

**Vermont Student Assistance Corporation**  
(A Component Unit of the State of Vermont)

Financial Statements and Supplementary Information

*Years Ended June 30, 2025 and 2024*

**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

Years Ended June 30, 2025 and 2024

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Vermont Student Assistance Corporation  
Winooski, Vermont

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of the Vermont Student Assistance Corporation (the Corporation), a component unit of the state of Vermont, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Corporation as of June 30, 2025 and 2024, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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 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 Corporation'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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation'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 Supplementary Information***

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

### ***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Vermont Student Assistance Corporation's basic financial statements. The statements of revenues, expenses, and changes in net position by operating segment 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 audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the statements of revenues, expenses, and changes in net position by operating segment are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2025 on our consideration of the Corporation'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 the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Andover, Massachusetts  
September 22, 2025

# **VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Years Ended June 30, 2025 and 2024

The Vermont Student Assistance Corporation (VSAC or the Corporation), a public nonprofit corporation, was created as an instrumentality and agency of the State of Vermont (the State) by the State's Legislature in 1965 and exists under Chapter 87 of Title 16, Vermont Statutes Annotated for the purpose of ensuring that Vermont students and parents have the necessary information and financial resources to pursue their education goals beyond high school. VSAC awards grants and scholarships, and finances, originates, and services education loans to students and parents. VSAC also administers outreach services to students seeking postsecondary education opportunities. Finally, VSAC manages the Vermont Higher Education Investment Plan.

VSAC administers the State grant program, funded by State appropriations, at no cost to the State. VSAC administers and awards approximately 150 scholarship programs, including VSAC assisted scholarships and scholarship funds held and managed by VSAC.

VSAC's education loan programs are financed through issuance of limited obligation bonds. Certain education loans are guaranteed and reinsured by the U.S. Department of Education (ED) through the Federal Family Education Loan (FFEL) Program. VSAC education loans are available to Vermont students attending both in-state and out-of-state institutions, and to students of Vermont institutions.

VSAC's outreach services are funded through a variety of federal grants including GEAR UP and TRIO grants, as well as through State grants, and general corporate support.

Management's Discussion and Analysis Report includes Fiscal 2025 and Fiscal 2024 information due to the fact that the Financial Statements include Fiscal 2025 and Fiscal 2024 information.

### *The Financial Statements*

VSAC's financial statements are a series of reports that detail financial information using accounting methods similar to those used by private businesses, especially financial institutions.

The statement of revenues, expenses and changes in net position present the results of VSAC's operations. The statement reports all revenues and expenses and reconciles the beginning and end of year net position balances.

The statement of net position includes all the Corporation's assets, liabilities and deferred inflows of resources. The statement also presents the balance of assets less liabilities and deferred inflows, or net position.

The statement of cash flows supplements these statements providing relevant information about cash receipts and payments for the Corporation.

The notes to financial statements are an integral part of the financial statements and contain information necessary to get a complete view of VSAC's financial position.

# VERMONT STUDENT ASSISTANCE CORPORATION

(A Component Unit of the State of Vermont)

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

Years Ended June 30, 2025 and 2024

### FISCAL 2025

#### Fiscal 2025 Highlights and Overall Financial Position

- VSAC's total increase in net position for the years ended June 30, 2025 and 2024 was \$5.1 million and \$13.9 million, respectively. VSAC's total net position increased to \$237.2 million at June 30, 2025 from \$232.1 million at June 30, 2024.
- Interest earned from education loan financing decreased \$3.7 million from \$30.7 million in fiscal year 2024 to \$27.0 million in fiscal year 2025.
- Interest expense on bonds and notes payable decreased \$1.6 million from \$10.2 million in fiscal year 2024 to \$8.6 million in fiscal year 2025.
- During fiscal year 2025 VSAC provided \$41.8 million in grants and scholarships to Vermont students representing a 16% increase from the \$35.9 million provided in fiscal year 2024.
- VSAC originated \$47.2 million in new loans to students and parents in 2025 compared to \$42.1 million in 2024. VSAC holds and services \$376.2 million in education loans receivable and related interest at June 30, 2025 (\$389.1 million at June 30, 2024).
- VSAC returned \$905 thousand in interest rebates to students during fiscal 2025 compared to \$195 thousand in 2024.
- On February 24, 2025 VSAC closed out its loan guarantor program under the FFEL program making a payment of \$10.4 million to return the balance of reserve funds held on behalf of the U.S. Department of Education. The Federally-guaranteed administration for these loans is now performed by an entity selected by the Department of Education.

**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)**

Years Ended June 30, 2025 and 2024

## Condensed Financial Information

## Statements of Net Position

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Assets:		
Cash and investments	\$ 116,352	\$ 115,724
Education loans receivable (plus interest)	376,226	389,112
Other assets	<u>13,305</u>	<u>13,725</u>
Total assets	<u>\$ 505,883</u>	<u>\$ 518,561</u>
Liabilities:		
Bonds and notes payable (plus interest)	\$ 245,086	\$ 259,914
U.S. Treasury rebates payable	3,432	3,797
Other liabilities	<u>18,278</u>	<u>19,511</u>
Total liabilities	<u>266,796</u>	<u>283,222</u>
Deferred inflows of resources:		
Deferred inflows from leasing activity	452	508
Deferred gains on early refunding of bonds payable	<u>1,468</u>	<u>2,731</u>
Total deferred inflows of resources	<u>1,920</u>	<u>3,239</u>
Total liabilities and deferred inflows of resources	<u>268,716</u>	<u>286,461</u>
Net position:		
Net investment in capital assets	10,101	10,152
Restricted	86,550	89,006
Unrestricted	<u>140,516</u>	<u>132,942</u>
Total net position	<u>237,167</u>	<u>232,100</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 505,883</u>	<u>\$ 518,561</u>



**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)**

Years Ended June 30, 2025 and 2024

Statements of Revenues, Expenses and Changes in Net Position

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Operating revenues:		
Interest earned from education loan financing	\$ 27,045	\$ 30,701
Other loan and guarantee program revenues	-	1,437
Investment interest	5,315	6,209
Vermont state grants	28,520	29,609
Federal grants	8,082	7,134
Scholarship and gift income	8,893	6,863
Facility lease revenue	559	727
529 plan revenue	977	838
Other income	<u>1,544</u>	<u>1,373</u>
Total operating revenues	80,935	84,891
Operating expenses:		
Grants and scholarships	41,755	35,900
Interest rebated to borrowers	905	195
Interest on debt, net of amortization	8,649	10,244
Other loan financing costs	2,162	2,185
Corporate operating expenses and depreciation	<u>22,593</u>	<u>22,915</u>
Total operating expenses	<u>76,064</u>	<u>71,439</u>
Change in net position from operations	4,871	13,452
Contributions to scholarship endowments	<u>196</u>	<u>490</u>
Change in net position	5,067	13,942
Net position, beginning of year	<u>232,100</u>	<u>218,158</u>
Net position, end of year	\$ <u>237,167</u>	\$ <u>232,100</u>

Net Position

Cash and investment balances increased \$0.7 million from June 30, 2024 to June 30, 2025 from \$115.7 million to \$116.4 million. The cash balance associated with restricted bonds increased \$7.6 million during this time; cash and investment balances associated with restricted grants and scholarships decreased \$2.8 million. Unrestricted cash decreased \$4.2 million during the year.

Student loans and interest receivable totaled \$376.2 million at June 30, 2024, down from \$389.1 million in 2024. This decrease is due to overall loan principal collections exceeding new loan originations in the VSAC private loan program.

**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)**

Years Ended June 30, 2025 and 2024

Bonds and notes payable and accrued interest decreased \$14.8 million from \$259.9 million at June 30, 2024 to \$245.0 million at June 30, 2025. VSAC's financing activity in 2025 was comprised primarily of the following (in millions):

Principal payments, 2012-13-14 variable rate notes	\$ (26.7)
Principal payments, VSAC fixed rate bonds	(18.8)
Issuance of 2025A student loan financing bond	32.1
Premium/discount amortization	<u>(1.4)</u>
	\$ <u>(14.8)</u>

The 2012, 2013 and 2014 variable rate notes, which were issued in those years to refund auction rate bonds, letter of credit bonds, and the ABCP Conduit note, include a feature which requires periodic calculations of available cash used to pay bond principal. For more information regarding bonds and notes payable, see Note 11 to the basic financial statements.

U.S. Treasury rebates payable is described in the expense discussion. This liability was \$3.4 million and \$3.8 million as of June 30, 2025 and 2024, respectively.

Unrestricted net position increased from \$132.9 million at June 30, 2024 to \$140.5 million at June 30, 2025. Including the Net investment in capital assets section of Net position, the year over year increase is \$7.5 million. VSAC's unrestricted net position at June 30, 2025 and 2024 consists of the following (in millions):

	<u>2025</u>	<u>2024</u>
Cash and investments	\$ 38.4	\$ 43.2
Investment in student loans and related interest	83.7	69.5
Physical plant	9.8	9.9
Subordinated VSAC bonds	22.5	22.5
Other	<u>(3.8)</u>	<u>(2.0)</u>
Total unrestricted including Net investment in capital assets	\$ <u>150.6</u>	\$ <u>143.1</u>

Restricted net position decreased from \$89.0 million at June 30, 2024 to \$86.6 million at June 30, 2025. This decrease was primarily in the bond funds resulting from allowable cash distributions made during the year. Of the \$86.6 million, \$69.4 million is restricted by bond resolutions. The remaining \$17.2 million is restricted for scholarships and grants and for programs to encourage students to pursue higher education.

Revenues

VSAC's fiscal 2025 financial results increased net position by \$5.1 million. All revenues, except contributions to the permanent and termed scholarship endowments, are considered operating revenues. VSAC realized \$80.9 million in operating revenues versus \$76.1 million in total expenses. VSAC revenues include interest income on student loans, various federal interest subsidies and special allowance payments, State of Vermont grants, fees earned in the federal guarantee program, and lease revenues.

**VERMONT STUDENT ASSISTANCE CORPORATION**  
(A Component Unit of the State of Vermont)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

Years Ended June 30, 2025 and 2024

Overall loan revenue of VSAC is closely related to the general interest rate environment and the amount of loans outstanding. During 2025, loan revenue decreased from \$30.7 to \$27.0 million. The components of loan revenue are as follows (in thousands):

	<u>2025</u>	<u>2024</u>
U.S. Department of Education interest benefits	\$ 76	\$ 110
U.S. Department of Education special allowance	2,718	4,231
Borrower interest and fees on student loans	24,371	26,437
Borrower interest paid to Department of Education	<u>(120)</u>	<u>(77)</u>
	<u>\$ 27,045</u>	<u>30,701</u>

No new FFEL Program loans have been originated since June 30, 2010. This affects the components of loan revenue differently:

- Interest for certain loans is paid by ED as a subsidized interest benefit on qualifying borrowers. This item decreased because the population of loans which qualify for this benefit is declining.
- ED also pays special allowance payments under certain interest rate conditions. This item decreased because of declining eligible loan balances and declining interest rates during the year.
- Borrower interest and fees decreased during the year also due to declining interest rates.
- Certain borrower interest revenues which exceed the special allowance formulae must be paid to ED each quarter. The amount paid increased for reasons similar to the special allowance change.

Interest rate risk on student loan assets is managed by closely matching the coupon rate reset frequency of our debt instruments with rates that drive our loan returns. Our private loan financing bonds are issued with fixed interest rates. The student loans pledged to these bonds (2010 and later VSAC Private loans) also have fixed interest rates. All other outstanding student loan bonds and notes have variable interest rates reset on periodic intervals based on short-term SOFR rates. The earnings on loans pledged to these bonds have variable interest rates based on short-term SOFR rates with similar reset frequencies.

Interest rates on cash positions were lower during the year ended June 30, 2025, resulting in lower investment interest over the prior year. Other revenue includes realized and unrealized gains on scholarship endowment funds totaling \$1.1 million in 2025 and 2024.

## VERMONT STUDENT ASSISTANCE CORPORATION

(A Component Unit of the State of Vermont)

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

Years Ended June 30, 2025 and 2024

VSAC's Vermont state support revenue decreased slightly from \$29.6 million in 2024 to \$28.5 million in 2025 mostly due to a one-time appropriation of \$2.5 million in 2024 for Vermont teacher forgivable loans.

Federal grants were \$8.1 million in fiscal 2025 and \$7.1 million in fiscal 2024. The increase was primarily due to an additional \$0.4 million in federally funded nursing education awards made in 2025 and \$0.2 million in one-time funds for improving financial aid application completion rates.

Scholarship revenues, representing the use of restricted gifts and grants, increased from \$6.9 million in 2024 to \$8.9 million in 2025. The increase was primarily due to a \$1.4 million increase in state-funded nursing education awards made in 2025 and an increase in private donations.

In fiscal 2019, VSAC began leasing excess office space in its facility. The revenues recognized under these leases were \$0.6 million and \$0.7 million in 2025 and 2024, respectively. VSAC earns fees used for administration and marketing of the State's 529 higher education savings plan. These fees were \$1.0 million and \$0.8 million in 2025 and 2024, respectively.

#### Expenses

VSAC has four main types of expenses: 1. Student aid, 2. Interest and other costs of debt, 3. Noninterest costs of financing loans, and 4. Costs of operations and depreciation.

Student Aid – VSAC provided Vermont students with \$41.8 million in student aid in fiscal 2025. This represents a 16% increase from the \$35.9 million provided in fiscal 2024. Direct aid in the form of grants and scholarships represented 54.9% of VSAC's operating expenses in fiscal 2025 compared to 50.3% in 2024.

While not strictly a student aid expense, interest rebated to borrowers helps current and former students and parents manage their education debt. VSAC provided \$0.9 million in rebates of interest to borrowers in 2025, which represents 1.1% of VSAC's operating expenses in fiscal year 2025 compared to 0.3% in 2024.

