



ANNUAL REPORT 2022

Fiscal Year Ended
June 30, 2022
And Dated
December 31, 2022

RISLA Receives TOP Rankings from:

FORBES ADVISOR

Forbes Advisor Best Private Student Loans
list in the country top ranking:
2020, 2021 & 2022

YAHOO MONEY

7 Best Student Loan Refinance Companies
of December 2022 (yahoo.com) - RISLA
rated #1 for borrower benefits.

BOARD OF DIRECTORS

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Charles P. Kelley, *Executive Director*

TABLE OF CONTENTS

Introduction	2-3
Highlights	4-12
Looking Ahead	13
Programs Administered	14 - 16
Meeting Minutes and Rules and Regulations	17
RISLA is a Self-Supporting Organization	18
One on One Training and Group Sessions	18
RISLA Financial Reports	19
Appendix	
RISLA Financial Statements for Fiscal Year 2022	Appendix 1 - 29



INTRODUCTION

On behalf of the Board of Directors and staff of the Rhode Island Student Loan Authority (“RISLA”), we are proud to share with you our 2022 annual report. Since 1981, RISLA has served as a non-profit quasi-state authority that is committed to providing affordable higher education solutions for Rhode Islanders. This past year included a number of accomplishments that reflect our commitment to student success.

As we continue to navigate the economic and social environment, we are where our customers need and want us to be. The RISLA College Planning Center has welcomed back the customers who prefer an in-person experience and we continue to offer our services remotely with online tools and zoom video calls. Investments in technology and innovation continue to enhance and simplify the process for students and families looking to apply for RISLA education loans. In addition, our loan servicing staff continues to provide excellent service and assistance to customers facing a variety of challenges.

To help improve educational equity, RISLA has continued to increase its outreach into those communities with first-generation college students utilizing multilingual promotional and assistance efforts to encourage the completion of the all-important FAFSA and other financial aid forms.

Our efforts to help families and students find an affordable path and access to higher education remains steadfast. The RISLA College Planning Center Staff assisted over 3,900 students and families to complete their financial aid forms including the FAFSA and college applications via both in-person and phone appointments as well as hosting FAFSA completion days at local high schools. In addition, RISLA’s Knowledge for College financial literacy site provides college scholarships to those students who make the effort to learn about financial literacy.

For the third consecutive year, Forbes Advisor ranked RISLA as having one of the best education loan programs in the country. In 2022, Forbes recognized that for decades, RISLA’s fixed rate education loan programs are among the most affordable of any in the nation. Our loan programs all come with no upfront fees and the safety net of Income-Based Repayment – the only private student lender in the country that offers this benefit. RISLA continues to offer a generous forbearance option, up to 24 months for borrowers struggling to meet payment obligations during hard times. Additionally, RISLA offers interest rate discounts for borrowers making automatic payment as well as cosigner release, military benefits, and death and permanent disability loan forgiveness benefits that other lenders may not offer.

This report highlights a host of our accomplishments in 2022. These efforts are a direct result of the hard work and commitment of the employees at RISLA and the College

RISLA 2022 ANNUAL REPORT

Planning Center. These efforts are made possible through the leadership and direction of our volunteer Board of Directors, including Chairman Robert Delaney, Vice Chair Sandra Mack, Secretary/Treasurer Daniel Egan, Kelly Morrissey, Bonnie Saccucci, and General Treasurer Seth Magaziner. We also want to thank Treasurer Magaziner for his service to RISLA and welcome incoming Treasurer-Elect James Diossa to the RISLA Board of Directors.



Charles P. Kelley, CFA, CPA
Executive Director



Noel Simpson, CPA
Senior Director of Finance & Operations

HIGHLIGHTS 2022

In 2022, the Rhode Island Student Loan Authority continued to fulfill its mission of making higher education more accessible and affordable for Rhode Islanders. RISLA embarked on several initiatives throughout the year, leading to a host of accomplishments. The highlights include:

RISLA has a new look!

After coming to the realization that it was time to remodel our logo to become more visually recognizable to our customers, we embarked on the thoughtful process of finding a new look for RISLA. After reviewing many concept designs and taglines, we then conducted focus groups and surveys about what our new look should be and how our concepts were interpreted by audiences including both students and parents. This feedback resulted in a new look that is brighter and visually represents how RISLA serves the community.



PLANNING, PREPARING & PAYING
FOR YOUR EDUCATION JOURNEY

Celebration of the 50th Anniversary of the Pell Grant.

RISLA was proud to be a co-host for the 50th anniversary of the Pell Grant, named in honor of former U.S. Senator Claiborne Pell. It was held August 22nd at the Pell Center at Salve Regina University. Speakers at the event included Department of Education Secretary Miguel Cardona, Senators Jack Reed and Sheldon Whitehouse, Representative David Cicilline, Salve Regina University President Kelli Armstrong, CCRI Dean of Financial Assistance and Scholarships and RISLA Board Member Kelly Morrissey, and RISLA Senior Director of Finance & Operations Noel Simpson. Four Pell Grant recipients spoke at the event about the difference the Pell grant made with their lives. Members of the Pell family were also present.



