, changes may occur in the future which could have a significant effect on ASA and the Federal Fund. ASA also continues to develop new services to assist students and parents in successfully completing a program of education financing and repayment.

Consolidated Financial Statement Presentation

ASA's consolidated financial statements, which include ASA, NextGen and ASA Fund, are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America. ASA holds certain assets in subsidiary entities that have been consolidated within these financial statements. All significant intercompany transactions have been eliminated in consolidation.

Accounting within the Consolidated Statements of Financial Position and Activities is based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for general use and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Currently, no net assets or activities of ASA have donor restrictions.

All dollar amounts, unless otherwise noted, are expressed in thousands.

Note 2 - Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents are reported at cost plus accrued interest, including money market funds and highly liquid debt instruments with maturities of three months or less at the date of purchase. Certain accounts have deposit insurance; however, balances routinely exceed insured levels. Cash and cash equivalents managed by investment managers are considered part of investments. ASA monitors its exposure associated with cash and cash equivalents and has not experienced any losses in such accounts.

Receivables

Receivables are carried at their estimated net realizable value. Receivables are periodically evaluated for collectability based on past credit history with customers and their current financial condition. Provisions for uncollectible accounts on receivables are determined on the basis of loss experience, known and inherent risks and current economic conditions.

The special account maintenance fee receivable is the amount due from ED related to special account maintenance fee revenue which is noted in the revenue recognition section of these footnotes.

Due from the Federal Fund results from transactions processed on behalf of the Federal Fund for defaulted loan recoveries due to ASA at year end.

Investments

Investments are carried at fair value. Fair value is determined as per the fair value policies described later in this section.

Net investment return (loss) is reported in the Consolidated Statements of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

ASA's investments are managed by professional investment advisors under the direction of the Board of Directors and the Investment Committee. Investment allocations are made based on a Board approved investment policy which seeks to balance risk, return and other factors associated with the prudent investment of such funds.

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

ASA reports certain assets and liabilities at fair value on a recurring and nonrecurring basis depending on the underlying accounting policy for the particular item. Recurring fair value measures include ASA's investment accounts. ASA does not have any nonrecurring measures. Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability as of the measurement date. The fair value standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets), minimize the use of unobservable inputs (such as appraisals or valuation techniques) or to use the net asset value per share as a practical expedient in reporting and measuring its financial instruments. Fair value standards allow for certain investments to be valued at the net asset value ("NAV") per share if certain criteria are met. In addition, the fair value standards also require ASA to classify and report recurring fair values of financial instruments (but for those measured using NAV which are separately stated) into a three-level hierarchy based on the priority of inputs to the valuation technique as follows:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include listed equity and debt securities publicly traded on an exchange.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and are based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these consolidated financial statements.

Right-of-Use Asset / Lease Liability

Right-of-use asset represents ASA's right to use an underlying asset for the lease term. The lease liability represents ASA's liability to make lease payments arising from the lease. Operating lease right-of-use assets and related obligations are recognized on the lease commencement date based on the present value of lease payments over the lease term discounted using a risk-free interest rate at inception. The value of an option to extend or terminate a lease is reflected when it is reasonably certain the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Note 2 - Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are recorded at cost when the useful life is over one year and when such amounts exceed a management established capitalization threshold. Depreciation and amortization are recorded using the straight-line method over estimated useful lives of three years. Leasehold improvements are amortized over the shorter of useful life or life of the lease. Ordinary repairs and maintenance are charged to expense when incurred. Costs incurred to maintain existing software are expensed as incurred.

Bond Payable

Bond payable is reported at the face value of the remaining obligation under the related debt issue. Issuance costs are amortized over the term of the related indenture.

Service Fee Payable

Service fee payable is reported based upon contractual terms with a third-party service provider for activities performed and due in support of ASA's compliance with the FFELP program.

Revenue Recognition

All revenues and expenses are reported as increases or decreases in net assets without restrictions as no donor restricted funds are presently received or held.

Under accounting standards, revenue measurement is driven via a principles-based process that requires entities 1) identify the contract with the customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when (or as) performance obligations are satisfied.

Account Maintenance Fee

ASA receives portfolio maintenance fees from ED based upon the original principal balance of loans in its loan portfolio. These fees are calculated at six one-hundredths of one percent (0.06%) on an annualized basis. Revenue is based on an established fee percent making such amounts fixed and determinable. This fee is recognized as income when performance obligations are met. These fees have been paid through December 31, 2024.