It is also important to note that, while not an expense to the Corporation, a significant portion of aid to students is the \$47.2 million in new loans VSAC made available to students and parents in fiscal 2025.

**VERMONT STUDENT ASSISTANCE CORPORATION**  
(A Component Unit of the State of Vermont)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

Years Ended June 30, 2025 and 2024

Interest Costs – In order to provide Vermont students and parents with low-cost loans, over time VSAC has issued two types of bonds that remain outstanding as of June 30, 2025 and 2024, fixed rate and variable rate. The interest costs of the bonds represent a significant expense category for VSAC. The variable-rate notes were issued to refinance VSAC's auction-rated securities and are supported by variable-rate student loans. The student loans and bonds bear interest at a fixed margin added to SOFR. This margin does not change after being set, when the bonds were sold, and loans originated. Fixed-rate bonds were issued beginning in 2010 to finance newly originated fixed rate loans. These rate structures result in student loan interest revenue that is closely matched to bond interest expense.

VSAC's interest expense is comprised of two elements, actual interest paid reduced by amortized deferred retirement gain on refunded bonds. VSAC's interest paid is slightly lower year over year due to the decrease in bond and note balances. Net of deferred gains on early refunding, this expense represents 11.4% of VSAC's operating expenses in fiscal 2024, down from 14.3% in 2023.

The components of VSAC's interest expense for 2025 and 2024 were as follows (in thousands):

	<u>2025</u>	<u>2024</u>
Interest expense incurred on outstanding debt	\$ 9,912	\$ 13,359
Amortization of deferred gain on refunded debt	<u>(1,263)</u>	<u>(3,115)</u>
Bond interest expense recognized, net	\$ <u>8,649</u>	\$ <u>10,244</u>

Other Loan Financing Costs – Other loan financing expenses include other costs incurred in issuing and managing \$245.1 million in outstanding bonds and notes. These costs totaled \$2.2 million in fiscal 2025 and \$2.2 million in fiscal 2024, representing approximately 2.8% and 3.1%, respectively, of total operating expenses in these years. Detail of other loan financing costs is (in thousands):

	<u>2025</u>	<u>2024</u>
U.S. Treasury rebate	\$ (306)	\$ 97
FFEL Consolidation fees	856	1,185
Bond issuance costs	673	568
Provision for student loan losses	556	(162)
Other costs	<u>383</u>	<u>497</u>
Total other loan financing costs	\$ <u>2,162</u>	\$ <u>2,185</u>

Interest subject to U.S. Treasury rebate is a component of other loan financing costs. This represents earnings on tax-exempt bond-financed loans and investments that would be returned to the U.S. Treasury if the loan portfolios were completely liquidated at June 30 and all bondholders were repaid. VSAC manages this liability by issuing loan rebates to certain VSAC borrowers with the expectation that there will be no rebate due to the U.S. Treasury upon final maturity of the bond.

**VERMONT STUDENT ASSISTANCE CORPORATION**  
(A Component Unit of the State of Vermont)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

Years Ended June 30, 2025 and 2024

The decreases in FFEL consolidation fees is due to the gradual reduction of our Federal student loan portfolio as these loans are repaid (see financial statement Note 4 for details regarding these loan balances).

The components of the provision for losses on student loans for fiscal 2025 and fiscal 2024 are presented here:

	<u>2025</u>	<u>2024</u>
Write-offs of defaulted loans	\$ 3,310	\$ 3,060
Recoveries of loans previously written off	(2,082)	(1,845)
Year-end adjustment of loan loss reserve	<u>(672)</u>	<u>(1,377)</u>
 Total Provision for Student Loan Losses	 \$ <u>556</u>	 \$ <u>(162)</u>

Costs of Operations and Depreciation – The costs of operating VSAC's programs, as well as facilities and overhead costs, totaled \$22.6 million in fiscal 2025 compared to \$22.9 million in fiscal 2024. The primary components of VSAC's operating costs were as follows for the years ended June 30 (in thousands):

	<u>2025</u>	<u>2024</u>
Salaries and wages	\$ 10,362	\$ 10,459
Employee healthcare costs	3,010	3,165
Other employee benefit costs	1,937	2,015
Administrative expenses	6,521	5,842
Depreciation	763	775
Separation-related expenses	<u>-</u>	<u>659</u>
 Total Costs of Operations	 \$ <u>22,593</u>	 \$ <u>22,915</u>

Overall costs of operations and depreciation represent 29.7% of total operating expenses in fiscal 2025 compared to 32.1% in 2024.

# VERMONT STUDENT ASSISTANCE CORPORATION

(A Component Unit of the State of Vermont)

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

Years Ended June 30, 2024 and 2023

### FISCAL 2024

#### Fiscal 2024 Highlights and Overall Financial Position

- VSAC's total increase in net position for the years ended June 30, 2024 and 2023 was \$13.9 million and \$9.7 million, respectively. VSAC's total net position increased to \$232.1 million.
- Interest expense, which is a combination of bond interest costs offset by amortization of deferred gains on early bond retirement, decreased \$0.5 million from 2023 to 2024. See Interest Costs on page 11 of Management's Discussion and Analysis for details of the components of Interest Expense.
- During the year ended June 30, 2024, VSAC provided \$35.9 million in grants and scholarships to Vermont students.
- VSAC originated \$42.1 million in new loans to students and parents. VSAC holds and services \$389.1 million in education loans receivable and related interest at June 30, 2024.
- VSAC returned \$0.2 million in interest rebates to students in its loan programs during fiscal 2024.
- VSAC holds student loans and variable rate notes payable that were originally priced off of the London Inter Bank Offered Rate ('LIBOR'). The one-month LIBOR used as a reference rate by certain of VSAC's bonds expired at the end of the day on June 30, 2023. On March 15, 2022 the President signed legislation which would smooth transition of issuers of LIBOR-based obligations to a replacement reference rate. This legislation, the Adjustable Interest Rate (LIBOR) Act of 2021, provides for the replacement of LIBOR with the Secured Overnight Financing Rate (SOFR) plus a constant spread adjustment. Using the provisions of this legislation VSAC has transitioned to the use of the replacement rate as of July 1, 2023.
- Effective March 15, 2024 VSAC outsourced the servicing of its remaining Federal Family Education Loan (FFEL) program loans to a third party servicer. At the same time VSAC discontinued its loan guarantor activities under the FFEL program. The Federal guarantee for these loans is now performed by an entity selected by the Department of Education.
- During fiscal year 2024 VSAC corrected how it accounts for contributions to Termed Endowments to recognize these as non-Operating revenues as received. Consequently the amounts shown for as of June 30, 2023, and for the year then ended, have been revised.

**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)**

Years Ended June 30, 2024 and 2023

**Condensed Financial Information****Statements of Net Position**

	<u>2024</u>	<u>2023</u>
	(In Thousands)	
<b>Assets:</b>		
Cash and investments	\$ 115,724	\$ 115,133
Education loans receivable (plus interest)	389,112	450,772
Other assets	<u>13,725</u>	<u>14,352</u>
Total assets	<u>\$ 518,561</u>	<u>\$ 580,257</u>
<b>Liabilities:</b>		
Bonds and notes payable (plus interest)	\$ 259,914	\$ 333,037
U.S. Treasury rebates payable	3,797	3,750
Other liabilities	<u>19,511</u>	<u>18,287</u>
Total liabilities	<u>283,222</u>	<u>355,074</u>
<b>Deferred inflows of resources:</b>		
Deferred inflows from leasing activity	508	1,179
Deferred gains on early refunding of bonds payable	<u>2,731</u>	<u>5,846</u>
Total deferred inflows of resources	<u>3,239</u>	<u>7,025</u>
Total liabilities and deferred inflows of resources	<u>286,461</u>	<u>362,099</u>
<b>Net position:</b>		
Net investment in capital assets	10,152	10,863
Restricted	89,006	77,403
Unrestricted	<u>132,942</u>	<u>129,892</u>
Total net position	<u>232,100</u>	<u>218,158</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 518,561</u>	<u>\$ 580,257</u>



**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)**

Years Ended June 30, 2024 and 2023

Statements of Revenues, Expenses and Changes in Net Position

	<u>2024</u>	<u>2023</u>
	(In Thousands)	
Operating revenues:		
Interest earned from education loan financing	\$ 30,701	\$ 32,746
Other loan and guarantee program revenues	1,437	1,778
Investment interest	6,209	4,005
Vermont state support	29,609	25,494
Federal grants	7,134	6,558
Scholarship and gift income	6,863	6,284
Facility lease revenue	727	722
529 plan revenue	838	751
Other income	<u>1,373</u>	<u>1,098</u>
Total operating revenues	84,891	79,436
Operating expenses:		
Grants and scholarships	35,900	34,322
Interest rebated to borrowers	195	271
Interest on debt, net of amortization	10,244	10,741
Other loan financing costs	2,185	2,831
Corporate operating expenses and depreciation	<u>22,915</u>	<u>22,412</u>
Total operating expenses	<u>71,439</u>	<u>70,577</u>
Change in net position from operations	13,452	8,859
Contributions to scholarship endowments	<u>490</u>	<u>791</u>
Change in net position	13,942	9,650
Net position, beginning of year	<u>218,158</u>	<u>208,508</u>
Net position, end of year	\$ <u>232,100</u>	\$ <u>218,158</u>

Net Position

Cash and investment balances increased \$0.6 million from June 30, 2023 to June 30, 2024 from \$115.1 million to \$115.7 million. The cash balance associated with restricted bonds increased \$0.3 million during this time; cash and investment balances associated with restricted grants and scholarships increased \$4.6 million. Unrestricted cash decreased \$4.3 million during the year.

Student loans and interest receivable totaled \$389.1 million at June 30, 2024, down from \$450.8 million in 2023. This decrease is due to overall loan principal collections exceeding new loan originations in the VSAC private loan program.

**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)**

Years Ended June 30, 2024 and 2023

Bonds and notes payable and accrued interest decreased \$73.1 million from \$333.0 million at June 30, 2023 to \$259.9 million at June 30, 2024. VSAC's financing activity in 2024 was comprised primarily of the following (in millions):

Principal payments, 2012-13-14 variable rate notes	\$ (65.3)
Principal payments, VSAC fixed rate bonds	(26.4)
Issuance of 2024A student loan financing bond	20.1
Premium/discount amortization	<u>(1.5)</u>
	\$ <u>(73.1)</u>

The 2012, 2013 and 2014 variable rate notes, which were issued in those years to refund auction rate bonds, letter of credit bonds, and the ABCP Conduit note, include a feature which requires periodic calculations of available cash used to pay bond principal. For more information regarding bonds and notes payable, see Note 11 to the basic financial statements.

U.S. Treasury rebates payable is described in the expense discussion. This liability was \$3.8 million as of June 30, 2024 and 2023.

Unrestricted net position increased from \$129.9 million at June 30, 2023 to \$132.9 million at June 30, 2024. Including the Net Investment in Capital Assets section of Net Position, the year over year increase is \$2.3 million. VSAC's unrestricted net position at June 30, 2024 and 2023 consists of the following (in millions):

	<u>2024</u>	<u>2023</u>
Cash and investments	\$ 43.2	\$ 47.5
Investment in student loans and related interest	69.5	61.8
Physical plant	9.9	10.6
Subordinated VSAC bonds	22.5	22.5
Other	<u>(2.0)</u>	<u>(1.6)</u>
Total unrestricted, including Net Investment in Capital Assets	\$ <u>143.1</u>	\$ <u>140.8</u>

Restricted net position increased from \$77.4 million at June 30, 2023 to \$89.0 million at June 30, 2024. This increase was primarily in the bond funds due to the operating surplus in those funds. Of the \$89.0 million, \$71.6 million is restricted by bond resolutions. The remaining \$17.4 million is restricted for scholarships and grants and for programs to encourage students to pursue higher education.

**Revenues**

VSAC's fiscal 2024 financial results increased net position by \$14.0 million. All revenues, except contributions to the permanent and termed scholarship endowments, are considered operating revenues. VSAC realized \$84.9 million in operating revenues versus \$71.4 million in total expenses. VSAC revenues include interest income on student loans, various federal interest subsidies and special allowance payments, State of Vermont grants, fees earned in the federal guarantee program, and lease revenues.

**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)**

Years Ended June 30, 2024 and 2023

Overall loan revenue of VSAC is closely related to the general interest rate environment and the amount of loans outstanding. During 2024, loan revenue decreased from \$32.7 to \$30.7 million. The components of loan revenue are as follows (in thousands):

	<u>2024</u>	<u>2023</u>
U.S. Department of Education interest benefits	\$ 110	187
U.S. Department of Education special allowance	4,231	4,026
Borrower interest and fees on student loans	26,437	29,290
Borrower interest paid to Department of Education	<u>(77)</u>	<u>(757)</u>
	<u>\$ 30,701</u>	<u>32,746</u>

No new FFEL Program loans have been originated since June 30, 2010. This affects the components of loan revenue differently:

- Interest for certain loans is paid by ED as a subsidized interest benefit on qualifying borrowers. This item decreased because the population of loans which qualify for this benefit is declining.
- ED also pays special allowance payments under certain interest rate conditions. This item increased because the impact of decreasing eligible loan balances was more than offset by the impact of increasing interest rate indices (LIBOR, or after 6/30/23 SOFR) which increase these payments.
- Although VSAC originates new non-guaranteed loans, the population of ED-guaranteed loans is paying down more rapidly, resulting in decreased borrower interest and fees.
- Certain borrower interest revenues which exceed the special allowance formulae must be paid to ED each quarter. The amount paid decreased for reasons similar to the special allowance change.

Interest rate risk on student loan assets is managed by closely matching the coupon rate reset frequency of our debt instruments with rates that drive our loan returns. Our private loan financing bonds are issued with fixed interest rates. The student loans pledged to these bonds (2010 and later VSAC Private loans) also have fixed interest rates. All other outstanding student loan bonds and notes have variable interest rates reset on periodic intervals based on short-term LIBOR/SOFR rates. The earnings on loans pledged to these bonds have variable interest rates based on short-term LIBOR/SOFR rates with similar reset frequencies.