RISLA Joins U.S. Senator Jack Reed for College Aid Workshop

U.S. Senator Jack Reed held his 32nd annual College Aid Workshop on November 22, 2022. This event also returned to an in-person event with RISLA Senior Director of Finance and Operations Noel Simpson, RISLA Executive Director Charles Kelley, and CCRI Dean of Financial Assistance and Scholarships and RISLA Board Member Kelly Morrissey assisting Senator Reed with the presentation to students and families. RISLA has enjoyed a longstanding tradition of working with Senator Reed on his college aid workshops.

Forbes Advisor Ranks RISLA Top Education Loan in the Country

In December, Forbes Advisor released its Best Private Student Loans list of the top private student lenders in the country from a long list of prominent student loan lenders. For the third consecutive year ('20, '21, and '22), RISLA received a top ranking!

The screenshot displays the Forbes Advisor website's 'Best Private Student Loan Lenders' page. At the top, the Forbes Advisor logo is visible. Below it, the title 'Best Private Student Loan Lenders' is prominently displayed. The featured lender is the Rhode Island Student Loan Authority (RISLA), which is highlighted with a blue badge that reads 'BEST FOR LOW MAXIMUM APR'. The RISLA logo is shown in the top right corner of the card, along with a green 'Compare Rates' button and a note 'Via Credible.com's Website'. The card features a 4.5-star rating from Forbes Advisor, with a breakdown of interest rates: Variable APR (N/A) and Fixed APR (4.99% to 6.74%). A section titled 'Why We Picked It' provides a detailed description of RISLA as a nonprofit lender offering two loan types with different repayment structures. Below this, 'Extra Details' are listed, including loan terms (10 or 15 years), loan amounts available (\$1,500 to \$45,000 per year), eligibility requirements (minimum income of \$40,000 and credit score of 680), forbearance options (up to 24 months), and co-signer release policy (available after 24 months).

Source: <https://www.forbes.com/advisor/student-loans/best-private-student-loans/>

RISLA Provided 157 million dollars in Safe, Fixed-Rate Loans

- For the 2022/23 academic year, RISLA provided approximately \$83.5 million in undergraduate loans to students and families and refinanced almost \$73.5 million of existing education loans. RISLA’s in-school loans offer borrowers the choice of either immediate or deferred repayment.

Although we all had to adjust to the shock of rising interest rates after an enjoyable run of historically low rates, RISLA continued to offer a highly competitive fixed rate loans to students and families for the 2021/22 school year.



UNDERGRAD & PARENT LOAN OPTIONS			
	STUDENT IMMEDIATE REPAYMENT	STUDENT ¹ DEFERRED REPAYMENT	PARENT IMMEDIATE REPAYMENT
INTEREST RATE ² / APR ³ WITH AUTO-PAY	4.99% / 4.99% with RI Advantage ⁴ 5.99% / 5.99% without RI Advantage	6.74% / 6.49% with RI Advantage 6.94% / 6.67% without RI Advantage	6.34% / 6.34% RI Advantage Not Applicable
NO UP-FRONT FEES	None	None	None
STANDARD REPAY TERM	120 Months	180 Months	120 Months
ESTIMATED MONTHLY PAYMENT	\$107 \$112 with RI Advantage without RI Advantage	\$114 \$116 with RI Advantage without RI Advantage	\$114 RI Advantage Not Applicable
REPAYMENT START	15 DAYS After funds have been disbursed.	6 MONTHS After student leaves school.	15 DAYS After funds have been disbursed.
ADVANTAGES	Shorter term, lowest interest rate with RI Advantage	No payment while student attending school	Student is not obligated on the loan
DISADVANTAGES	Payment required while student attending school	Higher overall cost due to term length	Higher interest rate than fixed immediate repayment option with student as primary borrower.

1. Assumptions for Deferred Example: Equal disbursements in September and January. Fifty-four (54) months pass (48 months in-school and 6 months grace) at which time accrued interest is capitalized and a 180-month repayment term begins. Interest accrues during deferment period and is capitalized (added to) principal balance at time loan enters repayment.

2. INTEREST RATES: Rates are for loans first disbursed on or after July 1, 2022 for the 2022/23 academic year and include 0.25% reduction for making automatic monthly payments (auto-pay feature). Each repayment option is subject to funds availability. Funds will be awarded on a first-come, first-served basis. The rates and terms disclosed above are available while funds last. New funds may be subject to different rates and/or terms.

3. APR: The Annual Percentage Rate (APR) reflects the estimated total cost of the loan, including origination fees (\$0), accruing interest, and the effect of capitalized interest. Interest begins accruing after each loan disbursement. Rate shown includes the 0.25% interest rate reduction for using the auto-pay feature. If monthly payment is calculated to be less than \$50 per month for full term, lowest payment is \$50 per month with term reduced.

4. RHODE ISLAND ADVANTAGE applies to any Rhode Island Students attending school in any state or Non-Rhode Island Students attending a school in Rhode Island who select an Immediate or Deferred Repayment loan.

RISLA 2022 ANNUAL REPORT

- Rhode Island's in-school education loan offerings have some of the lowest fixed rates in the country. RISLA does not have any upfront fees and no prepayment penalty.

RISLA's interest rates were between 0.80% to 2.55% lower than the Federal Parent PLUS loan's rate of 7.54%. In addition, there are no upfront fees on any RISLA loans compared to the Parent PLUS Loan fee of over 4%. At these rates, over the course of a standard 10-year repayment period, RISLA will save families approximately 20% of the amount they borrowed in fees and interest. For example, for a \$10,000 loan, RISLA will save a family approximately \$2,000 over the typical 10-year repayment period.