Default Aversion Fee

ASA was entitled to a fee from the Federal Fund equal to 1% of the balance of the principal and interest on loans associated with first-time pre-claims assistance requested by lenders. ASA was allowed to withdraw this fee monthly from the Federal Fund as performance obligations were satisfied. These payments must be returned should the loan associated with the pre-claim assistance ultimately default. As such, when such fees were availed, based on the established criteria described above, management recorded revenue from this fee net of the estimated amount that was estimated to be returned using historical data.

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Default Aversion Fee (Continued)

In 2014, ASA prefunded the expected obligation for the return of default aversion fees that it would expect to need to return over time as loans default. Inherent in the estimation of this amount was the possibility that a greater or lesser portion of loans will go into default. If the number was greater, additional amounts would be payable to the Federal Fund from this cohort; if amounts were less, ASA did not have a reversionary interest in such an overpayment. Management continued to monitor this estimate. Management analyzed the actual return of funds over time compared to the prefunded amount. The cumulative actual returns amount to $28,962 and $27,502 at December 31, 2024 and 2023, respectively, which was less than the prefunded amount of $31,300.

From time to time, in the past, ASA has elected to not avail itself of such fees given the existing Board Policy seeking to support the Federal Fund in meeting its minimum reserve requirements. Such past undrawn default aversion fees are considered to have been permanently forfeited.

Beginning on October 1, 2024, ASA no longer earns, nor is expected to refund, default aversion fees, which has been replaced by an annual fee earned in accordance with the Voluntary Flexible Agreement ("VFA"), as described under Special Account Maintenance Fee ("SAMF").

Lost Revenue Reimbursement

During 2020, in response to the COVID-19 pandemic, ED paused payments on student loans, and expanded that pause in 2021 to include federal student loan interest and collections on certain defaulted loans. The expansion was required to be applied retrospectively to March 2020, which is when the initial pause went into effect. Associated with the pause, ED authorized guaranty agencies to avail themselves from the Federal Fund for lost revenue due to the above indicated factors. The reimbursement is designed to cover the share of what a guaranty agency might have reasonably earned but for the pause. The lost revenue reimbursement program ended on August 28, 2023.

Special Account Maintenance Fee

ED authorized a new revenue stream to supplement FFELP guarantors, such as ASA, throughout the Operation Fresh Start period which commenced August 29, 2023 and ended September 30, 2024. Under this program, ASA earned an annual Special Account Maintenance Fee ("SAMF") based upon the original principal outstanding balance as of the end of the payment pause period multiplied by seven tenths of one percent (0.7%).

On October 1, 2024, ASA entered into a two-year VFA with ED, with an option to renew in one-year increments thereafter. Under this program, ASA continues to receive an annual SAMF, paid quarterly in arrears, based upon the original principal outstanding balance as of September 30, 2024, multiplied by six tenths of one percent (0.6%).

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Special Account Maintenance Fee (Continued)

Revenue is based on an established fee percentage making such amounts fixed and determinable. This fee is recognized as income when performance obligations are met. The amount of SAMF is in addition to the Account Maintenance Fee.

Successful Resolution Fee

Under the VFA, ASA earns a monthly Successful Resolution Fee ("SRF") at the lesser of $1.9k or 25 percent of the outstanding balance of loans being consolidated for each qualifying borrower.

Defaulted Loan Recoveries

ASA is entitled to retain a portion of defaulted loan collections for which federal reinsurance or reimbursement has been received. Regular collections earn a 16% fee on cash collected. Prior to October 1, 2024, consolidation loan collections earned a net fee of 10% of borrower principal and accrued interest. Effective October 1, 2024, under the new VFA, consolidated collections now receive a flat fee, as outlined within the "SRF" section to assist borrowers to consolidate their FFELP loans into the Direct Lending program. Rehabilitations which are sold receive collection costs of 16% of borrower principal and accrued interest, and 100% of the accrued interest associated with the loan, which is recognized as revenue upon sale which is the point in which ASA's performance obligation is met. As revenue for each of these types of collections is based on an aforementioned established rate, the amounts are considered to be fixed and determinable. Gains and losses on loans are netted against the associated revenue from rehabilitations sold as management views this as an integral part of the net compensation available to it under the program with these amounts being recorded as they occur which results in these being recorded in the same period. ED has established a floor of 94% of face value of loans as a price they will pay should market participants not be willing to make purchases at this level or higher. Since, generally, the collection revenues significantly exceed the possible loss on sale when less than face value is received, no implied loss exists on rehabilitations in progress and thus no loss is recorded on such until the related collection revenue is recorded.