Other revenues associated with the loan and loan guarantee programs include consolidation fees, rehabilitation fees, default aversion fees, collections revenues, and other program fees and revenues. These fees and revenues decreased from \$1.8 million in fiscal 2023 to \$1.4 million in fiscal 2024. This decrease is primarily due to decreased volumes of FFEL program loans outstanding which generate these revenues. This decrease is also partially related to VSAC's discontinuation of its loan guarantor function effective March 15, 2024.

Interest rates on cash positions were higher during the year ended June 30, 2024, resulting in higher interest earnings over the prior year. Investments include unrestricted, student loan and scholarship funds temporarily invested in short-term investments, and scholarship endowment funds invested for long-term growth and income. Other gains (losses) related to investing, both realized gains (losses) on sales and unrealized gains (losses) on appreciated (depreciated) assets held at year-end, are reflected in the Other Income line and were \$1.1 million in 2024 and \$0.7 million in 2023.

## VERMONT STUDENT ASSISTANCE CORPORATION

(A Component Unit of the State of Vermont)

### MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

Years Ended June 30, 2024 and 2023

VSAC's State revenue recognized increased to \$29.6 million in 2024 from \$25.5 million in 2023. State appropriation support including amounts reported as grants and scholarship income was \$28.3 million and \$28.4 million in the years ending June 30, 2024 and 2023. The difference between total State appropriation support and VSAC State revenue recognized is generally related to amounts which are not intended for the State need-based grant program which VSAC records as scholarship support. The primary driver of the overall increase in revenue was the recognition of \$2.9 million of unexpended funds related to the 802 Opportunity program, which had previously been presented as unearned revenue. As the State for fiscal 2025 has included this in its based grant appropriation, VSAC has recognized all previously awarded unexpended funds during fiscal 2024.

Federal grants were \$7.1 million in fiscal 2024 and \$6.6 million in fiscal 2023. The increase was primarily due to the new Healthcare Workforce Scholarship program. Generally, Federal grants revenues are applied for only after VSAC has incurred expenses for administration and program activities associated with those grants. Federal scholarship funds are received in the year of their Federal budget authorization and revenues recognized by VSAC as awards are disbursed.

Scholarship revenues, representing the use of restricted gifts and grants, increased from \$6.3 million in 2023 to \$6.9 million in 2024. Additionally, donations of new permanent and termed scholarship endowment funds, a non-operating item, were \$0.5 million and \$0.8 million in 2024 and 2023, respectively.

In fiscal 2019, VSAC began leasing excess office space in its facility. The revenues recognized under these leases were \$727 thousand and \$722 thousand in fiscal 2024 and fiscal 2023, respectively. VSAC earns fees used for administration and marketing of the State's 529 higher education savings plan. These fees were \$838 thousand and \$751 thousand in fiscal 2024 and fiscal 2023, respectively. VSAC's revenue for this item is calculated based on the total market value of invested assets.

#### Expenses

VSAC has four main types of expenses: 1. Student aid, 2. Interest and other costs of debt, 3. Noninterest costs of financing loans, and 4. Costs of operations.

Student Aid – VSAC provided Vermont students with \$35.9 million in student aid during fiscal 2024. Of this amount, \$30.4 million in grant aid was provided from State appropriations. An additional \$5.5 million was made available through various scholarship programs managed by VSAC. Direct aid in the form of grants and scholarships represented 50.3% of VSAC's operating expenses in fiscal 2024 compared to 48.6% in 2023.

While not strictly a student aid expense, interest rebated to borrowers helps current and former students and parents manage their education debt. VSAC provided \$0.2 million in rebates of interest to borrowers in 2024, which represents 0.3% of VSAC's operating expenses in fiscal year 2024 compared to 0.4% in 2023.

It is also important to note that, while not an expense to the Corporation, a significant portion of aid to students is the \$42.1 million in new loans VSAC made available to students and parents in fiscal 2024.

**VERMONT STUDENT ASSISTANCE CORPORATION**  
(A Component Unit of the State of Vermont)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) (UNAUDITED)

Years Ended June 30, 2024 and 2023

Interest Costs – In order to provide Vermont students and parents with low-cost loans, over time VSAC has issued two types of bonds that remain outstanding as of June 30, 2024 and 2023, fixed rate and variable rate. The interest costs of the bonds represent a significant expense category for VSAC. The variable-rate notes were issued to refinance VSAC's auction-rated securities and are supported by variable-rate student loans. The student loans and bonds bear interest at a fixed margin added to one or three-month LIBOR (after June 30, 2023 SOFR plus a fixed margin). This margin does not change after being set, when the bonds were sold, and loans originated. Fixed-rate bonds were issued beginning in 2010 in order to finance newly originated fixed-rate loans. These rate structures result in student loan interest revenue that is closely matched to bond interest expense.

VSAC's interest expense is comprised of two elements. One is the actual interest paid by VSAC on its indebtedness. This is partially offset by an amortized deferred retirement gain on bonds which certain VSAC bonds refunded. VSAC's interest paid is slightly lower year over year due to the decrease in bond and note balances. Net of deferred gains on early refunding, this expense represents 14.3% of VSAC's operating expenses in fiscal 2024, down from 15.2% in 2023.

The components of VSAC's interest expense for 2024 and 2023 were as follows (in thousands):

	<u>2024</u>	<u>2023</u>
Interest expense incurred on outstanding debt	\$ 13,359	\$ 14,764
Amortization of deferred gain on refunded debt	<u>(3,115)</u>	<u>(4,023)</u>
Bond interest expense recognized, net	\$ <u>10,244</u>	\$ <u>10,741</u>

Other Loan Financing Costs – Other loan financing expenses include a variety of other costs incurred in issuing and managing \$259.9 million in outstanding bonds and notes. These costs totaled \$2.1 million in fiscal 2024 and \$2.8 million in fiscal 2023, representing approximately 3.1% and 4.0%, respectively, of total operating expenses in these years. A high-level breakdown of Other Loan Financing in thousands) is:

	<u>2024</u>	<u>2023</u>
U.S. Treasury rebate	\$ 97	\$ (82)
FFEL Consolidation fees	1,185	1,728
FFEL Guarantor costs	-	7
Bond issuance costs	568	570
Provision for student loan losses	(162)	284
Other costs	<u>497</u>	<u>324</u>
Total other loan financing costs	\$ <u>2,185</u>	\$ <u>2,831</u>

Interest subject to U.S. Treasury rebate is a component of Other Loan Financing Costs. This represents earnings on tax-exempt bond-financed loans and investments that would be returned to the U.S. Treasury if the loan portfolios were completely liquidated at June 30 and all bondholders were repaid. VSAC manages this liability by issuing loan rebates to certain VSAC borrowers with the expectation that there will be no rebate due to the U.S. Treasury upon final maturity of the bond.

**VERMONT STUDENT ASSISTANCE CORPORATION**  
(A Component Unit of the State of Vermont)

The decreases in FFEL Consolidation fees and FFEL Guarantor costs are related to the gradual reduction of our Federal student loan portfolio as these loans are repaid (see financial statement Note 4 for details regarding these loan balances).

The components of Provision for Student Loan Losses fiscal 2024 and fiscal 2023 are presented here:

	<u>2024</u>	<u>2023</u>
Write-offs of defaulted loans	\$ 3,060	\$ 2,771
Recoveries of loans previously written off	(1,845)	(1,677)
Year-end adjustment of loan loss reserve	<u>(1,377)</u>	<u>(810)</u>
Total Provision for Student Loan Losses	\$ <u>(162)</u>	\$ <u>284</u>

Costs of Operations – The costs of operating VSAC’s programs, as well as facilities and overhead costs, totaled \$22.9 million in fiscal 2024 compared to \$22.4 million in fiscal 2023. The primary components of VSAC’s operating costs (in thousands) were as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Salaries and wages	\$ 10,459	\$ 10,697
Employee healthcare costs	3,165	3,138
Other employee benefit costs	2,015	2,028
Administrative expenses	6,617	6,549
Separation-related expenses	<u>659</u>	<u>-</u>
Total Costs of Operations	\$ <u>22,915</u>	\$ <u>22,412</u>

Overall costs of operations represent 32.1% of total operating expenses in fiscal 2024 compared to 31.8% in 2023.

Expenses for 2024 totaled \$71.4 million. Revenues including scholarship endowment contributions totaled \$85.3 million. The change in total net position for the year was an increase of \$13.9 million. The ending balance of net position at June 30, 2024 was \$232.1 million, as compared to \$218.2 million at June 30, 2023.

**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

**STATEMENTS OF NET POSITION**

June 30, 2025 and 2024

**ASSETS**

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Current assets:		
Cash and cash equivalents	\$ 38,378	\$ 43,153
Receivables		
Student loans, net	50,228	47,027
Student loan interest and special allowance	11,030	11,015
Investment interest	182	160
Facility lease receivable	244	521
Other	1,547	1,697
Other assets	<u>512</u>	<u>387</u>
Total current assets	102,121	103,960
Noncurrent assets:		
Restricted cash	65,323	61,119
Scholarship endowment investments	12,651	11,452
Facility lease receivable	233	124
Student loans receivable, net	314,968	331,070
Capital assets, net	<u>10,587</u>	<u>10,836</u>
Total noncurrent assets	<u>403,762</u>	<u>414,601</u>
Total assets	\$ <u>505,883</u>	\$ <u>518,561</u>

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

**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

**STATEMENTS OF NET POSITION (CONCLUDED)**

June 30, 2025 and 2024

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Current liabilities:		
Bonds and notes payable	\$ 15,970	\$ 12,965
Accounts payable and other liabilities	4,063	3,303
Accrued interest on bonds payable	483	435
Subscription-based information technology arrangements (SBITA)	397	346
Unearned revenue	<u>12,196</u>	<u>13,775</u>
Total current liabilities	33,109	30,824
Noncurrent liabilities:		
Bonds and notes payable	228,633	246,514
Accrued liabilities	1,533	1,749
Subscription-based information technology arrangements (SBITA)	89	338
U.S. Treasury rebates payable	<u>3,432</u>	<u>3,797</u>
Total noncurrent liabilities	<u>233,687</u>	<u>252,398</u>
Total liabilities	266,796	283,222
Deferred inflows of resources:		
Deferred facility lease revenue	452	508
Deferred gains on early refunding of bonds payable	<u>1,468</u>	<u>2,731</u>
Total deferred inflows of resources	1,920	3,239
Total liabilities and deferred inflows of resources	268,716	286,461
Net position:		
Net investment in capital assets	10,101	10,152
Restricted	86,550	89,006
Unrestricted	<u>140,516</u>	<u>132,942</u>
Total net position	<u>237,167</u>	<u>232,100</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 505,883</u>	<u>\$ 518,561</u>

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



**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Operating revenues:		
Interest and fees on student loans:		
U.S. Department of Education interest benefits	\$ 76	\$ 110
U.S. Department of Education special allowance	2,718	4,231
Borrower interest and fees on student loans	24,371	26,437
Borrower interest returned to U.S. Department of Education	(120)	(77)
Vermont state grants	28,520	29,609
Interest on cash and investments	5,315	6,209
Guarantee agency administrative revenues	-	1,437
Federal grants	8,082	7,134
Scholarship and gift income	8,893	6,863
Facility lease revenue	559	727
529 Plan revenue	977	838
Other income	<u>1,544</u>	<u>1,373</u>
Total operating revenues	80,935	84,891
Operating expenses:		
Interest, net of amortization of bond premium and deferred		
gains on early refunding of bonds payable	8,649	10,244
Salaries and benefits	15,309	16,298
Grants and scholarships	41,755	35,900
Interest rebated to borrowers	905	195
Other general and administrative	6,521	5,842
Interest subject to U.S. Treasury rebate	(306)	97
Consolidation and lender paid fees	856	1,185
Other loan related expenses	383	497
Change in provision for losses on student loans	556	(162)
Depreciation	763	775
Bond issuance costs	<u>673</u>	<u>568</u>
Total operating expenses	<u>76,064</u>	<u>71,439</u>
Change in net position from operations	4,871	13,452
Contributions to permanent scholarship endowment	<u>196</u>	<u>490</u>
Change in net position	5,067	13,942
Net position, beginning of year	<u>232,100</u>	<u>218,158</u>
Net position, end of year	\$ <u>237,167</u>	\$ <u>232,100</u>

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

**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

**STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Cash flows from operating activities:		
Cash received from customers, donors and governments	\$ 20,159	\$ 21,547
Principal payments received on student loans	62,904	105,296
Cash paid to suppliers for goods and services	(7,168)	(7,816)
Grants and scholarship disbursements	(41,755)	(35,900)
Loans made	(47,208)	(42,139)
Cash paid to employees for salaries and benefits	(15,283)	(16,171)
Interest and fees received on student loans	19,662	25,306
Vermont state appropriations received	<u>28,520</u>	<u>29,609</u>
Net cash provided by operating activities	19,831	79,732
Cash flows from noncapital financing activities:		
Proceeds from the sale of bonds payable	32,141	20,118
Payments on bonds payable	(45,532)	(91,664)
Interest paid to bond holders	<u>(11,349)</u>	<u>(14,936)</u>
Net cash used by noncapital financing activities	(24,740)	(86,482)
Cash flows from capital and related financing activities:		
Principal and interest paid for SBITA	(350)	(356)
Acquisition and construction of capital assets	<u>(709)</u>	<u>(67)</u>
Net cash used by capital and related financing activities	(1,059)	(423)
Cash flows from investing activities:		
Interest received on cash and investments	5,293	6,199
Contributions to scholarship endowments	196	490
Purchase of investments	(1,749)	(974)
Proceeds from sale of investments	<u>1,657</u>	<u>579</u>
Net cash provided by investing activities	<u>5,397</u>	<u>6,294</u>
Net decrease in cash and cash equivalents	(571)	(879)
Cash and cash equivalents, beginning of year	<u>104,272</u>	<u>105,151</u>
Cash and cash equivalents, end of year	\$ <u>103,701</u>	\$ <u>104,272</u>
Supplemental disclosure of non-cash operating activities:		
Student loan interest capitalized	\$ <u>3,898</u>	\$ <u>4,493</u>