As a responsible non-profit lender, RISLA cautioned refinance applicants to be aware of the temporary suspension of interest and payments issued by the federal government (which has recently been extended to the earlier of a resolution of the litigation involving one-time federal student loan forgiveness or June 30, 2023). RISLA also provided information regarding other federal loan benefits such as Public Service Loan Forgiveness. RISLA is currently advising applicants who want to refinance that they should consider the potential forgiveness amounts of their loans held by the federal government.

Important Borrower Protections Come with All RISLA Loans

- As part of RISLA's commitment to students and families, borrower protections are included in all of its loan offerings. These protections include hardship forbearances up to 24 months and Income-Based Repayment to help students and families when unplanned hardships occur. RISLA also offers loan forgiveness for total and permanent disability (using the same criteria as the Federal Government), military benefits that include a 6% interest rate cap on all RISLA loans while the borrowers are on active duty, and loan forgiveness in the event of a student's death.

RISLA offers an Attractive Graduate Loan Program

- RISLA's graduate student loans are available to matriculating and non-matriculating borrowers at degree granting Title IV eligible colleges. Graduate students are able to benefit from RISLA's easy online application, the choice of immediate or delayed repayment options, the choice of borrowing in the student or parent's name, and no application, origination or upfront fees. The graduate loan program allows borrowers to apply for Income-Based Repayment, which can make payments more affordable. Payments can also be delayed for up to two years with RISLA's forbearance program.

Refinancing Options at RISLA Remain a Popular Choice

- RISLA was the first non-profit in the country to offer education loan refinancing and continues to be a very popular way for students and families to obtain a lower interest rate and save hundreds and even thousands of dollars in interest charges. In spring of 2022, RISLA offered an additional option to refinance.

RISLA 2022 ANNUAL REPORT

Students can refinance to secure a lower rate, when available, while still in school and no payments are due until 6 months after leaving school.

- **Forbes Advisor Ranks RISLA Top Student Loan Refinance provider**

The screenshot displays the Forbes Advisor website's 'Best Student Loan Refinance Lenders' page. At the top, the 'Forbes ADVISOR' logo is visible. Below it, the title 'Best Student Loan Refinance Lenders' is shown. The featured lender is the 'Rhode Island Student Loan Authority', with the RISLA logo to its right. A star rating of 4.5 is shown, along with a 'Compare Rates' button. The page lists interest rates: Variable APR (N/A) and Fixed APR (5.29% to 8.09%). A 'Why We Picked It' section explains that RISLA is a Rhode Island-based nonprofit that refines loans for customers across the country, highlighting its income-based repayment program and 24-month forbearance period. An 'Extra Details' section lists loan terms (5, 10, and 15 years), loan amounts available (\$7,500 to \$250,000), eligibility (no degree required, minimum credit score 680, minimum income of \$40,000), forbearance options (up to 24 months), and co-signer release policy (None).

Source: <https://www.forbes.com/advisor/student-loans/best-student-loan-refinance-lenders/>

Additionally, RISLA was also recognized by yahoo! Money. 7 Best Student Loan Refinance Companies of December 2022 (yahoo.com)

Of the seven best selected, RISLA took the #1 spot noting our borrower benefits. "RISLA, a non-profit, state-based lender, stands out due to its borrower protections, which are unparalleled in the private student lending sphere."

Borrowers with multiple loans can benefit from lower monthly payments and reduce the number of monthly payments through refinancing. RISLA currently offers refinance programs for students ready for immediate repayment and for those who would like to refinance while still attending school. RISLA also offers refinance borrowers a 0.25% interest rate discount if they use autopay during repayment. Borrowers have the ability to refinance up to \$250,000.

RISLA refinancing loans also offer Income-Based Repayment (IBR) as a safety net for those borrowers who may encounter financial problems from medical issues or unemployment. RISLA is currently the only non-federal lender offering an Income-Based Repayment program.

All RISLA Loans Come with the *RISLA Advantage*

- As the leading non-profit resource for Rhode Island students and families, RISLA strives to help people borrow responsibly. Along with providing financial literacy tools, borrowing guides, and in-person (or virtual) support, RISLA is proud to stand by its loan programs with the *RISLA Advantage*. The *Advantage* includes:
 - easy online applications with quick pre-qualification
 - multi-year approval so borrowers can receive loan approval for multiple years of college with a single application for qualified applicants
 - options for delayed or immediate repayment
 - the choice of borrowing in the student's or parent's name
 - no application, origination, or upfront fees of any kind
 - borrower protections – including Income-Based Repayment to make payments more affordable and forbearance up to 24 months
 - cosigner release for undergraduate, graduate and parent loans for qualifying borrowers after the first 24 months of consecutive on-time payments.

College Planning Center Ensures Outreach Statewide

- The College Planning Center's location in Warwick has reopened for in-person appointments as well as remote assistance on financial aid questions and FAFSA completion. The College Planning Center's Director and team continues to be where our students and families are most comfortable working with us: at our Warwick location as well as at local high schools, both in-person sessions and virtual sessions ensuring that the organization continues to be a valued resource for those navigating the college planning process. All services remain free of charge.