Grants and Contracts

ASA receives grants from federal, state, and private sources. This revenue is used to provide information to students and their families about college planning including financial aid for post-high school education and career opportunities. Grants and contracts revenue is recognized when earned, which generally is when the related underlying costs associated with the grant are incurred. Funds received in advance are accounted for in other liabilities pending such costs being incurred. Conditional grants and contracts were $329 and $777 at December 31, 2024 and 2023, respectively.

Note 2 - Summary of Significant Accounting Policies (Continued)

Accounting for Outsource Arrangement

ASA considers all revenue earned from the administration of FFELP as under its responsibility, and accordingly, such amounts are presented at their gross amounts in the consolidated financial statements. Given the significance of the fees paid under its outsourcing arrangement, management has presented those costs as a deduction from revenues in order to more clearly present the net amounts available after such fees for program and management of its other activities and affairs and are included in service fees due to third party servicer in the Consolidated Statements of Activities.

Support for the Federal Fund

ED established a minimum reserve level requirement for the Federal Fund of at least 25 basis points of the total guaranteed principal outstanding as determined each year as of September 30. ASA accrues such estimated amounts at December 31 pursuant to a policy adopted by ASA's Board. While ASA is not legally obligated to fund any shortfalls in the Federal Fund, ASA has provided significant support in the past to enable the Federal Fund to achieve this level of net assets. ASA expects that the Federal Fund will not have funding needs in the future relative to projections when looking at a longer-term horizon than the measurement date established by ED to measure reserve levels. The minimum reserve requirement was waived throughout the pause on collections period and has continued to be waived throughout the term of the VFA; as such, no support was paid or accrued relating to the reserve requirement and the Board's policy to fund such for the years ended December 31, 2024 and 2023.

Funding for Strategic Programs and Grant Expense

ASA funds strategic programs and provides grants that align with the core mission to help students achieve their education and career goals. Certain funding agreements associated with these strategic programs and grants are conditional as the counterparty is required to meet certain barriers or milestones in order to receive future funding from ASA. Grant expense is recorded when the grant is awarded, and all signification conditions have been met. Conditional future commitments associated with strategic programs and grants totaled $43,205 and $10,603 as of December 31, 2024 and 2023, respectively.

Income Tax Status

ASA is recognized by the Internal Revenue Service as an organization described under Section 501(c)(3) of the Internal Revenue Code and is generally exempt from federal and state income taxes on related income. Given the limited taxable activities of ASA and its subsidiaries, management concluded that disclosures relative to tax provisions are not necessary.

ASA Fund and NextGen are both LLCs for which net income or loss at the corporate level passes through to the individual owners resulting in no corporate federal tax under ordinary business operations.

Note 2 - Summary of Significant Accounting Policies (Continued)

Uncertain Tax Positions

ASA accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. ASA has identified its tax status as a tax-exempt entity, its determination of which activities are related and unrelated and its presentation of certain net operating loss carryforwards as its only significant tax positions. ASA, however, has determined that its position relative to tax status or determination of which activities are related and unrelated does not result in an uncertainty requiring recognition. The position on loss carryforwards is uncertain and thus such carryforwards have not been recognized as tax assets. ASA is not currently under examination by any taxing jurisdiction. ASA's federal and state tax returns are generally open for examination for three years following the date filed.

Use of Estimates

The preparation of consolidated financial statements in accordance 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 as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Allocation of Functional Expenses

The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in Note 10 - Functional Classification of Operating Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Depreciation of plant assets and operation and maintenance of plant expenses have been allocated to functional classifications based on programs and supporting services benefited.

Subsequent Events

ASA has evaluated events and transactions through May 15, 2025, which is the date the consolidated financial statements were issued and determined there were no items for adjustment or disclosure.

(Dollars in Thousands)

Note 3 - Liquidity and Availability

ASA regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. ASA has various sources of liquidity at its disposal including cash and cash equivalents, its marketable investments, and a newly established line of credit facility.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, ASA considers all of its expenditures related to its ongoing operations.