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

**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

**STATEMENTS OF CASH FLOWS (CONCLUDED)**

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Reconciliation of change in net position from operations to net cash provided by operating activities:		
Change in net position from operations	\$ <u>4,871</u>	\$ <u>13,452</u>
Adjustments to reconcile change in net position from operations to net cash provided by operating activities:		
Depreciation	763	775
Change in provision for losses on student loans	556	(162)
Net amortization of bond premium	(1,485)	(1,517)
Amortization of SBITA	350	344
Amortization of deferred facility lease revenue	(56)	(671)
Amortization of deferred gains on early refunding of bonds payable	(1,263)	(3,115)
Net realized and unrealized gains on investments	(1,107)	(1,076)
Investment interest received	(5,293)	(6,184)
Interest paid to bond holders	11,349	14,936
Lease receivable payments, net of fit up costs paid	168	863
Changes in operating assets and liabilities:		
Investment interest receivable	(22)	(10)
Student loans receivable	12,345	58,671
Student loan interest receivable	(15)	3,152
Federal administrative and program fees receivable	-	39
Other receivables	147	(445)
Other assets	(125)	42
Accounts payable and other liabilities	544	(339)
Unearned revenue	(1,579)	990
Accrued interest on bonds payable	48	(60)
U.S. Treasury rebates payable	<u>(365)</u>	<u>47</u>
Total adjustments	<u>14,960</u>	<u>66,280</u>
Net cash provided by operating activities	\$ <u>19,831</u>	\$ <u>79,732</u>

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

**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

## FIDUCIARY FUND FINANCIAL STATEMENTS (IN \$1,000'S)

## VERMONT HIGHER EDUCATION INVESTMENT PLAN (NOTE 5)

June 30, 2025 and 2024

## STATEMENTS OF NET POSITION

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>Assets Held for Others</u>		
Cash	\$ 905	\$ 866
Investments	<u>763,387</u>	<u>672,158</u>
Total assets	<u>\$ 764,292</u>	<u>\$ 673,024</u>
<u>Liabilities</u>		
Accounts payable & other liabilities	<u>209</u>	<u>166</u>
Total liabilities	<u>209</u>	<u>166</u>
<u>Net Position</u>		
Restricted for program benefits	<u>764,083</u>	<u>672,858</u>
Total net position	<u>764,083</u>	<u>672,858</u>
Total liabilities and net position	<u>\$ 764,292</u>	<u>\$ 673,024</u>

## STATEMENTS OF ADDITIONS, DEDUCTIONS AND CHANGES IN NET POSITION

	<u>Year ending June 30,</u>	
	<u>2025</u>	<u>2024</u>
<u>Additions</u>		
Participant Contributions	85,400	80,771
Interest and investment income	18,374	15,548
Net increase(decrease) in fair value of investments	<u>58,756</u>	<u>45,176</u>
Total additions	162,530	141,495
<u>Deductions</u>		
Participant withdrawals	68,906	62,145
Administrative expenses	<u>2,399</u>	<u>2,029</u>
Total deductions	71,305	64,174
Change in Net Position	91,225	77,321
Net Position, beginning of year	<u>672,858</u>	<u>595,537</u>
Net Position, end of year	<u>\$ 764,083</u>	<u>\$ 672,858</u>

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

**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

**FIDUCIARY FUND FINANCIAL STATEMENTS (IN \$1,000'S)****U.S. DEPARTMENT OF EDUCATION – FEDERAL RESERVE FUND (NOTE 6)**

June 30, 2025 and 2024

**STATEMENT OF NET POSITION**

	<u>2025</u>	<u>June 30,</u> <u>2024</u>
<u>Assets Held for Others</u>		
Cash	\$ -	\$ 10,021
Other assets	-	44
Total assets	<u>-</u>	<u>10,065</u>
<u>Liabilities</u>		
Accounts payable & other liabilities	-	-
Total liabilities	-	-
<u>Net Position</u>		
Restricted for other purposes	-	10,065
Total net position	-	10,065
Total liabilities and net position	<u>\$ -</u>	<u>\$ 10,065</u>

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

	<u>2025</u>	<u>Year ending June 30,</u> <u>2024</u>
<u>Additions</u>		
Reimbursement from ED on default loan purchases	-	4,320
Default loan collections	-	(23)
Investment income	326	557
Other loan administrative revenues	-	37
Total additions	326	4,891
<u>Deductions</u>		
Purchases of defaulted loans from lenders	-	4,317
Return of funds to Department of Education	10,391	-
Other deductions	-	247
Total deductions	10,391	4,564
Change in Net Position	(10,065)	327
Net Position, beginning of year	10,065	9,738
Net Position, end of year	<u>\$ -</u>	<u>\$ 10,065</u>

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

# VERMONT STUDENT ASSISTANCE CORPORATION

(A Component Unit of the State of Vermont)

## NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

(Dollars in Thousands)

### 1. **Authorizing Legislation**

The Vermont Student Assistance Corporation (VSAC) was created as a public nonprofit corporation by an act of the General Assembly of the State of Vermont (the State) as an instrumentality of the State in accordance with the provisions of the *Higher Education Act of 1965*, as amended (the Act). The purpose of VSAC is to provide opportunities for Vermont residents to pursue postsecondary education by awarding grants and originating, financing, and servicing loans to students. VSAC also administers scholarships and outreach services to students seeking postsecondary education. In addition, VSAC manages the Vermont Higher Education Investment Plan (VHEIP).

Pursuant to Vermont statutes, VSAC is responsible for the administration of the Loan Finance Program. Under this program, VSAC originates and services education loans. The majority of education loans are financed through the issuance of limited obligation bonds. In March 2010, Congress passed the *Student Aid and Fiscal Responsibility Act* which had the effect of ending new Federal Family Education Loan (FFEL) loan originations after June 30, 2010. The bonds and notes outstanding are payable from interest and principal repayments on the financed loans as specified in the underlying resolutions authorizing the sale of the bonds and notes. The bonds and notes are not a general obligation of VSAC or an obligation of the State or any of its political subdivisions.

For financial reporting purposes, VSAC is considered a component unit of the State and is included as part of the State's financial reporting entity. VSAC's relationship with the State consists primarily of an annual appropriation designated for grant aid to Vermont students. Additionally, VSAC is permitted to issue bonds using Vermont tax-exempt private activity bond cap and State moral obligation.

The Vermont Student Development Fund, Inc. (the Fund), a separate nonprofit Internal Revenue Code (IRC) Section 501(c)(3) corporation, was established in November of 2000. The primary purpose of the Fund is to receive, hold and manage securities, cash or other property whether real, personal or mixed, acquired by bequest, devise, gift, purchase or loan. These assets are used primarily for scholarships and other financial assistance to benefit qualified individuals seeking a postsecondary education. The Fund provides a financial benefit to VSAC, and its Board of Directors is the same as the VSAC Board of Directors; therefore, it is considered a blended component unit of VSAC and is included in the totals on the financial statements. See note 19 for condensed financial statements of this component unit. The Internal Revenue Service (IRS) Form 990 of the Fund is a publicly available document and includes the basic financial statements of this component unit. It can be obtained at the website [www.guidestar.org](http://www.guidestar.org).

# VERMONT STUDENT ASSISTANCE CORPORATION

(A Component Unit of the State of Vermont)

## NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

(Dollars in Thousands)

### 2. **Summary of Significant Accounting Policies**

#### Basis of Accounting

VSAC follows the accrual basis of accounting, using the economic resources measurement focus, whereby revenues are recorded when earned and expenses are recorded when obligation for payment is incurred.

The financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus – an amendment of GASB Statements No. 21 and 34*, and No. 38, *Certain Financial Statement Note Disclosures*. VSAC reports as a business-type activity, as defined, in GASB Statement No. 34. Additionally, VSAC has adopted Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is intended to codify all sources of U.S. generally accepted accounting principles for state and local governments so that they can be found in one source.

In December of 2023, GASB issued statement No. 102, *Certain Risk Disclosures*. This statement aims to enhance financial transparency by requiring disclosure of vulnerabilities arising from significant concentrations or constraints. This Statement requires governments to evaluate whether concentrations or constraints pose a substantial risk to the primary or related reporting units and to assess if related events have occurred, are occurring, or are likely to occur within 12 months of issuing the financial statements. We have assessed whether any additional risks exist or have occurred and do not believe there are any that require disclosure under this Statement.

In June of 2022, GASB issued statement No. 100, *Accounting Changes and Error Corrections*. This statement defined a transition from a non-compliant accounting treatment to a compliant one as an error correction and, where material, required the correction to be presented as a restatement of all prior periods presented. During fiscal 2024 VSAC determined that its accounting treatment of contributions for Termed Endowments was inconsistent with authoritative guidance and considered this impact to be immaterial. Consequently, these amounts are revised for fiscal 2023 and presented correctly for fiscal 2024. This revision resulted in an increase in Net Position as of June 30, 2022 of \$606 and an increase in the change in net position of \$293 for the year ended June 30, 2023. The cumulative effect of the restatement was an increase in net position of \$899 as of June 30, 2023.

# VERMONT STUDENT ASSISTANCE CORPORATION

(A Component Unit of the State of Vermont)

## NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

(Dollars in Thousands)

### 2. **Summary of Significant Accounting Policies (Continued)**

#### Restrictions on Net Position

The restricted net position of VSAC is restricted by the credit resolutions, state statutes, donor restrictions, or various Federal regulations and program agreements and is restricted for the origination of student loans, payment of debt service on bonds and notes payable, and grant and scholarship activities. Financial activities and resulting account balances which are not so restricted are presented in the Statements of Net Position as unrestricted net position.

#### Net Investment in Capital Assets

Net investment in capital assets includes capital assets, net of the accumulated depreciation/amortization and any outstanding principal balances of debt attributable to the acquisition, construction, repair or improvement of those assets. It also includes unamortized bond premium or discounts related to any outstanding debt attributable to these assets.

#### Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires VSAC management to make estimates and assumptions that affect the reported amounts of assets and liabilities and deferred inflows and disclosure of contingent assets and liabilities and deferred inflows at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimate utilized in the preparation of the financial statements of VSAC relates to the allowance for losses on student loans.

#### Cash Equivalents

VSAC considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents include funds held in an institutional money market fund account.

#### Student Loans

Student loans consist of guaranteed and nonguaranteed loans made to undergraduate, graduate, or professional students, and parents of students attending eligible postsecondary educational institutions. Student loans also include consolidation loans, which are loans to eligible students that refinance existing student loans.

Student loans are stated at their unpaid principal balance, net of allowance for estimated loan losses. Private loan origination fee revenue received from borrowers is recognized as revenues as received in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.



# VERMONT STUDENT ASSISTANCE CORPORATION

(A Component Unit of the State of Vermont)

## NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

(Dollars in Thousands)

### 2. **Summary of Significant Accounting Policies (Continued)**

#### Allowance for Loan Losses

VSAC issues loans that are not guaranteed against default and continues to hold and service these loans as well as loans guaranteed under the FFEL Program. Loans not guaranteed represent the greatest loss exposure for VSAC and make up the majority of management's loan loss allowance. The amount of the allowance, which is established through a provision for losses on student loans charged to expense, is based on management's estimate of the probable losses within the portfolio. Primary considerations in establishing the allowance are the loan portfolio balances and composition, amortization or age of the portfolio, delinquencies, current economic conditions, and historical loss experience. The loss exposure for nonguaranteed loans is 100% of estimated defaults unadjusted for estimated future recoveries. For guaranteed loans, the loss exposures are either 2% or 3% of estimated defaults based on the origination date of the loan.

#### Operating and Non-Operating Revenues and Expenses

Operating revenues include interest earned on student loans and investments, fees received from providing services, state appropriations, and grant and scholarship revenue. Operating expenses include interest on bonds, the costs of providing services and operating all programs, and grant and scholarship awards. Contributions of funds for permanent scholarship endowments are considered non-operating revenues.

#### Investments

Investments are carried at fair value in accordance with GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and No. 72, *Fair Value Measurement and Application*.

VSAC invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that these changes could materially affect the amounts reported in the financial statements.

# VERMONT STUDENT ASSISTANCE CORPORATION

(A Component Unit of the State of Vermont)

## NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

(Dollars in Thousands)

### 2. Summary of Significant Accounting Policies (Continued)

#### Capital Assets

Capital assets are stated at historical cost. Depreciation of capital assets that are placed in service is calculated using the straight-line method over the estimated useful lives of the assets. VSAC's estimated useful lives by asset category are:

Land	N/A
Furniture and equipment	3 – 15 years
Software	3 – 5 years
Building	5 – 30 years

The value of Subscription Based Information Technology Arrangements (SBITA) is included in the category of Capital Assets. They are valued at their original calculated value less accumulated amortization. Amortization is recognized over the term of the relevant arrangements.

The minimum for capitalization of long-lived asset acquisitions is \$10.

#### Bond Issuance Costs

Costs of bond issuances, which are comprised of underwriters' fees, legal fees and other related financing costs, are recognized as expenses as incurred in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

#### Bond Discount/Premium and Deferred Gain/Loss on Refunding

Bond discounts and premiums are amortized using a method which approximates the level yield method over the life of the bonds. Any deferred gains or losses related to refinanced bonds are included in deferred inflows of resources or deferred outflows of resources, respectively, in accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The deferred gains or losses are amortized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. During the years ended June 30, 2025 and 2024, interest expense has been reduced by \$1,263 and \$3,115, respectively, for the amortization of the deferred gains on early refunding of bonds payable.