Special Loan Benefits for Nurses, Nurse Educators & Primary Care Professionals

- For many years, RISLA has provided reward programs for those working as nurses and nurse educators at RI colleges and universities. The Nursing Rewards program provides graduates who remain in Rhode Island and provide direct patient care with a zero percent interest on loans for up to four years.

RISLA's Nurse Educators Loan Forgiveness program has assisted 15 nurse educators with \$251,842 in loan forgiveness to date. This helped CCRI, New England Institute of Technology, Salve Regina University, Rhode Island College, and URI to attract and retain nurse educators to staff their nursing programs.

RISLA is also proud to collaborate with leading organizations in the State to offer a Primary Care Provider Loan Repayment program for health professionals including nurse practitioners and physician assistants. The program is funded

RISLA 2022 ANNUAL REPORT

by Blue Cross & Blue Shield of RI, United Healthcare, the RI Medical Society, and the RI Foundation, and administered by RISLA. Loan repayment awards are provided to primary health care providers in exchange for service commitments to those newly recruited to the state. Awards go directly to pay educational loans, up to \$40,000 for qualifying recipients.

The Primary Care Loan Forgiveness Program launched in June 2010 has provided collectively \$2,294,136 in education loan forgiveness to 58 participants, of whom 28 were physicians and 30 nurse practitioners and physician assistants.

Loan Forgiveness for Internships

- Along with RISLA's programs for certain health professionals, RISLA is proud of a loan forgiveness program for students who participate in internships. The program is designed to reduce student indebtedness while helping them improve their marketability to employers after college. Under the program, students can earn loan forgiveness up to \$2,000 by completing an eligible internship. The program is open to all Rhode Island students or those attending an institution of higher education in the State.

RISLA's "Knowledge for College" Financial Literacy Scholarships Making a Difference

- RISLA hosts a monthly financial literacy learning module year-round at www.risla.com/fin-lit-quiz where eligible registrants have the opportunity to be awarded a \$2,000 scholarship by answering financial literacy questions pertaining to credit, budgeting, and other college-related financial topics. Four winning registrants are randomly selected on the 1st business day of each month for the Knowledge for College Scholarship with two additional bonus winners in the month of May for the scholarship award. The goal of the program is to help Rhode Island students pay for higher education and make responsible financial decisions. The "Knowledge for College" scholarships are available to Rhode Island residents who are currently enrolled at college or graduate school as well as non-resident registrants attending a Rhode Island college or university. We were happy to award collectively \$2,000 to 50 winners this past academic year totaling \$100,000 in scholarships.

RISLA Tax-Free Student Loan Repayment Effort with Employers

When Congress passed coronavirus relief legislation in March 2020, a provision was included to allow employers to offer a student loan repayment benefit to employees on a tax-free basis. Under the provision, an employer may contribute up to \$5,250 annually towards an employee's student loans, and the payment would be excluded from their income. The contribution is still allowed as a tax deduction for the employer. As part of this benefit program, RISLA offers free counseling to the employees on financial wellness, planning and saving for

RISLA 2022 ANNUAL REPORT

college and how to make smart decisions regarding their student loan debt, and for non-profit employers how to qualify for Public Service Loan Forgiveness (PSLF).

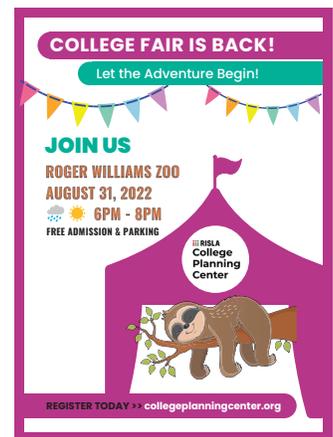
To further assist students in repayment, RISLA will match an employer's contribution up to \$500 per year in the form of forgiveness if the participating employee is currently in repayment on a RISLA student loan.

RISLA's Annual Campaign to Increase Completion of Financial Aid Forms

- Beginning in September of each year in preparation for FAFSA submission beginning October 1st, RISLA launched a comprehensive outreach campaign aimed at getting more financial aid to graduating high school seniors interested in attending college. The campaign features an online FAFSA Toolkit, which we share with the Rhode Island Department of Education (RIDE) including guides, videos and checklists. Additionally, we are spreading the word about FREE FAFSA completion assistance on RIPTA buses, Route 95 Billboard, digital ads, print ads in community newspapers, Spanish radio station ads, and social media posts. The campaign also included a text feature where students and families could text the word "FAFSA" to 24000 to schedule an over-the-phone help session with experts from RISLA's College Planning Center. Nationally the FAFSA completion rate continues to decrease and RISLA is working hard to help improve the completion rate for Rhode Islanders.

RISLA's Annual College Fair Returns

- RISLA's College Planning Center once again hosted our popular college fair that was forced into a two-year hiatus due to the pandemic and safety protocols for public gatherings. On August 31, 2022, we were happy to welcome students and families back to the very popular college fair with over 100 school exhibitors from various state and regional colleges. It was our pleasure work with Roger Williams Park Zoo to bring back the college fair at a new location. This outdoor venue was enjoyed by all with addition of the entertaining sites and sounds of the animal zoo residents. We were glad to host over 2,000 students and families and look forward to getting back to the tradition of hosting this event annually.