In addition to the financial assets available to meet general expenditures over the next 12 months, ASA generally budgets for an operating surplus and anticipates collecting sufficient revenue to cover operating expenditures.

	2024	*2023*
Financial assets available within 12 months:		
Cash and cash equivalents	$ 32,095	$ 21,873
Other receivables	1,968	5,128
Special account maintenance fee receivable	13,198	25,426
Investments	861,636	833,258
Other assets	213	266
Total financial assets available within 12 months	909,110	885,951
Liquidity resources		
Line of credit (no balance outstanding as of December 31, 2024)	50,000	-
Total financial assets and other liquidity resources	**$ 959,110**	**$ 885,951**

Certain investments that are available to be drawn within a year are considered illiquid for operational purposes as ASA does not intend to redeem such funds within the upcoming fiscal year.

(Dollars in Thousands)

Note 4 - Investments and Fair Value Measurements

The fair value of investments consists of the following at December 31:

	2024	***2023***
Investments in Level 1 Marketable Securities		
Fixed Income	$ 304,007	$ 289,700
Domestic Equity	301,374	267,303
International Equity	137,523	136,066
Short-Term Investments and Cash Equivalents	90,306	105,806
Other	28,926	34,883
	862,136	**833,758**
Investments in Alternative Investment Funds (NAV)		
Hedged Equity	65,503	71,738
Infrastructure	19,716	19,128
Venture Capital	28,936	17,734
Private Real Estate	20,748	10,033
Private Credit	8,577	6,579
Private Equity	26,797	6,564
	170,277	**131,776**
Direct Private Investments (Level 3)		
Preferred Equity	9,404	3,895
Simple Agreement Future Equity	3,304	250
	12,708	**4,145**
Total investments	**$ 1,045,121**	**$ 969,679**

(Dollars in Thousands)

Note 4 - Investments and Fair Value Measurements (Continued)

The table below presents additional information regarding alternative investments whose fair value is estimated using the practical expedient of reported net asset value (NAV) per share as of December 31, 2024. Uncalled commitments in the table below represent contractual obligations with certain investment managers to contribute funds to an investment at future dates.

			Redemption Periods	
	Uncalled Commitments	Fair Value	30 Days to 1 Year	Greater than 1 Year
Hedged Equity	$ -	$ 65,503	$ 65,503	$ -
Infrastructure	15,680	19,716	-	19,716
Venture Capital	40,256	28,936	-	28,936
Private Real Estate	11,124	20,748	-	20,748
Private Credit	14,788	8,577	-	8,577
Private Equity	89,413	26,797	-	26,797
Total	**$ 171,261**	**$ 170,277**	**$ 65,503**	**$ 104,774**

The fair value of the direct private investments is determined using significant unobservable inputs (Level 3 inputs) based on the ASA Fund I LLC internal valuation methodologies. These methodologies primarily utilize discounted cash flow analysis, adjusted market multiples, and comparable company analysis.

There were purchases of $8,563 and $4,145 of Level 3 investments during the years ended December 31, 2024 and 2023, respectively. There were no transfers in or out of Level 3 investments during the years ended December 31, 2024 and 2023.

The following table summarizes the valuation techniques and significant unobservable inputs used for the investments that are categorized in Level 3 of the fair value hierarchy as of December 31, 2024:

	Fair Value at December 31, 2024	Valuation Technique	Unobservable Inputs	Range of Inputs (Weighted Average)
Preferred Equity	$ 9,404	Transaction cost	N/A	N/A
Simple Agreement Future Equity	3,250	Transaction cost	N/A	N/A
Simple Agreement Future Equity	54	Liquidation settlement	N/A	N/A
Private Equity Securities	**$ 12,708**			

Note 4 - Investments and Fair Value Measurements (Continued)

ASA categorizes its investments as follows:

Fixed Income and Short-Term Investments

Fixed income investments include vehicles holding cash equivalents, bonds, and other income securities. Money market investments may include indirect investments in the highest quality instruments available, such as Treasury bills, U.S. government agency issues, and certificates of deposit. The purpose of the fixed income/money market allocation is to provide liquid capital for future investment and cash needs of the organization.

At December 31, 2024 and 2023, $500 of securities were pledged to secure a letter of credit issued by a bank in favor of ASA's landlord. The letter of credit expires on February 14, 2026.