#### Leases

In accordance with GASB Statement No. 87, *Leases*, the discounted value of future lease payments and receipts is included in deferred outflows or deferred inflows of resources respectively. VSAC has leases with third-party tenants who lease portions of its physical premises. The present value of these leases is valued at inception and periodically revalued in accordance with GASB Statement No. 87 and presented as a deferred inflow of resources. These deferred inflows are amortized as lease revenue in a systematic and rational manner over the life of the lease. During the years ended June 30, 2025 and 2024, \$559 and \$727, respectively, was recognized as facility lease revenue.

# VERMONT STUDENT ASSISTANCE CORPORATION

(A Component Unit of the State of Vermont)

## NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

(Dollars in Thousands)

### 2. **Summary of Significant Accounting Policies (Concluded)**

#### Grants

Unrestricted grants are recorded as revenue when received. Restricted grants are recorded as revenue upon compliance with the restrictions. Amounts received for grant programs that are restricted are recorded in unearned revenue and recognized when all eligibility requirements are met. When both restricted and unrestricted resources are available to satisfy an expense when it is incurred, VSAC uses restricted resources first.

#### FFEL Program Support

VSAC receives a percentage of the amounts collected on defaulted loans, an origination fee, a portfolio maintenance fee and a default aversion fee from ED as its primary support for the administration of the FFEL Program. These fees are recorded as guarantee agency administrative revenues when earned, as the services are provided. Effective March 15, 2024 VSAC discontinued its functions as a FFEL guarantor and consequently will earn no further revenues from this program past that date. The fees associated with this activity were \$0 and \$1.4 million respectively in 2025 and 2024.

#### Compensated Absences

Employees may accumulate, subject to certain limitations, unused vacation earned and upon retirement, termination or death may be compensated for certain amounts at their then current rates of pay. The amount of vacation is recognized as expense as the amount is earned and this obligation is accrued. During the year ended June 30, 2023 VSAC adopted GASB statement No. 101 which requires the recording of a liability for the estimated value of compensated absences which have accrued to the employees' benefit but which do not vest, such as medical leave. VSAC has calculated this value as the total accrued leave as of year-end reduced by estimated future forfeitures resulting from employee departures. The accruals for compensated absences are a component of the accounts payable and other liabilities line under current assets in the Statement of Net Position; the non-current portion is a component of accrued liabilities under non-current liabilities.

#### Income Tax Status

VSAC is exempt from Federal and State income taxes under Section 115 of the IRC and, accordingly, no provision for income taxes has been made in the accompanying financial statements.

### 3. **Cash, Cash Equivalents and Investments**

VSAC's deposit and investment policies comply with the underlying bond resolution requirements. In accordance with those bond resolutions, all deposits and investments are held in specific classes of investment vehicles including: bank time deposits, certificates of deposit, direct obligations of the United States of America unconditionally guaranteed by the United States of America, indebtedness issued by certain Federal agencies, collateralized repurchase agreements secured by obligations of the United States of America with collateral held by or at the direction of the trustee, guaranteed investment contracts with banks or bank holding companies, commercial paper and open ended investment funds. Funds not related to the various bond resolutions may also be invested in domestic equities or corporate bonds.

**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

(Dollars in Thousands)

**3. Cash, Cash Equivalents and Investments (Continued)**

*Cash and Cash Equivalents*

The carrying amounts which represent both cost and fair value of cash and cash equivalents as of June 30, 2025 and 2024 are presented below:

	<u>2025</u>	<u>2024</u>
Cash	\$55,063	\$63,106
Money market accounts	<u>48,638</u>	<u>41,166</u>
Total carrying value	\$ <u>103,701</u>	\$ <u>104,272</u>

At June 30, 2025 and 2024, cash is comprised of various commercial bank accounts. The bank balances, excluding money market accounts, at June 30, 2025 were \$55,220 and the bank balances at June 30, 2024 were \$63,589. The difference between the net bank balances and the amounts recorded on the financial statements is outstanding checks and deposits in transit.

In 2025, VSAC began utilizing insured cash sweep accounts for cash held at M&T Bank, which automatically transfer funds exceeding \$250 into separately insured accounts to ensure that no single account balance exceeds the Federal Deposit Insurance Corporation (FDIC) insured limit. No cash held on June 30, 2025 at M&T Bank exceeded the \$250 FDIC insured limit. In the event account balances at M&T Bank exceed \$250, they are secured by a collateralization agreement. As of June 30, 2025, \$500 of money market bank balances and \$55,220 of cash bank balances were covered by FDIC insurance, while the remaining bank balances were uncollateralized. As of June 30, 2024, \$500 of money market bank balances were covered by FDIC insurance, \$63,589 of the bank balances held at M&T bank were secured using a collateralization agreement with M&T Bank, while the remaining bank balances are uncollateralized.

At June 30, 2025 and 2024, the money market accounts are primarily invested in the Fidelity Institutional Money Market Prime Money Market Portfolio Class 1. This fund invests in U.S. dollar-denominated money market securities of domestic and foreign issuers rated in the highest category by at least two nationally recognized rating services, U.S. Government securities, and repurchase agreements.

The bond and note indentures require certain cash and cash equivalent reserves. At June 30, 2025 and 2024, \$50,339 and \$42,115, respectively of restricted cash is limited to its use for the repayment of bond and note obligations.

*Credit Risk:* Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Under the Vermont Student Development Fund (the Scholarship Fund) policy, VSAC mitigates its credit risk by requiring marketable bonds, debentures, notes, or instruments to be rated BBB or better by Standard and Poor's and Baa or better by Moody's Investors Service. Operating and bond-restricted funds are invested in highly rated liquid investments with a primary objective of principal preservation.

# VERMONT STUDENT ASSISTANCE CORPORATION

(A Component Unit of the State of Vermont)

## NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

(Dollars in Thousands)

### 3. **Cash, Cash Equivalents and Investments (Continued)**

*Concentration of Credit Risk:* The concentration of credit risk is the risk of loss that may be caused by VSAC's investment in a single issuer. While diversification is a strategic investment objective, VSAC places no defined limit on the amount of investments in any one issuer. Under VSAC policy, all non-scholarship funds are held in liquid investments whose primary objective is preservation of capital. Under the Scholarship Fund policy, approximately 60% of the total portfolio is targeted for investment in equity index funds, balanced 80/20 between domestic and international index funds.

For all periods presented, the Scholarship Fund held all long-term investments in three index funds, one each for domestic and developed market international equities and intermediate-term U.S. Treasury fixed income securities. Since the equity funds are 'total market' equity index funds, VSAC believes it is not exposed to credit concentration risk from this source as of June 30, 2025 and 2024. Investments in intermediate term U.S. Government bonds represent 39% and 37% of VSAC's scholarship investments at June 30, 2025 and 2024, respectively.

*Custodial Credit Risk:* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, VSAC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. VSAC is not exposed to custodial credit risk due to the fact that all of the investments are held by VSAC's agent in VSAC's name.

*Interest Rate Risk:* Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, VSAC manages its exposure to declines in fair values by only investing in debt securities through a U.S. Treasury index fund holding securities with maturities between 3 to 10 years.

*Foreign Currency Risk:* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The investment policy permits a maximum of 20% of the fair value of the equity portfolio to be invested in foreign securities, which equates to 11%-13% of total investments. VSAC invests only in a developed countries index fund (denominated in USD) in working within this policy. At June 30, 2025 and 2024 VSAC's investment in this fund represents 12% of scholarship investments.

#### Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a fair value hierarchy for investments that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date. The types of assets carried at Level 1 fair value generally are securities listed in active markets. VSAC has valued its investments, listed on national exchanges, at the last sales price as of the day of the valuation.

# VERMONT STUDENT ASSISTANCE CORPORATION

(A Component Unit of the State of Vermont)

## NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

(Dollars in Thousands)

### 4. **Cash, Cash Equivalents and Investments (Concluded)**

- Level 2 – Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets which are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 – Inputs are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include discounted cash flow models and similar techniques.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with those investments.

As referenced above, VSAC’s permanent endowment investments are invested in index funds rather than in individual securities. Since these investments comprise the permanent endowment assets of the Scholarship Fund, it is not anticipated that these funds would be liquidated, although relative positions are rebalanced periodically in accordance with the endowment’s investment policy. The amounts permitted to be spent each year are calculated and withdrawn for the coming academic year in accordance with the directives of the donors.

VSAC held the following investments at June 30, 2025 and 2024:

	<u>2025</u>			<u>2024</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Level</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Level</u>
Domestic equities	\$2,940	\$ 6,094	1	\$3,037	\$ 5,892	1
International equities	1,102	1,525	1	1,102	1,358	1
Government bonds and notes	<u>5,447</u>	<u>5,032</u>	1	<u>4,756</u>	<u>4,202</u>	1
	<u>\$9,489</u>	<u>\$12,651</u>		<u>\$8,895</u>	<u>\$11,452</u>	

Fair value is best determined based upon quoted market prices. However, in some instances, there are no quoted market prices for the VSAC’s various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

### 4. **Student Loans Receivable**

At June 30, 2025, VSAC held student loans with interest rates ranging from 2.875% to 12.04%; at June 30, 2024, the interest rates ranged from 2.875% to 12.87%. At June 30, 2025 and 2024, approximately 74.9% and 70.7%, respectively, of these student loans were not guaranteed. Most of VSAC’s borrowers are located in the New England states.

**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2025 and 2024

(Dollars in Thousands)

**4. Student Loans Receivable (Concluded)**

Student loans are classified as being in “interim” status during the period from the date the loan is made until a student is out of school for six months. Subsequent to this period student loans are classified as being in “repayment” status. “Deferral” status is a period during the life of the loan when repayment is suspended for authorized purposes.

Student loans receivable as of June 30, 2025 and 2024 are summarized as follows:

	<u>2025</u>	<u>2024</u>
<b>Status:</b>		
Interim status	\$ 28,550	\$ 24,904
Deferral status	9,388	10,974
Repayment status	345,361	360,994
Less: Allowance for loan losses	<u>(18,103)</u>	<u>(18,775)</u>
Total student loans receivable	365,196	378,097
Less: Noncurrent student loans receivable	<u>314,968</u>	<u>331,070</u>
Current student loans receivable	\$ <u>50,228</u>	\$ <u>47,027</u>
<b>Guarantee type:</b>		
U.S. Department of Education	\$ 95,122	\$ 115,371
U.S. Department of Health and Human Services	4	22
Other – Guaranteed	966	947
Nonguaranteed	287,207	280,532
Less: Allowance for loan losses	<u>(18,103)</u>	<u>(18,775)</u>
Total student loans receivable	365,196	378,097
Less: Noncurrent student loans receivable	<u>314,968</u>	<u>331,070</u>
Current student loans receivable	\$ <u>50,228</u>	\$ <u>47,027</u>

As of June 30, 2025 and 2024, \$294,199 and \$323,146 of student loans were pledged to the repayment of bonds and notes, respectively.

Activity in the allowance for loan losses for the years ended June 30, 2025 and 2024 was as follows:

	<u>2025</u>	<u>2024</u>
Balance, July 1	\$ 18,775	\$ 20,153
Net loans charged off	(1,228)	(1,216)
Provision for losses on student loans	<u>556</u>	<u>(162)</u>
Balance, June 30	\$ <u>18,103</u>	\$ <u>18,775</u>

At June 30, 2025 and 2024, \$7,373 and \$9,431, respectively, of student loans receivable were over 90 days past due, of which all but \$3,159 and \$3,410, respectively, were guaranteed by one of the guarantee types shown above. The portion of the loss reserve at June 30, 2025 and 2024 which relates to non-guaranteed loans was \$17,879 and \$18,503, respectively.

# VERMONT STUDENT ASSISTANCE CORPORATION

(A Component Unit of the State of Vermont)

## NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

(Dollars in Thousands)

### 5. **Fiduciary Fund – Vermont Higher Education Investment Plan (VHEIP)**

VHEIP (also known as VT529) was established by the Vermont Legislature in April 1998. VHEIP encourages Vermont residents to save for college or other post-secondary education through a tax-favored qualified 529 savings plan. The program has been designed to comply with the requirements for treatment as a “Qualified Tuition Program” under Section 529 of the IRC. The plan manager of VHEIP is Catalis Regulatory and Compliance, LLC (Catalis), a Florida-based organization specializing in the administration and management of state-sponsored higher education savings plans.

Under the management of Catalis, there are six plans available which participants can select, based on their investment goals and risk tolerance. These include the Managed Allocation Option, the Diversified Equity Option, the Equity Index Option, the Balanced Option, the Fixed Income Option, and the Principal Plus Interest Option. Within the Managed Allocation option participants can elect age band managed allocation plans based on the age of their beneficiaries. Under this age band arrangement funds are automatically liquidated and reinvested as beneficiaries age from one band to the next. None of these investment options are guaranteed.

Investors in VHEIP are subject to many of the same elements of risk discussed in note 3. VSAC attempts to enable VHEIP participants to minimize their risk by offering only well diversified funds to VHEIP plan participants. VHEIP account owners can allocate their investment between the various plans which VHEIP offers but they cannot invest in individual securities. The plans as designed are comprised of 3-14 individual mutual funds with many of these being index funds. The sole exception is the Principal Plus Interest Option which is a plan offered by TIAA which preserves principal value while guaranteeing a stable return. It is important to note that while VSAC and Catalis work together to provide plan options comprised of underlying investments which enable plan participants to meet their college saving needs, it is the responsibility of the individual participants to know their college funding needs, risk tolerance and time horizon in selecting which of VHEIP’s plan or plans to invest in.

*Credit Risk:* Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Under the VHEIP savings plans participants invest only in well diversified portfolios, reducing their exposure to credit risk and concentration risk.