College Planning Center Offers 60+ Events (In-Person & Virtual)

- Starting off the academic year in September with our Kick-Off to College week, we offered four virtual sessions focusing on Completing the Common App, What College Admissions is Looking For, Financial Aid Overview & FAFSA Facts, Myths & Q&A. Immediately following Kick Off to College, the CPC scheduled

RISLA 2022 ANNUAL REPORT

and facilitated over 60 events both virtually and in person as requested across the state. The events included financial aid nights, admissions overviews, common application workshops, and FAFSA completion workshops. The events included sessions in English and Spanish. Participating high schools included Rogers High School, Mt. Saint Charles Academy, Bay View Academy, Trinity Academy for Performing Arts, Blackstone Valley Prep, Cranston High School East, Cranston West High School, North Providence High School, Johnston High School, Jacqueline Walsh School for the Arts, North Kingstown High School, , East Providence High School, Barrington High School, North Smithfield High School, Scituate High School, Ponaganset High School, Smithfield High School, LaSalle Academy, Middletown High School, St. Raphael Academy, St. Patrick's Academy, West Warwick High School, Pilgrim High School, Coventry High School, Chariho High School, South Kingstown High School, Portsmouth High School, E-Cubed Academy, Tiverton High School, New England Laborers'/Cranston Public Schools Construction & Career Academy, Paul Cuffee High School, Tollgate High School, Woonsocket High School, Highlander Charter School, Charette Charter School, Village Green Virtual Charter School, Hope High School, Shea High School, 360 High School, Central Falls High School, Providence Career and Technical Academy, Juanita Sanchez Educational Complex, the Greene School, Mount Pleasant High School, Classical High School and Central High School.

- **FAFSA Student Ambassadors**

In our efforts to reach underserved communities for FAFSA completion, we are engaging student interns from ten lower FAFSA completion rate schools to help us spread the word regarding the importance of FAFSA completion and the availability of the free services available at the College Planning Center. Students will intern for the month of February using their social media platforms to direct fellow students to a variety of our online resources, virtual events and the overall importance of getting their FAFSA completed.



LOOKING AHEAD

We are so proud of our history of assisting tens of thousands of students reach their higher education dreams. This commitment remains unwavering.

With the updates proposed for changes and exceptions to the Public Service Loan Forgiveness Program (PSLF) and one-time payment adjustments by the U.S. Department of Education, RISLA will provide free assistance to help Rhode Islanders navigate what has been a very complicated approval process for loan forgiveness.

The current administration continues to propose the possibility of federal loan forgiveness for certain borrowers. RISLA continues to proactively inform those who are considering refinancing with us of these potential changes, with a recommendation that Federal Direct, FFELP or Federal PLUS loans held by the Federal Government not be refinanced at this time until the expiration of the Federal Repayment Forbearance Extension. As always, we will provide unbiased advice on educational financing that is in the best interest of students and their higher education success.

Locally, here in Rhode Island, The College And Career Success For All Students Act, [*Senate Bill 3015 was passed by the legislature and signed into law on June 29, 2022.*](#) This Bill requires the following:

“On and after July 1, 2022, the guidance department of every public or private high school in the state shall ensure that notices are provided to students and their parent, guardian, or responsible adult, regarding the merits of completing the FAFSA form and the Rhode Island alternative financial aid application. This notice shall be provided in either the student’s junior year or no later than November 1 of the student’s senior year. The guidance department shall determine the form for providing the notice which shall best ensure the information is communicated both to the student and to the student’s parent, guardian, or responsible adult.”

RISLA will be working on tools and resources to help high schools meet this requirement in addition to our continued outreach offering of free FAFSA and other Financial Aid forms completion assistance at our College Planning Center.

RISLA is quite cognizant of the challenges faced by the rising costs of a college education. The pandemic, inflation and other financial hardships have created vast uncertainty in higher education that leaves students in need of services and programs to make the best decisions possible. We believe the importance of our work has never been greater, and RISLA stands ready to be Rhode Island’s leading voice for students and families as we emerge from an extremely challenging year.



SUMMARY OF RISLA PROGRAMS ADMINISTERED

Fiscal Year Ended June 30, 2022

Rhode Island Student Loan Program

- RISLA offers low cost, Fixed Rate Student Education Loans. These credit-based loans feature varied terms, flexible repayment options, and zero origination fees or prepayment penalties. The interest rates vary by product type and are consistently among the lowest in the country, notably lower than the Federal Parent and Graduate Student PLUS Loans.
- On May 27, 2022, RISLA issued Taxable and Tax-Exempt Fixed Rate Student Loan Program Revenue Bonds in the amount of \$105,670,000. The purpose of this bond issue was to fund fixed rate student loans originated in FY 2022.
- Also, on November 16, 2021, RISLA issued Taxable Fixed Rate Student Loan Program Revenue Bonds in the amount of \$50,000,000. The purpose of this bond issue was to fund fixed rate refinancing loans in FY 2022.
- Among RISLA's product types are the Immediate Repayment Student Loan (for the lowest possible interest rate), the Deferred Repayment Student Loan (for those who want to start repayment after college), the Parent Loan (for Parents who do not want their child's name on the loan), and the Refinance Loan (for those who want to combine private loans into one low interest rate loan).