Domestic Equity

Domestic equity investments are allocated to equity securities of U.S. companies of all sizes. The purpose of the domestic equity allocation is to provide a total return that will generate growth of principal value. Over the long term, the equity allocation is intended to help increase the real value of underlying assets.

International Equity

International equity investments are allocated to equity securities of companies located in developed, emerging and frontier market countries outside the U.S. Internal equity investments allow exposure to countries that may perform differently from U.S. equities, thereby diversifying the portfolio.

Hedged Equity

Hedge equity investments include exposure to strategies such as arbitrage, long/short equity, or event-driven strategies. These investments may have both exposure to long and short-term positions in a wide range of underlying investments including public and private equity, fixed income securities and credit instruments, real estate, commodities and precious medals. Hedge equity instruments typically seek to provide equity-like returns with lower volatility than equity markets and lower correlation to equity markets than long only equity investments. The intended purpose is to smooth equity volatility and preserve the real value of the portfolio.

Private Equity/Venture Capital

Private equity/venture capital investments are allocated to equity or debt that is not publicly traded, in the equity of start-up companies or companies embarking on new ventures. The intended purpose is to help increase the real value of assets.

(Dollars in Thousands)

Note 4 - Investments and Fair Value Measurements (Continued)

Private Real Estate and Infrastructure

Private real estate investments generally target four main property types: multifamily/apartments, office, industrial/warehouse, and retail. There is a broad range of infrastructure and infrastructure-related assets including: electricity transmission and distribution facilities, gas distribution systems, pipelines, district heating, water distribution and wastewater collection and processing assets. The intended purposes of Private real estate and Infrastructure is to help diversify the portfolio, provide potentially higher risk-adjusted returns, and serve as a hedge against inflation.

Private Credit

Private credit are debt-like, non-publicly traded instruments provided by non-bank entities, such as private credit funds or business development companies (BDCs), to fund private businesses. The intended purpose is to provide additional risk-adjusted portfolio cash yield above what can be achieved in public corporate bonds.

Direct Private Investments

Direct private investments are investments made directly into private companies and can include equity, debt and/or warrants that are not publicly traded. In most cases, these positions will be structured by a lead investor and ASA will enter via co-investment into the transaction. The intended purpose is to buy into early-stage investments on a fee-free basis, generating additional return.

Note 5 - Property and Equipment

Property and equipment consist of the following at December 31:

	2024	***2023***
Computer software systems	$ 16,739	$ 13,911
Equipment	599	599
Furniture and fixtures	1,057	1,024
Leasehold improvements	3,891	3,700
Artwork	221	221
Total property and equipment	22,507	19,455
Less accumulated depreciation and amortization	(13,823)	(9,680)
Net property and equipment	**$ 8,684**	**$ 9,775**

ASA disposed of $55 and $1,621 of fully depreciated computer software systems and equipment during the years ended December 31, 2024 and 2023, respectively.

(Dollars in Thousands)

Note 6 - Bond Payable

ASA has $100,000 in bonds outstanding at December 31, 2024 and 2023. The bonds have a fixed interest rate of 2.673% payable semi-annually, with the entire principal being due on July 1, 2031. ASA incurred issuance costs of approximately $1,034 which are being amortized over the life of the bonds and have been netted against bond payable as required under accounting standards.

Note 7 - Line of Credit

On October 29, 2024, ASA established a line of credit facility in the amount of $50,000 with a financial institution, which bears interest at a rate per annum based on Secured Overnight Financing Rate ("SOFR") plus 115 basis points ("bps"). The line of credit facility is secured by a deposit account and is discretionary in nature as it may be terminated by either party at any time. There were no borrowings during the year ended December 31, 2024.

Note 8 - Leases

ASA is committed to minimum annual rent payments under a long-term non-cancellable operating lease for its office space through 2033. ASA's weighted average discount rate is 2.67%.

Lease expense was $1,383 for the years ended December 31, 2024 and 2023 and is included in occupancy and building costs in the Consolidated Statements of Activities.

ASA does not have any financing leases.