*Concentration of Credit Risk:* The concentration of credit risk is the risk of loss that may be caused by VSAC’s investment in a single issuer. Aside from the Principal Plus Interest Only option VHEIP plan participants cannot invest in individual securities, reducing their exposure to this risk.

*Custodial Credit Risk:* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, VSAC/VHEIP will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. VSAC is not exposed to custodial credit risk due to the fact that all of the investments are held by VSAC’s agent in VHEIP’s name.

*Interest Rate Risk:* Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Within VHEIP’s plan options some are backed by debt securities and would be subject to this risk. VHEIP’s debt plans invest only in diversified funds of securities with varied issuance and maturity dates, minimizing this risk.



**VERMONT STUDENT ASSISTANCE CORPORATION**

(A Component Unit of the State of Vermont)

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2025 and 2024

(Dollars in Thousands)

**5. Fiduciary Fund – Vermont Higher Education Investment Plan (VHEIP) (Concluded)**

*Foreign Currency Risk:* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. Within VHEIP's plan options some are backed by international equity and debt securities and would be subject to this risk. VHEIP's investment plans invest only in diversified funds of securities which minimizes this risk.

VHEIP as a Fiduciary Fund is not consolidated with the business-type activities of VSAC but is accounted for and reported separately as a private purpose trust.

**Fair Value Measurement**

See note 3 for a discussion of the fair value hierarchy for measurement of investments. VHEIP plan participants are responsible for the selection of the investment plan option which most appropriately aligns with their investment goals and risk tolerance. Depending on the plan they elect their funds will be invested in a diversified selection of mutual funds which VSAC and Catalis together have determined will meet their objectives. These underlying investment funds which support the investment plans are comprised of the following investment types as of as of June 30, 2025 and 2024:

	<u>2025</u>		<u>2024</u>	
	Fair Value	Level	Fair Value	Level
Domestic equities	\$225,610	1	\$195,873	1
International equities	171,928	1	146,292	1
Government and private bonds	251,323	1	224,455	1
Real Estate (REITs)	23,426	1	21,521	1
Stable value/guaranteed return	<u>91,100</u>	3	<u>84,017</u>	3
	<u>\$763,387</u>		<u>\$672,158</u>	

The assets represented in the fair value measurement are not the property of VSAC and VSAC does not have access to the cost data of individual plan participants, therefore cost information is not presented.

**6. Fiduciary Fund - U.S. Department of Education Federal Reserve Fund**

Under the *Higher Education Act Amendments of 1998*, all assets related to the FFEL Program guaranty functions were transferred to the Federal Loan Reserve Fund on October 1, 1998. The Federal Loan Reserve Fund was administered by VSAC on behalf of ED and was the property of the Federal government. VSAC also established the Guarantee Agency Operating Fund on October 1, 1998, in accordance with the *Higher Education Act Amendments of 1998*. The Guarantee Agency Operating Fund, which is included within the Statements of Net Position, was the property of VSAC and was used to account for the activities under the FFEL Program that fall outside of the Federal Loan Reserve Fund.

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**6. Fiduciary Fund - U.S. Department of Education Federal Reserve Fund (Concluded)**

To provide security and liquidity against potential defaults, VSAC was required to maintain reserves as specified by Title 16, Vermont Statutes Annotated §2864, Section 422 of Act 20 United States Code 1072, and under various agreements with the bond liquidity and credit enhancement providers. The *Higher Education Act Amendments of 1998* required VSAC to maintain reserves equal to 0.25% of the original disbursed amount of guaranteed student loans outstanding. During 2025 and 2024, VSAC maintained sufficient reserves to fully comply with these requirements. These cash reserves were the primary asset of the Federal Reserve Fund and were maintained in an interest-bearing liquid account which was secured by a collateralization agreement with M&T Bank.

The Federal Reserve Fund is not consolidated with the business-type activities of VSAC; it is accounted for and reported as a custodial Fiduciary fund.

Effective March 15, 2024 VSAC terminated its contract as a FFEL Program guarantor and transferred the guarantee function for its Federally-guaranteed loans to a third party guarantor selected by the Department of Education. On February 24, 2025 VSAC closed out its loan guarantor program under the FFEL program making a payment of \$10.4 million to return the balance of reserve funds held on behalf of the U.S. Department of Education. The Federal guaranteed administration for these loans is now performed by an entity selected by the Department of Education.

Total outstanding loans issued under the FFEL Program were \$95,122 and \$115,371 at June 30, 2025 and 2024, respectively. Through March 15, 2024 defaults on FFEL Program loan guarantees were paid by ED through the Federal Loan Reserve Fund. Defaults subsequent to March 15, 2024 are being paid by ED through the designated successor guarantor.

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**7. Capital Assets**

A summary of capital assets activity for the years ended June 30, 2025 and 2024 was as follows:

	Estimated <u>Lives</u>	Balance June 30, <u>2023</u>	Net Increase (Decrease)	Balance June 30, <u>2024</u>	Net Increase (Decrease)	Balance June 30, <u>2025</u>
Assets not subject to depreciation						
Land	—	\$ 3,150	\$ —	\$ 3,150	\$ —	\$ 3,150
Assets subject to depreciation						
Furniture and equipment	3 – 15 Years	3,289	(25)	3,264	(61)	3,203
Software	3 – 5 Years	1,505	(23)	1,482	583	2,065
Building	5 – 30 Years	<u>17,365</u>	—	<u>17,365</u>	<u>(217)</u>	<u>17,148</u>
Total assets subject to depreciation		22,159	(48)	22,111	305	22,416
Less accumulated depreciation		<u>(14,721)</u>	<u>660</u>	<u>(15,381)</u>	<u>(359)</u>	<u>(15,740)</u>
Assets subject to depreciation, net		<u>7,438</u>	<u>(708)</u>	<u>6,730</u>	<u>(54)</u>	<u>6,676</u>
Property, plant and equipment, net		\$ 10,588	\$ (708)	\$ 9,880	\$ (54)	\$ 9,826
SBITA, cost		1,205	(152)	1,053	155	1,208
Less accumulated amortization		<u>(819)</u>	<u>722</u>	<u>(97)</u>	<u>(350)</u>	<u>(447)</u>
SBITA, net		<u>386</u>	<u>570</u>	<u>956</u>	<u>(195)</u>	<u>761</u>
Total capital assets		\$10,974	\$(138)	\$10,836	\$ (249)	\$10,587
Less SBITA payable		<u>(111)</u>	<u>(573)</u>	<u>(684)</u>	<u>198</u>	<u>(486)</u>
Net investment in property and equipment		<u>\$10,863</u>	<u>\$(711)</u>	<u>\$10,152</u>	<u>\$ (51)</u>	<u>\$10,101</u>

Depreciation charged to operations for the years ended June 30, 2025 and 2024 was \$763 and \$775, respectively. Amortization of SBITA charged to operations for these years ended June 30, 2025 and 2024 was \$350 and \$353, respectively. See note 9 for a discussion of the associated SBITA liability.

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**8. Leases**

VSAC has signed leases with three tenants who occupy portions of VSAC's building.

A summary of facility lease receivable activity for the years ended June 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 645	\$ 1,508
Addition to deferred inflow	471	-
Resource inflows	<u>(639)</u>	<u>(863)</u>
Balance end of year	477	645
Less: non-current portion	<u>(233)</u>	<u>(124)</u>
Current portion	\$ <u>244</u>	\$ <u>521</u>

During the years ended June 30, 2025 and 2024, VSAC recognized \$559 and \$727, respectively, in facility lease revenues amortized from the deferred inflow of resources. During these same periods, VSAC realized \$63 and \$72 in revenues from interest associated with the leases. VSAC presently has three tenant leases for space in its office building:

On November 13, 2017, VSAC signed a lease with one tenant for a portion of its building. Following a fit-up period, the tenant commenced occupation on March 1, 2018. The initial term ended on February 28, 2023 and the lease was extended for a three year period; one further three year extension option is provided for in the lease.

On February 7, 2018, VSAC signed a lease with another tenant for a portion of its building. Following a fit-up period the tenant commenced occupation on July 1, 2018. The initial term ended on June 30, 2025 and was renewed through June 30, 2030 and may be extended at the tenant's option for one five-year period. This extended period was for a reduced footprint.

On February 15, 2019, VSAC signed a lease for a third tenant for a portion of its building. The tenant began its fit-up activity on June 1, 2019 on a portion of its space and completed its move-in prior to their deadline of August 1, 2021. The initial term ended on June 30, 2024 and was extended for an additional three years. This extended period was for a reduced footprint.

On September 4, 2024, VSAC signed a lease with a fourth tenant for a portion of its building. The initial term ends on September 30, 2029 and may be extended at the tenant's option for one five-year period.

The leases were valued at the discounted value of future expected scheduled lease payments as of the date of move-in, net of lease incentives paid by VSAC to the tenants for fit-up. The expected future payments excluded the extension option periods as their exercise is uncertain.

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**9. Subscription-Based Information Technology Arrangements (SBITA)**

In accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), VSAC is required to present information related to certain contracts for remote or ‘cloud’ based software in a manner similar to leases. Since implementation and in each subsequent year VSAC identifies contracts which met the criteria of being longer than a year in duration and having payment amounts and timing which were forecastable. As of June 30, 2025 the agreements for these SBITA have durations of three to five years and their expiration dates are between 2026 and 2028.

A summary of the SBITA-related liability as of and for the years ended June 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 684	\$ 111
Additions	152	929
Resource outflows	<u>(350)</u>	<u>(356)</u>
Balance, end of year	486	684
Less: non-current portion	<u>(89)</u>	<u>(346)</u>
Current portion	<u>\$ 397</u>	<u>\$ 338</u>

Additionally, the balances in the statement of net position for this activity reflect accrued interest payable of \$9 and \$12 at June 30, 2025 and 2024 respectively.

Future maturities of the subscription payments as of June 30, 2026 through the expiration of the current terms are:

	Principal	Interest
6/30/2026	397	44
6/30/2027	<u>89</u>	<u>12</u>
	<u>\$ 486</u>	<u>\$ 56</u>

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**10. Compensated Absences**

In June of 2022 the GASB issued Statement No. 101 *Compensated Absences*, which requires measurement and reporting of reserves for employee compensated absences which vest as well as those which do not vest. VSAC's reserves for vacation vest within certain limits; reserves for medical leave do not vest and employees who depart forfeit accrued unused time.

A summary of activity for reserves for paid vacation time and paid medical time is presented here:

	Vacation	Medical
Balance, June 30, 2023	\$ 525	\$ 2,355
Net increase (decrease) year ending 6/30/2024	<u>11</u>	<u>(350)</u>
Balance, June 30, 2024	536	2,005
Net increase (decrease) year ending 6/30/2025	<u>(47)</u>	<u>(264)</u>
Balance, June 30, 2025	<u>\$ 489</u>	<u>\$ 1,741</u>

All of the balance for vacation for all periods is reflected as a current liability and is included in VSAC's statements of net position as a component of the accounts payable and other liabilities liability. Of the balance for medical, \$208 and \$256 respectively were presented as current liabilities during the years ending 2025 and 2024 respectively; they are a component of the same liability line as the vacation reserve. The non-current portion of the medical reserve is presented as a non-current accrued liability.

**11. Bonds and Notes Payable**

VSAC has issued the following bonds and notes payable at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
<i><u>Bonds and Notes Payable which were issued to finance the origination of student loans:</u></i>		
2012 Series 1 dated November 28, 2012; comprised of variable-rate notes maturing on July 28, 2034; interest is variable and payable monthly at the 30-day average SOFR plus 0.11448% plus 0.70% (5.12539% at June 30, 2025).	20,029	37,862
2013 Series 1 dated June 25, 2013; comprised of variable-rate notes maturing on April 30, 2035; interest is variable and payable monthly at the 30-day average SOFR plus 0.11448% plus 0.75% (5.17539 at June 30, 2025).	13,012	20,083
2014 Series A-1 dated July 9, 2014; comprised of fixed-rate bonds maturing between June 15, 2021 and 2033; interest is fixed and payable semi-annually at rates ranging from 3.625% to 5%.	4,215	5,120

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**11. Bonds and Notes Payable (Continued)**

2014 Series B dated November 21, 2014; comprised of variable-rate notes maturing on June 2, 2042; interest is variable and payable semi-annually at the 30-day average SOFR plus 0.11448% plus 1.0% (5.42703% at June 30, 2025).	7,415	9,214
2015 Series A-1 dated July 16, 2015; comprised of fixed-rate bonds maturing between June 15, 2020 and 2034; interest is fixed and payable semi-annually at rates ranging from 4% to 5%.	4,205	5,630
2016 Series A-1 dated June 9, 2016; comprised of fixed-rate bonds maturing between June 15, 2022 and 2034; interest is fixed and payable semi-annually at rates ranging from 3.25% to 5%.	4,630	6,995
2017 Series A-1 dated June 15, 2017; comprised of fixed-rate bonds maturing between June 15, 2022 and 2033; interest is fixed and payable semi-annually at rates ranging from 3.75% to 5%.	12,170	16,040
2017 Series B-1 dated June 15, 2017; comprised of fixed-rate subordinate bonds maturing on June 15, 2045; interest is fixed and payable semi-annually at a rate of 4.5%.	8,100	8,100
2018 Series A-1 dated June 6, 2018; comprised of fixed-rate bonds maturing between June 15, 2023 and 2034; interest is fixed and payable semi-annually at rates ranging from 3.625% to 5%.	12,860	15,615
2018 Series B-1 dated June 6, 2018; comprised of fixed-rate subordinate bonds maturing on June 15, 2046; interest is fixed and payable semi-annually at a rate of 4.375%.	4,500	4,500
2019 Series A-1 dated June 13, 2019; comprised of fixed-rate bonds maturing between June 15, 2024 and 2025; interest is fixed and payable semi-annually at rates ranging from 3% to 5%.	18,490	21,530
2019 Series B-1 dated June 13, 2019; comprised of fixed-rate subordinate bonds maturing on June 15, 2047; interest is fixed and payable semi-annually at a rate of 4%.	5,150	5,150
2020 Series A-1 dated June 24, 2020; comprised of fixed-rate bonds maturing between June 15, 2025 and 2036; interest is fixed and payable semi-annually at rates ranging from 3.375% to 5%.	23,185	24,590
2021 Series A-1 dated June 10, 2021; comprised of fixed-rate bonds maturing between June 15, 2026 and 2039; interest is fixed and payable semi-annually at rates ranging from 2.375% to 5%.	20,000	20,670
2022 Series A-1 dated June 14, 2022; comprised of fixed-rate bonds maturing between June 15, 2028 and 2040; interest is fixed and payable semi-annually at rates ranging from 4.375% to 5%.	14,770	15,435
2023 Series A-1 dated June 15, 2023; comprised of fixed-rate bonds maturing between June 15, 2029 and 2041; interest is fixed and payable semi-annually at rates ranging from 4.0% to 5.0%.	17,150	17,980

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**11. Bonds and Notes Payable (Continued)**

2024 Series A-1 dated June 18, 2024; comprised of fixed-rate bonds maturing between June 15, 2029 and 2040; interest is fixed and payable semi-annually at rates ranging from 4.0% to 5.25%.	18,645	19,545
2025 Series A-1 dated June 5, 2025; comprised of fixed-rate bonds maturing between June 15, 2030 and 2041; interest is fixed and payable semi-annually at rates ranging from 4.75% to 5.25%.	<u>32,000</u>	<u>0</u>
Total bonds and notes payable	240,526	254,059
Bond premium/discount, net	<u>4,077</u>	<u>5,420</u>
Total bonds and notes payable, net of bond premium/discount	244,603	259,479
Less: current portion of bonds and notes payable	<u>15,970</u>	<u>12,965</u>
Noncurrent portion of bonds and notes payable	<u>\$ 228,633</u>	<u>\$ 246,514</u>

VSAC has no open lines of credit or debts resulting from direct placements.