RISLA Education Loans

- For the 2022/23 academic year, RISLA offers a 10-year student loan with a Rhode Island Advantage fixed rate at 4.99%, after a discount of .25% for auto debit for borrowers who choose an immediate repayment loan. In addition, deferred repayment options, which delays repayment until after the student is out of school, are also available at 6.74% with the auto-pay discount. A cosigner release option is available for qualifying borrowers after two years of repayment and meeting specified credit criteria. Also included in this offering to undergraduate and graduate students are low fixed student loans for qualified certificate programs at Title IV approved institutions.
- For the 2022/23 academic year, RISLA offers a 10-year college loan for parents with a fixed rate of 6.34%, after a discount of .25% for auto debit. There are no origination fees or prepayment penalties.
- RISLA's graduate student loans are available to matriculating and non-matriculating borrowers at degree granting Title IV eligible colleges. Graduate students are able to benefit from RISLA's easy online application, the choice

RISLA 2022 ANNUAL REPORT

of immediate or delayed repayment options, the choice of borrowing in the student or parent's name, and no application, origination or upfront fees. The graduate loan program allows borrowers to apply for Income-Based Repayment, which can make payments more affordable. Payments can also be delayed for up to one year with RISLA's forbearance program

- RISLA offers a low fixed rate student loan refinancing program to help make repaying private, PLUS, and Stafford loans easier for all borrowers. Refinancing student loan borrowers can potentially reduce their interest rate, monthly payment and total interest cost. Borrowers can choose a 5-, 10-, or 15-year term. RISLA provides borrowers who are considering refinancing a comprehensive disclosure regarding potential federal student loan income driven repayment and loan forgiveness programs that the student will give up when refinancing their federal student loan.

College Planning Center of Rhode Island (CPCRI)

- Started by RISLA in 1998, the CPCRI provides free expert college admissions and financial aid counseling to parents and students. The CPCRI is staffed by former financial aid and college planning counselors.
- CPCRI staff provides one-on-one counseling to parents and students in completing the often-complex financial aid forms such as the Free Application for Federal Student Aid (FAFSA) and the College Board's CSS Profile financial aid application.
- Working with high school counselors, CPCRI staff provide workshops on financial aid, essay writing and college selection.
- The College Planning Center of Rhode Island assisted over 11,000 individuals through in-person counseling and seminars to assist with their college planning needs in FY 2022.
- The CPCRI website located at www.RISLA.com contains many financial aid and admissions resources including a scholarship search service containing many locally based scholarships.

RISLA's Knowledge for College Scholarship Fund

- \$100,000 annual financial literacy scholarship fund.
- RISLA has funded 100 Knowledge for College scholarships totaling \$200,000 from FY 2020 through FY 2022.
- RISLA has focused the Knowledge for College Scholarship on financial literacy in order to help Rhode Island residents cover tuition, reduce the need for college

RISLA 2022 ANNUAL REPORT

borrowing, and increase their knowledge of financial topics related to student lending, RISLA's Knowledge for College Scholarship provides a chance for registrants to win scholarship funds while enrolled in any year of college.

Nursing Rewards and Nurse Educator Programs

- RISLA offers a zero-interest loan for the first four years of repayment through the Nursing Program. Eligible applicants must have a RISLA Student Loan or RISLA Parent Loan issued on or after July 1, 2011 and work in a licensed Rhode Island facility providing direct patient care.
- Forty-one nurses are currently enrolled in the Rewards programs and 49 have completed and benefited from this 0% interest for four years. An eligible nursing student with \$15,000 loan balance can potentially save over \$2,000 in interest payments with RISLA's rewards programs.
- RISLA's Nurse Educators Loan Forgiveness program has collectively assisted 15 nurse educators with \$251,842 in loan forgiveness to date. This helped the Community College of Rhode Island, Rhode Island College, New England Institute of Technology, Salve Regina University and the University of Rhode Island hire and retain nurse educators to staff their nursing programs.

Customer Service

- RISLA is known for its superior customer service. A local presence is important for schools and students and that factor distinguishes RISLA from its out-of-state competition. We have consistently received a 4.8 out of 5-star rating on the TrustPilot public service review platform.
- RISLA provides a locally operated call center for students and schools; locally operated loan disbursement center; default prevention programs for students and schools; and financial literacy counseling. By establishing our local presence, our loan origination staff is available to meet virtually with students and their families to explain the various loan programs, assist in completion of loan applications and help to clear credit issues.
- Technology plays an important role in providing superior customer service. RISLA has invested in communication equipment, hardware and software to ensure that RISLA continues to provide the best customer service.
- Information on RISLA's programs is available by calling 1-800-758-7562 or locally at 401-468-1700 or on the web at www.RISLA.com.



MEETING MINUTES AND RULES AND REGULATIONS

In accordance with the RI Open Meeting Laws, R.I. Gen. Laws. § 42-46-7(d), all public bodies are required to file a copy of the minutes of all open meetings with the secretary of state for inspection by the public within thirty-five (35) days of the meeting.