Payments due include options to extend leases that are reasonably certain through 2033 and are summarized below as of December 31, 2024:

2025	$ 1,590
2026	1,615
2027	1,640
2028	1,664
2029	1,689
Thereafter	6,553
	14,751
Less amounts representing interest	(1,613)
Lease liability	**$ 13,138**

(Dollars in Thousands)

Note 9 - Net Assets

Net assets without donor restrictions are summarized as follows as of December 31:

	2024	2023
Undesignated	$ 977,988	$ 904,229
Net investment in property and equipment	8,684	9,775
	$ 986,672	**$ 914,004**

Note 10 - Functional Classification of Operating Expenses

Operating expenses presented by functional classification and function are as follows for the year ended December 31, 2024:

	2024		
	Program Expenses	Management and General	Total Expenses
Employee compensation and fringe benefit costs	$ 13,401	$ 3,350	$ 16,751
Depreciation and amortization expenses	3,358	840	4,198
Occupancy and building costs	1,350	337	1,687
Office expenses	139	35	174
Professional fees and services	17,608	9,555	27,163
Information systems equipment and maintenance	3,471	868	4,339
Travel and industry related activities	491	123	614
Grant expense	21,015	-	21,015
Funding for strategic programs	3,587	-	3,587
Interest expense	2,221	555	2,776
Insurance expense	1,070	267	1,337
Other expenses	553	138	691
	$ 68,264	**$ 16,068**	**$ 84,332**

(Dollars in Thousands)

Note 10 - Functional Classification of Operating Expenses (Continued)

Operating expenses presented by functional classification and function are as follows for the year ended December 31, 2023:

	2023		
	Program Expenses	*Management and General*	*Total Expenses*
Employee compensation and fringe benefit costs	$ 12,439	$ 3,110	$ 15,549
Depreciation and amortization expenses	2,754	689	3,443
Occupancy and building costs	1,535	384	1,919
Office expenses	146	37	183
Professional fees and services	18,268	3,976	22,244
Information systems equipment and maintenance	3,123	780	3,903
Travel and industry related activities	518	129	647
Grant expense	9,045	-	9,045
Funding for strategic programs	2,606	-	2,606
Interest expense	2,221	555	2,776
Other expenses	1,378	345	1,723
	$ 54,033	**$ 10,005**	**$ 64,038**

Note 11 - Employee Benefit Plans

Defined Contribution Plan, Section 403(b)

ASA sponsors a qualified Defined Contribution Section 403(b) Plan which provides accounts dollar-for-dollar match of up to 7% of a participant's contributions compensation, subject to IRS limits. Employer contributions totaled $643 and $716 for the years ended December 31, 2024 and 2023, respectively.

Deferred Compensation Plan, Section 457(b)

ASA has a non-qualified deferred compensation plan covering senior management personnel under Section 457(b) of the Internal Revenue Code. The plan document describes the terms of vesting and ultimate withdrawal of the assets. The assets and a corresponding liability of $213 and $212 are included in other assets and other liabilities at December 31, 2024 and 2023, respectively. Contributions into this plan are not funded or matched by ASA but are elective deferrals by participating employees.

Note 12 - Income Taxes

ASA had a net operating loss carryforward of approximately $16,200 and $18,000 at December 31, 2024 and 2023, respectively. The net operating losses begin to expire in 2024. Management has determined that deferred tax assets should not be recognized given the uncertainly in the realization of benefits from these prior losses.

Note 13 - Commitments and Contingencies

Outsourcing Arrangement

ASA engages a third party under an outsourcing arrangement to provide substantial portions of the FFELP activities under a contract ending September 30, 2026. Under the arrangement, ASA shares a percentage of the fees chargeable for these services. ASA monitors the ongoing performance of its contactor to ensure ongoing performance given the major areas of authority granted to this party under the arrangement.

Contingencies

In the ordinary course of fulfilling its mission, ASA faces litigation, claims and related matters. Management does not expect that the outcome of any of these matters would have a material adverse impact on its operations or financial position. Additionally, ASA is subject to ED oversight and audit that at times may result in program issues and potential liabilities payable to ED. The issues relate to possible noncompliance with rules and regulations established by ED to administer the federal loans program. Management diligently attempts to interpret ED's rules and regulations and believes that its implementation of policies and procedures properly adheres to those rules and regulations.

Note 14 - Risks and Uncertainties

ASA is subject to various federal regulations which may change. Such changes could potentially impact its compliance requirements and associated revenue and costs. Management is assessing compliance strategies and federal government structural changes and may need to adjust such strategies to align with any new regulatory guidelines.