All notes and bonds payable are limited obligations of VSAC and are secured, as provided in the underlying bond resolutions, by an assignment and pledge to the Trustee of all VSAC's rights, title and interest in student loans, and revenues derived thereon and the guarantee thereof, including the insurance of certain student loans by ED. In addition, a significant portion of cash and cash equivalents (including debt service reserve accounts which may be used to replenish any deficiency in funds required to pay principal and interest due on the bonds) are held in trust to secure the bonds.

The 2012-1, 2013-1 and 2014-B notes (the variable rate notes) are subject to redemption prior to maturity at the principal amounts outstanding plus accrued interest at date of redemption. Certain series of VSAC's other bonds (the fixed rate bonds) are subject to redemption from excess revenues prior to maturity at the principal amounts outstanding plus unamortized premium and accrued interest at the date of redemption. At June 30, 2024, all bonds authorized under the underlying bond resolutions have been issued.

VSAC's bond documents define Event of Default as a failure to make scheduled principal and interest payments when due, a VSAC Event of Bankruptcy, or a failure to perform the various other duties and covenants of the indenture, or to correct such failure within 90 days if it is correctable. In the event of an Event of Default, the trustee has the authority to claim the pledged assets of the trust, to liquidate said pledged assets, and to accelerate payment of remaining debts of the trust estate.

Proceeds from issuance of the bonds payable and all revenues thereon are held in trust and are restricted as follows: to repurchase bonds; finance student loans; pay interest on the bonds; maintain required reserves; and pay reasonable and necessary program expenses. At June 30, 2025 and 2024, respectively, \$50,339 and \$42,115 in cash and investment interest receivable were pledged as security on the notes and bonds payable. At June 30, 2025 and 2024, respectively, \$294,199 and \$323,146 in student loan principal and interest were pledged as security on the notes and bonds payable.



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During the years ended June 30, 2025 and 2024, amortized deferred gains from prior year financed bond refundings of \$1,263 and \$3,115, respectively, are included as a reduction to interest expense.

**11. Bonds and Notes Payable (Concluded)**

The following summarizes the debt activity for VSAC for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 259,479	\$ 332,542
Issuance	32,000	19,545
Premium on issuance	141	573
Redemptions, extinguishments, and refunding	(45,532)	(91,664)
Accretion/amortization of discount/premium	<u>(1,485)</u>	<u>(1,517)</u>
Balance, end of year	\$ <u>244,603</u>	\$ <u>259,479</u>

The debt service requirements, which are based on the interest rates at June 30, 2025, through the fiscal year ending (FY) 2029 and in five-year increments thereafter to maturity for VSAC are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY26	\$ 15,970	\$ 11,295	\$ 27,265
FY27	15,860	10,519	26,379
FY28	14,925	9,749	24,674
FY29	15,980	9,029	25,009
FY30	14,260	8,269	22,529
FY31 – 35	79,456	32,074	111,530
FY36 – 40	46,660	14,611	61,271
FY41 – 45	27,765	5,166	32,931
FY46 – 50	<u>9,650</u>	<u>788</u>	<u>10,438</u>
Total	\$ <u>240,526</u>	\$ <u>101,500</u>	\$ <u>342,026</u>

The actual maturities and interest may differ due to changes in interest rates or other factors. Payment maturity dates of bonds payable principal coincide with required interest payable schedules.

**12. U.S. Treasury Rebates Payable**

The tax-exempt bonds issued by VSAC are subject to IRS regulations which limit the amount of income which may be earned on certain cash equivalents, investments and student loans acquired with tax-exempt bond proceeds. Any excess earnings are to be refunded to the U.S. Treasury. VSAC has calculated that there are U.S. Treasury rebates payable at June 30, 2025 and 2024 of \$3,432 and \$3,797, respectively. VSAC has calculated that there is no estimated current portion at June 30, 2025 or June 30, 2024. VSAC refunded \$0 in excess earnings to the U.S. Treasury in 2025 and 2024, in connection with final bond redemptions.

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**13. Student Loan Interest and Special Allowance Revenues**

ED makes quarterly interest subsidy payments on behalf of certain qualified students until the student is required under the provisions of the Act to begin repayment. Repayment on FFEL Program Stafford student loans normally begins within six months after students complete their course of study, leave school or cease to carry at least one-half the normal full-time academic load as determined by the educational institution. Repayment of FFEL Program Parent Loans for Undergraduate Students (PLUS), Supplemental Loans for Students (SLS) and Consolidation loans normally begins within 60 days from the date of loan disbursement unless a deferment of payments has been granted. In these cases, full repayment of principal and interest would resume at the expiration of the deferment. Interest accrues during this deferment period. Health Education Assistance Loans enter repayment status nine months after the expiration date of an interim period.

ED provides a special allowance to lenders participating in the FFEL Program Stafford, PLUS, SLS, and Consolidation student loan programs. Special allowance is paid based on a rate that is established quarterly. This rate is based on averages calculated from the rates of certain U.S. Treasury Bills, Financial Commercial Paper or short-term SOFR depending on the disbursement date of the loans and the issuance date of the financing obligations. All FFEL loans held by VSAC receive special allowance based on short-term SOFR.

ED restricts student loan interest revenue for loans first disbursed after April 1, 2006. VSAC is required to return borrower loan interest in excess of the special allowance formulae rates for certain FFEL Program Stafford, PLUS, and Consolidation loans. The return of interest totaled \$120 and \$77 in 2025 and 2024, respectively, and is reflected as a reduction of interest and fees on student loans in the Statements of Revenues, Expenses and Changes in Net Position.

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### 14. **Endowment Funds**

Donors have established a number of endowment funds through the Vermont Student Development Fund, Inc. All endowment funds are donor-restricted to provide scholarship funds to Vermont students. All endowment funds are guided by specific agreements and instructions from donors regarding the uses of earnings and appreciation on invested funds.

In 2009, the Vermont General Assembly enacted the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). In contrast to prior law, UPMIFA addresses in a more explicit and clear manner a fiduciary's ability to spend net appreciation of donor-restricted endowments.

UPMIFA permits a fiduciary to use a more flexible spending standard than under prior law. As with prior law, the intentions of the donor as specifically expressed in a gift instrument will always govern the spending from an endowment fund. UPMIFA also continues to provide, however, that the mere use of the terms "income" or "principal" will not be interpreted to mean that the donor intended to limit the spending from the fund in any particular manner. Unless specifically directed to the contrary, under UPMIFA a fiduciary may expend so much of an endowment fund as an ordinarily prudent person in a like position would spend for the uses, benefits, purposes, and duration for which the endowment fund was established. Under this rule of prudence, a distinction no longer exists between income and principal, nor is there a need to track historic dollar value. This allows an institution to spend any amount from an endowment fund (whether it was historically categorized as income or principal or whether the fund is above historic dollar value), provided that the spending decision is prudent under the circumstances.

The VSAC Board of Directors has established a total-return spending rate policy, and substantially all of the endowment agreements specify this approach. In this approach, the amount of funds that may be expended from an endowment is based on a percentage of the fund's average historical total value (using the prior 12 calendar quarters), and may come from the total return on the fund, including interest and dividend earnings, and appreciation over historical gift value. Total investment return in excess of the established spending rate is included in nonexpendable net position. It will be expendable when it is appropriated in future periods. The spending rate may be adjusted by the Board of Directors at their discretion.

At June 30, 2025 and 2024, the total net position related to endowment funds was \$13,779 and \$12,486, respectively. Expendable restricted net position totaled \$2,510 and \$2,232, respectively. The remaining \$11,269 and \$10,254, respectively, of net position related to endowment funds were nonexpendable.

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### 15. Restricted Net Position

Restrictions on net position are the result of bond resolutions, state statutes, various federal regulations and program agreements, and donor restrictions. Bond resolutions restrict net position to the origination of student loans and payment of debt service on bonds and notes payable. State statutes and federal regulations and program agreements restrict various net position to use for specific grant, scholarship and educational activities. Donors have restricted a number of endowment funds for scholarship awards. Restricted net position as of June 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Expendable - restricted by bond resolutions	\$ 69,390	\$ 71,660
Expendable - restricted by federal or state statute or donors	3,381	4,860
Expendable – income is donor restricted for scholarships	2,510	2,232
Nonexpendable – income is donor restricted for scholarships	<u>11,269</u>	<u>10,254</u>
Total restricted net position	<u>\$ 86,550</u>	<u>\$ 89,006</u>

The portion of net position which is restricted by bond resolutions includes the effect of deferring the recognition of gain on the early retirement of bonds. These bonds were retired in financed transactions during the year ended June 30, 2013 and the gain was deferred and is recognized as an offset to financing costs as the financing bonds are repaid. The remaining balances of the deferred inflow of resources of \$1,468 and \$2,731 at June 30, 2025 and 2024, respectively, will be recognized as a reduction of financing costs and increase of restricted net position over the remaining period the financing bonds are estimated to be outstanding. This estimated period was 9 years and 10 years as of June 30, 2025 and 2024, respectively.

### 16. Retirement Benefits

Full-time employees of VSAC that meet specific eligibility requirements are participants in a retirement annuity plan. This plan is a multi-employer defined contribution plan sponsored by the Teachers Insurance and Annuity Association of America-College retirement Equities Fund. All employees are fully vested for VSAC plan contributions. VSAC's total payroll was \$10,362 and \$11,071, respectively. Total contributions by VSAC amounted to \$1,022 and \$1,081 in 2025 and 2024, respectively, which represented an average of 9.8% of the payroll in those respective years.

VSAC employees who complete 15 years of continuing service and who are not otherwise eligible for Medicare coverage may elect to continue to buy VSAC's health care coverage at Consolidated Omnibus Budget Reconciliation Act (COBRA) rates. U.S. generally accepted accounting principles require recognition of current period costs related to expected future expenditures for Other Post-Employment Benefits. Since historical participation in this benefit has been very low and because participants are required to purchase coverage at a COBRA rate which recovers VSAC's average estimated per person cost, VSAC believes that this obligation is not material and has not recorded a liability for this post-employment benefit at June 30, 2025 and 2024.

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### 17. **Contingencies**

VSAC participates in various federally funded programs. These programs are subject to financial and compliance audits and resolution of identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time.

VSAC is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. VSAC manages these risks through a combination of commercial insurance packages purchased in the name of VSAC, and through self-insurance programs for medical and dental claims. With respect to its commercial insurance packages, VSAC has not experienced or settled claims resulting from these risks which have exceeded its commercial insurance coverage. In addition, VSAC has purchased stop-loss insurance for its self-insurance programs and has transferred the risk of loss to the commercial insurance carrier.

A summary of the reserve for self-insured medical and dental liabilities included in accounts payable and other liabilities on the statements of net position as of June 30, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 164	\$ 200
Claims paid	(2,745)	(3,160)
Accrual for estimated claims	<u>2,973</u>	<u>3,124</u>
Balance, end of year	\$ <u>392</u>	\$ <u>164</u>

This medical and dental reserve balance represents the expected future costs of known medical cases which our medical services administrator has on record as of the end of the year.

As of June 30, 2025 and 2024, management believes VSAC has no pending legal actions that would materially affect our financial position.

### 18. **Loan Commitments**

At June 30, 2025 and 2024, VSAC had commitments to extend credit for non-guaranteed student loans of approximately \$3,125 and \$1,680, respectively. Commitments to extend credit are agreements to lend to a borrower as long as there is no violation of any condition established in the commitment agreement. Commitments generally have fixed expiration dates or other termination clauses. VSAC uses the same credit policies in making commitments as it does for student loans receivable.

**VERMONT STUDENT ASSISTANCE CORPORATION**

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NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

(Dollars in Thousands)

**19. Blended Component Unit**

As pointed out in note 1 the consolidated financial statements for VSAC include a blended component unit, the Vermont Student Development Fund (VSDF) whose activities are consolidated in these statements with VSAC's business type activities (BTA). Condensed consolidating financial statements as of June 30, 2025 and 2024 and for the years then ended are presented below.