The Rhode Island Student Loan Authority's Board of Directors Meeting Minutes for fiscal year ended June 30, 2022 can be found on the Office of Secretary of State's website at the following address: <https://opengov.sos.ri.gov/OpenMeetingsPublic/OpenMeetingDashboard?subtopmenuid=201&EntityID=3405&MeetingID=968732>

RISLA's promulgated rules and regulations can be found on the Office of Secretary of State's website at the following address: <https://rules.sos.ri.gov/organizations/title/850>



RISLA IS A SELF-SUPPORTING ORGANIZATION

RISLA DOES NOT RECEIVE ANY STATE APPROPRIATIONS

RISLA receives no state appropriations and is entirely funded through revenues generated from its student loan programs and bond issues which are not in any way guaranteed by the state. RISLA's authorizing statute (RIGL Chapter 16-62) grants the Board of Directors the authority to appoint an Executive Director to run the day-to-day operations of RISLA. As of December 2021, RISLA had 38 full time employees who were responsible for managing RISLA's programs, financial reporting and the control and accounting of the flow of funds in RISLA's bond trust estates.



ONE ON ONE TRAINING AND GROUP SESSIONS

RISLA has provided one on one and group session college planning counseling, financial aid services, and financial literacy for students and their families since 1998. Besides one on one and group sessions, RISLA also offered training to high school counselors and college financial aid officers on these topics. RISLA also provides annual internal training to its staff on cyber security, protection of personally identifiable information, and credit policies.



RISLA FINANCIAL REPORTS

RISLA Financial Report for Fiscal Year 2022

On the next several pages you will find RISLA's statement of net position; statement of revenues, expenses, and changes in net position; statement of cash flows; and notes to financial statements for the year ending June 30, 2022. RISLA's complete audited financial statements, including the auditor's opinion letter and management discussion and analysis, is available on the web at www.RISLA.com or by calling the Authority at 401-468-1700.



Rhode Island Student Loan Authority (A Related Organization to the State of Rhode Island)

FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

June 30, 2022 and 2021

With Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rhode Island Student Loan Authority

Report of the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Rhode Island Student Loan Authority (the Authority), a related organization of the State of Rhode Island, which comprise the statements of financial position as of June 30, 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2022, and the changes in its net position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards (U.S. 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Rhode Island Student Loan Authority as of and for the year ended June 30, 2021 were audited by other auditors whose report dated September 28, 2021 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. 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 U.S. GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

U.S. GAAP requires that management's discussion and analysis on pages 4 to 8 be presented to supplement the basic financial statements. Such information, although not 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 U.S. GAAS, which consisted of inquiries with

Board of Directors
Rhode Island Student Loan Authority

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022 on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
September 27, 2022

RHODE ISLAND STUDENT LOAN AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2022 and 2021

The Management's Discussion and Analysis of the financial position of the Rhode Island Student Loan Authority (RISLA or the Authority) is intended to provide an introduction and analytical overview of the financial statements of the Authority on a comparative basis for the fiscal years ended June 30, 2022 and 2021. This unaudited management discussion and analysis should be read in conjunction with the entire audited financial statement including the notes section.

The Rhode Island Student Loan Authority is a public instrumentality of the State and was established in May 1981 by an act of the Rhode Island General Assembly pursuant to Title 16, Section 16-62. The Authority was created for the purpose of providing a system of financial assistance for students to enable them to attain a post-secondary education by attending public or private institutions. To achieve these objectives, the Authority acts as a lender and issues student loans to borrowers which are funded by the issuance of tax-exempt and taxable bonds and other debt obligations. The bonds and other debt, which is issued under various resolutions, are special obligations of the Authority and are payable solely from the revenues and investments pledged under each resolution.

In FY 2022, RISLA continued to offer the RISLA Student Loan program, which is a fixed rate loan product that offers attractive terms, conditions, and benefits as compared to other student loan programs in the market. This loan program gives student borrowers two options. Students could choose a ten-year immediate repayment option at a 3.74% fixed rate with automatic payment or choose a deferred repayment option at a fixed rate of 4.74% for a fifteen-year term with automatic payment. No payments are required on the 15-year loan until six months after the student graduates or leaves school. A parent loan was also offered, which is a ten-year loan with a fixed interest rate of 4.54% with automatic payment. RISLA was able to offer these low fixed rates with no upfront or origination fees for all borrowers and loan types. During FY 2022 RISLA originated approximately \$81.6 million in RISLA Student and Parent Loans which was a 22% increase as compared to the prior year.

Beginning in Fiscal Year 2015, RISLA was the first state-based organization to offer a refinancing program for borrowers with private or Federal student loans. The refinancing program provides borrowers the opportunity to ease their financial burden with the security of low, fixed rates and favorable repayment terms. For FY 2022, RISLA refinanced over \$73 million of student loans for 1,526 borrowers, which was an increase of 24% as compared to the prior year. The refinancing program helped borrowers save on average over \$3,200 in interest costs over the term of the loan. RISLA has secured \$105.7 million in bond proceeds to fund its in-school and refinancing programs for Fiscal and Academic year 2023.

RISLA has offered college access initiatives through its College Planning Center of Rhode Island (CPC) since 1998. The CPC is currently operating from an office in Warwick, R.I., and provides free expert and personal assistance to students and parents in the areas of college admission and financial aid. In FY 2022, the staff at the CPC provided assistance to over 11,150 individuals and hosted 71 financial aid seminars. The CPC also provides a searchable data base of 400+ hard to find, local scholarships. RISLA and the CPC work closely with the Spanish and Latino speaking population in Rhode Island with a goal of increasing college attendance and success among the Latino residents of the state.