Supplemental Information

AMERICAN STUDENT ASSISTANCE AND SUBSIDIARIES

Consolidated Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

(Dollars in Thousands)

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	*Assistance Listing Number*	*Agency or Pass-through Number*	*Federal Expenditures*
U.S. Department of Education Direct Awards:			
Federal Family Education Loans/Total expended on Guaranty Programs	84.032	N/A	$ 424,141
U.S. Department of Education Pass-through Awards:			
Pass-through from Massachusetts Department of Higher Education			
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A	448
Total U.S. Department of Education			424,589
Total Expenditures of Federal Awards			**$ 424,589**

AMERICAN STUDENT ASSISTANCE AND SUBSIDIARIES

Notes to Consolidated Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

Note 1 - Basis of Presentation

The accompanying Consolidated Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Agency Operating Fund for Massachusetts Higher Education Assistance Corporation d/b/a American Student Assistance (“ASA”) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of ASA, it is not intended to and does not present the consolidated financial position, changes in net assets or cash flows of ASA.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. ASA has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - Federal Family Education Loans (Guaranty Agencies)

Further detail regarding the Federal Family Education Loans (Guaranty Agencies) Assistance Listing Number 84.032 is as follows at December 31, 2024:

Federal Grantor/Program Title	*Assistance Listing Number*	*Federal Award Receivable/ (Payable) January 1, 2024*	*January 1, 2024 though December 31, 2024 Activity Due from (to) ED*	*January 1, 2024 though December 31, 2024 (Receipts)/ Payments*	*Federal Award Receivable/ (Payable) December 31, 2024*	*Total Expenditures of Federal Awards*
U.S. Department of Education("ED"):						
Federal Family Education Loans (Guaranty Agencies)	84.032					
Due from ED:						
Account maintenance fees		$ 4,850	$ 5,379	$ (8,933)	$ 1,296	
Special account maintenance fees		25,426	69,263	(81,486)	13,203	
Successful resolution fee		-	379	-	379	
Claims receivable		(727)	355,675	(354,660)	288	
Total due from ED		29,549	430,696	(445,079)	15,166	
Due to ED:						
Program recoveries		(137)	(6,555)	6,182	(510)	
Total due to ED		(137)	(6,555)	6,182	(510)	
Total		$ 29,412	$ 424,141	$ (438,897)	$ 14,656	
Total Expenditures of Federal Awards						$ 424,141

Note 4 - Subrecipients of Federal Expenditures

ASA provided Federal Awards to subrecipients for the year ended December 31, 2024 as follows:

Assistance Listing Number	*Federal Grantor/Award/Subrecipient*	*Amount Provided to Subrecipients (in thousands)*
	Department of Education	
	Federal Family Education Loans	
84.032	Education Credit Management Corporation	$ 23,233

Reporting Under Government Auditing Standards

CBIZ CPAs P.C.

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Directors
Massachusetts Higher Education Assistance Corporation
d/b/a American Student Assistance

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the consolidated financial statements of the Agency Operating Fund for Massachusetts Higher Education Assistance Corporation d/b/a American Student Assistance ("ASA"), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 15, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

CBIZ CPAs P.C.

Boston, Massachusetts
May 15, 2025

Reporting Under the Uniform Guidance

CBIZ CPAs

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Independent Auditors' Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Massachusetts Higher Education Assistance Corporation
d/b/a American Student Assistance

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Agency Operating Fund of Massachusetts Higher Education Assistance Corporation d/b/a American Student Assistance's ("ASA") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on ASA's major federal program for the year ended December 31, 2024. ASA's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, ASA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of ASA and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of ASA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to ASA's federal programs.

CBIZ CPAs

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether to do with fraud or error, and express an opinion on ASA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ASA's compliance with the requirements of the major program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 ASA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ASA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of ASA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CBIZ CPAs P.C.

Boston, Massachusetts
May 15, 2025

Section 1 ***Summary of Auditors' Results***

Financial Statements

1. Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP:	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	None Reported
3. Noncompliance material to the consolidated financial statements noted?	No

Federal Awards

1. Internal control over major federal programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	None Reported
2. Type of auditors' report issued on compliance for major federal programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
4. Identification of major federal programs:	

Assistance Listing Number	Name of Federal Program
84.032	Federal Family Education Loans (Guaranty Agencies)

5. Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
6. Auditee qualified as a low-risk auditee?	Yes

Section 2

Financial Statement Findings

None noted.

Section 3

Federal Award Findings and Questioned Costs

None noted.