Condensed Statement of Net Position as of June 30, 2025:

	<u>BTA</u>	<u>VSDF</u>	<u>Consolidated</u>
Assets			
Current Assets	\$ 91,026	\$ 11,095	\$ 102,121
Capital Assets	10,587	-	10,587
Other Assets	379,897	13,278	396,175
Total Assets	<u>\$ 481,510</u>	<u>\$ 24,373</u>	<u>\$ 505,883</u>
Liabilities			
Current Liabilities	22,281	10,828	33,109
Non-current Liabilities	233,687	-	233,687
Interfund due (to)/from	234	(234)	-
Total Liabilities	<u>256,202</u>	<u>10,594</u>	<u>266,796</u>
Deferred inflows of resources-deferred bond gain	1,468	-	1,468
Deferred inflows of resources-lease revenue	452	-	452
Net Position			
Net investment in property and equipment	10,101	-	10,101
Restricted	72,771	13,779	86,550
Unassigned	140,516	-	140,516
Total Net Position	<u>223,388</u>	<u>13,779</u>	<u>237,167</u>
Total liabilities, deferred inflows and net position	<u>\$ 481,510</u>	<u>\$ 24,373</u>	<u>\$ 505,883</u>

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(Dollars in Thousands)

**19. Blended Component Unit (Continued)**

Condensed Statement of Revenues, Expenses and Changes in Net Position for the year ending June 30, 2025:

	<u>BTA</u>	<u>VSDF</u>	<u>Consolidated</u>
Revenues			
Revenue from education loan financing	\$ 27,045	\$ -	\$ 27,045
Vermont State appropriations	23,886	4,634	28,520
Federal grants	5,138	2,944	8,082
Scholarship and gift revenue	-	8,893	8,893
Facility lease/529 plan revenue	1,536	-	1,536
Investment Interest and Other revenue	5,426	1,433	6,859
Total operating revenues	<u>\$ 63,031</u>	<u>\$ 17,904</u>	<u>\$ 80,935</u>
Expenses			
Operating and program expenses	58,181	17,120	75,301
Depreciation and amortization	763	-	763
Total operating expenses	<u>\$ 58,944</u>	<u>\$ 17,120</u>	<u>\$ 6,064</u>
Excess of operating revenues over expenses	4,087	784	4,871
Non-operating revenues and expenses			
Contributions to Permanent Scholarship Endowment	-	196	196
Interfund transfers	(313)	313	-
Total net position at the beginning of the year	<u>219,614</u>	<u>12,486</u>	<u>232,100</u>
Total net position at the end of the year	<u>\$ 223,388</u>	<u>\$ 13,779</u>	<u>\$ 237,167</u>

**VERMONT STUDENT ASSISTANCE CORPORATION**  
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NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

(Dollars in Thousands)

**19. Blended Component Unit (Continued)**

Condensed Statement of Cash Flows for the year ending June 30, 2025:

	<u>BTA</u>	<u>VSDF</u>	<u>Consolidated</u>
Cash provided by (used in) operations	\$ 22,841	\$ (3,010)	\$ 19,831
Cash provided by (used in) noncapital financing	(24,740)	-	(24,740)
Cash used by capital and related financing	(1,059)	-	(1,059)
Cash provided by (used in) investing	4,967	430	5,397
Net increase (decrease) in cash	\$ 2,009	\$ (2,580)	\$ (571)
 Cash and cash equivalents, beginning of year	 90,597	 13,675	 104,272
 Cash and cash equivalents, end of year	 <u>\$ 92,606</u>	 <u>\$ 11,095</u>	 <u>\$ 103,701</u>



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June 30, 2025 and 2024

(Dollars in Thousands)

**19. Blended Component Unit (Continued)**

Condensed consolidating financial statements as of June 30, 2024 and for the year then ended are presented below.

Condensed Statement of Net Position as of June 30, 2024:

	<u>BTA</u>	<u>VSDF</u>	<u>Consolidated</u>
Assets			
Current Assets	\$ 90,285	\$ 13,675	\$ 103,960
Capital Assets	10,836	-	10,836
Other Assets	392,219	11,546	403,765
Total Assets	<u>\$ 493,340</u>	<u>\$ 25,221</u>	<u>\$ 518,561</u>
Liabilities			
Current Liabilities	18,120	12,704	30,824
Non-current Liabilities	252,398	-	252,398
Interfund due (to)/from	(31)	31	-
Total Liabilities	<u>270,487</u>	<u>12,735</u>	<u>283,222</u>
Deferred inflows of resources-deferred bond gain	2,731	-	2,731
Deferred inflows of resources-lease revenue	508	-	508
Net Position			
Net investment in property and equipment	10,152	-	10,152
Restricted	76,520	12,486	89,006
Unassigned	132,942	-	132,942
Total Net Position	<u>219,614</u>	<u>12,486</u>	<u>232,100</u>
Total liabilities, deferred inflows and net position	<u>\$ 493,340</u>	<u>\$ 25,221</u>	<u>\$ 518,561</u>

**VERMONT STUDENT ASSISTANCE CORPORATION**

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**NOTES TO FINANCIAL STATEMENTS**

June 30, 2025 and 2024

(Dollars in Thousands)

**19. Blended Component Unit (Continued)**

Condensed Statement of Revenues, Expenses and Changes in Net Position for the year ending June 30, 2024:

	<u>BTA</u>	<u>VSDF</u>	<u>Consolidated</u>
Revenues			
Revenue from education loan financing	\$ 30,701	\$ -	\$ 30,701
Guarantee program revenues	1,437	-	1,437
Vermont State appropriations	25,935	3,674	29,609
Federal grants	4,831	2,303	7,134
Scholarship and gift revenue	-	6,863	6,863
Facility lease/529 plan revenue	1,565	-	1,565
Investment Interest and Other revenue	6,208	1,374	7,582
Total operating revenues	<u>\$ 70,677</u>	<u>\$ 14,214</u>	<u>\$ 84,891</u>
Expenses			
Operating and program expenses	57,156	13,508	70,664
Depreciation and amortization	775	-	775
Total operating expenses	<u>\$ 57,931</u>	<u>\$ 13,508</u>	<u>\$ 71,439</u>
Excess of operating revenues over expenses	12,746	706	13,452
Non-operating revenues and expenses			
Contributions to Permanent Scholarship Endowment	-	490	490
Interfund transfers	(346)	346	-
Total net position at the beginning of the year	<u>207,214</u>	<u>10,944</u>	<u>218,158</u>
Total net position at the end of the year	<u>\$ 219,614</u>	<u>\$ 12,486</u>	<u>\$ 232,100</u>

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NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

(Dollars in Thousands)

**19. Blended Component Unit (Concluded)**

Condensed Statement of Cash Flows for the year ending June 30, 2024:

	<u>BTA</u>	<u>VSDF</u>	<u>Consolidated</u>
Cash provided by (used in) operations	\$ 77,881	\$ 1,851	\$ 79,732
Cash provided by (used in) noncapital financing	(86,482)	-	(86,482)
Cash used by capital and related financing	(423)	-	(423)
Cash provided by (used in) investing	5,955	339	6,294
Net increase (decrease) in cash	\$ (3,069)	\$ 2,190	\$ (879)
 Cash and cash equivalents, beginning of year	 93,666	 11,485	 105,151
 Cash and cash equivalents, end of year	 <u>\$ 90,597</u>	 <u>\$ 13,675</u>	 <u>\$ 104,272</u>

**20. Termination Benefits**

During 2024 VSAC implemented a workforce reduction following its decision to exit the FFEL Guarantor function and outsource its loan servicing work associated with the FFEL Program portfolio. The employees who were separated from VSAC received a package of benefits. This package included continuing payment of their base compensation for a seniority-based period following their departure; the minimum period was 12 weeks and the maximum was 52 weeks. The program also included an option to pay 65% of the terminating employees' COBRA medical/dental insurance coverage for a period up to nine months following their departure from VSAC. Additionally, the program included commitments to assist with job placement services for a period of twelve months following termination date.

Twelve VSAC employees were separated and executed the required documents between October 2023 and March 2024. The remaining estimated future costs under this program were accrued as of June 30, 2024 and the final payments were made in May of 2025. The accrual related to compensation was calculated based on each departing employee's rate of pay as of their termination date, together with their years of service, which determined the number of weeks of separation payments they were entitled to under the plan. No accrual was made for COBRA or outplacement assistance since the amount and timing of these future expenses are not considered to be estimable or material.

During 2024 the following expenses were recognized under this program:

	<u>Compensation</u>	<u>Payroll Taxes</u>	<u>Outplacement/ COBRA</u>	<u>Total</u>
Paid during 2024	\$ 168	\$ 13	\$ -	\$ 181
Accrued for future periods	<u>444</u>	<u>34</u>	<u>-</u>	<u>478</u>
Total termination benefits expense	<u>\$ 612</u>	<u>\$ 47</u>	<u>\$ -</u>	<u>\$ 659</u>

**VERMONT STUDENT ASSISTANCE CORPORATION**

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**SUPPLEMENTARY INFORMATION**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
BY OPERATING SEGMENT**

For the years ending June 30, 2025 and 2024

Although not required, VSAC elects to disclose the condensed Statements of Revenues, Expenses and Changes in Net Position of VSAC's business-type operating segments. The segments presented include:

Operations – This segment includes administration, FFEL Program guarantor functions, privately-held student loans and student outreach activities (partially funded by Federal and State grants). VSAC's net investment in capital assets is reflected in this segment. The fund balance in this segment is considered unrestricted and available for any corporate purpose.

Bond Funds – This segment includes the activities of all VSAC education loan financing instruments and the related secured assets. Accumulated balances in this fund are restricted by financing agreements.

Scholarships – This segment includes all funds designated as scholarships and the related donations, earnings, and disbursements for the various scholarship programs administered by VSAC, including endowments. The balance of this segment primarily represents unspent invested amounts in the Vermont Student Development Fund, Inc. (d/b/a the Vermont Scholarship Fund), which is comprised of permanent and termed endowments.

Grants – This segment reflects the activities of all funds received that are part of certain annual State of Vermont appropriations. These include the incentive grants and non-degree grants. Any carryover balance in this segment is the result of 'attrition' which is created by eligible students who are unable to utilize their award. These funds remain in the segment and are awarded in the following fiscal year.

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**SUPPLEMENTARY INFORMATION**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
BY OPERATING SEGMENT**

For the years ending June 30, 2025 and 2024

*For the year ended June 30, 2025*

	<u>Operations</u>	<u>Bond Funds</u>	<u>Scholarships</u>	<u>Grants</u>	<u>Elimination</u>	<u>Consolidated</u>
Revenues						
Revenue from education loan financing	\$ 6,383	\$ 20,662	\$ -	\$ -	\$ -	\$ 27,045
Guarantee program revenues	-	-	-	-	-	-
Vermont State appropriations	418	-	4,634	23,468	-	28,520
Federal grants	5,138	-	2,944	-	-	8,082
Scholarship and gift revenue	-	-	8,893	-	-	8,893
Facility lease/ 529 plan revenue	1,536	-	-	-	-	1,536
Investment interest and other revenue (loss)	5,406	1,780	1,433	-	(1,760)	6,859
Total operating revenues	18,881	22,442	17,904	23,468	(1,760)	80,935
Expenses						
Operating and program expenses	20,381	14,144	17,120	25,416	(1,760)	75,301
Depreciation	763	-	-	-	-	763
Total operating expenses	21,144	14,144	17,120	25,416	(1,760)	76,064
(Deficit) excess of operating revenues over expenses	(2,263)	8,298	784	(1,948)	-	4,817
Non-operating revenues and expenses						
Contribution to permanent scholarship endowment	-	-	196	-	-	196
Interfund transfers	9,786	(10,568)	313	469	-	-
Change in net position	7,523	(2,270)	1,293	(1,479)	-	5,067
Net position, beginning of the year	143,094	71,660	12,486	4,860	-	232,100
Net position, end of the year	\$ 150,617	\$ 69,390	\$ 13,779	\$ 3,381	\$ -	\$ 237,167

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**SUPPLEMENTARY INFORMATION**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
BY OPERATING SEGMENT**

For the years ending June 30, 2025 and 2024

*For the year ended June 30, 2024*

	<u>Operations</u>	<u>Bond Funds</u>	<u>Scholarships</u>	<u>Grants</u>	<u>Elimination</u>	<u>Consolidated</u>
Revenues						
Revenue from education loan financing	\$ 5,870	\$ 24,831	\$ -	\$ -	\$ -	\$ 30,701
Guarantee program revenues	1,437	-	-	-	-	1,437
Vermont State appropriations	582	-	3,674	25,353	-	29,609
Federal grants	4,831	-	2,303	-	-	7,134
Scholarship and gift revenue	-	-	6,863	-	-	6,863
Facility lease/ 529 plan revenue	1,565	-	-	-	-	1,565
Investment interest and other revenue (loss)	5,832	2,262	1,374	-	(1,886)	7,582
Total operating revenues	20,117	27,093	14,214	25,353	(1,886)	84,891
Expenses						
Operating and program expenses	18,809	16,983	13,508	23,250	(1,886)	70,664
Depreciation	775	-	-	-	-	775
Total operating expenses	19,584	16,983	13,508	23,250	(1,886)	71,439
(Deficit) excess of operating revenues over expenses	533	10,110	706	2,103	-	13,452
Non-operating revenues and expenses						
Contribution to permanent scholarship endowment	-	-	490	-	-	490
Interfund transfers	1,806	(2,665)	346	513	-	-
Change in net position	2,339	7,445	1,542	2,616	-	13,942
Net position, beginning of the year, as restated	140,755	64,215	10,944	2,244	-	218,158
Net position, end of the year	\$ 143,094	\$ 71,660	\$ 12,486	\$ 4,860	\$ -	\$ 232,100