RISLA offers a loan that requires no interest payments (zero % interest) for the first four years of repayment through the Nursing Reward Program. Eligible applicants must have a RISLA Student or Parent Loan issued between July 1, 2011 and June 30, 2022 and work in a licensed Rhode Island health care facility providing direct patient care. Forty-three nurses are currently enrolled in the Rewards Program. An eligible nursing student with a \$15,000 loan balance can potentially save over \$2,000 in interest payments with RISLA's Nursing Rewards Program.

Along with the nursing rewards program RISLA offers a loan forgiveness program for students who participate in qualifying internships. The program is designed to reduce student indebtedness while helping them improve their marketability to employers after college and gaining first-hand experience in their chosen career path. Under the program, students can earn loan forgiveness up to \$2,000 by completing an eligible internship. The program is

RHODE ISLAND STUDENT LOAN AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2022 and 2021

open to all Rhode Island residents attending college or students attending an institution of higher education in the state.

Beginning in FY 2021, RISLA initiated an Employer Student Loan Repayment Program. It is designed to assist employers with meeting their recruitment and retention goals and provide employees with financial wellness tools and develop practical strategies to help repay their student loans. RISLA also provides management services for employers that offers student repayment benefits.

RISLA owns and administers a portfolio of federally guaranteed Stafford, PLUS and Consolidation loans issued under the Federal Family Education Loan Program (FFELP) which had a principal balance of \$91,885,517 at June 30, 2022. The Biden Administration announced on August 24, 2022 a loan forgiveness program for federal student loan borrowers. As currently proposed, the U.S. Department of Education will provide up to \$20,000 in debt cancellation to Pell Grant recipients and up to \$10,000 in debt cancellation to non-Pell recipients. Borrowers are eligible for this relief if their individual income is less than \$125,000 or \$250,000 for households. If this plan is implemented, it may cause an accelerated prepayment of RISLA's federal loans. RISLA does not expect this program to have a significant financial impact going forward.

The Financial Statements

The Authority's financial statements are a series of reports that detail financial information that are prepared in accordance with the accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB). The financial records of the Authority are maintained utilizing the accrual basis of accounting in which revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred.

The statement of net position includes all the Authority's assets, liabilities and deferred inflows/outflows of resources. The statement also presents the balance of assets in excess of liabilities and deferred inflows/outflows of resources or net position.

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

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

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

Financial Highlights

RISLA had a very successful year with regards to originations for the RISLA Student Loan (non-federal) which is an industry leading fixed rate student loan that has been available for 30 years. The RISLA Loan offers borrowers the choice of a 10-year loan term with payments due after final disbursement (Immediate Repay Loan) or a 15-year loan term with payments beginning six months after graduation (Deferred Loan). RISLA originated approximately \$83.6M in RISLA student loans in FY 2022. RISLA also offers fixed-rate refinanced loans with terms of 5, 10, and 15 years. Originations for refinanced loans totaled approximately \$73.5M in FY 22. The combined origination volume of \$155.1M is \$28.3M or 22% greater than FY 21.

RISLA issued \$105,670,000 in new taxable and tax-exempt bonds in the last quarter of Fiscal Year 2022 which will be used to fund RISLA's In-School, Parent and Refinancing loans in Fiscal Year 2023.

RHODE ISLAND STUDENT LOAN AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2022 and 2021

Change in net position at June 30, 2022 was \$3.7M. Total operating revenues decreased slightly by \$664k and operating expenses increased by \$1.1M. Details for operating revenues and expenses are discussed further in the Statements of Revenues, Expenses, and Changes in Net Assets section below.

Financial Analysis

Statement of Financial Position

Total Assets - Student loan receivables are the largest component of assets and increased from \$546.9M on June 30, 2021 to \$566.3M on June 30, 2022 (net of allowance), which represents an increase of 3.5%. Loan Receivables consist of two major categories of loans, FFELP and non-federal. The FFELP loans have been consistently decreasing since the program was terminated by the Department of Education in 2010 and for FY22 decreased by \$21.2M or 18.7% as compared to FY21. Oppositely, the non-federal loans increased by \$42.2M or 8.6%. The other significant component of assets is cash and investments restricted by the terms of various trust indentures. This increase was the result of increased borrower payments received for FY22 as compared to FY21. Restricted cash and investments increased from \$164.1M at June 30, 2021 to \$178.4M at June 30, 2022. Restricted cash and investment balances are primarily used to acquire student loans, retire bonds and other bank debt, and pay semiannual interest payments.

Total Liabilities - Total liabilities at June 30, 2022 increased by \$29.3M as compared to June 30, 2021, which represents an increase of 5.4%. Overall, bond debt outstanding comprises over 98% of the total liabilities. Bond debt increased from \$523.8M at June 30, 2021 to \$561.1M at June 30, 2022. This increase was the net result of new issuances and bond redemptions that occurred during FY 22.

Net Position - For fiscal year ended June 30, 2022, the Authority's total assets exceeded the total liabilities by \$199.2M for an increase of 1.9% as compared to June 30, 2021. A condensed summary of the Authority's net assets at June 30 is shown below.

Statement of Net Position

	(in thousands)		Percentage Change
	2022	2021	
Other assets	\$770,104	\$737,272	4.45%
Capital assets	50	96	-47.92%
Total Assets	770,154	737,368	4.45%
Current liabilities	30,968	30,160	2.68%
Noncurrent liabilities	539,797	511,262	5.58%
Total Liabilities	570,764	541,422	5.42%
Deferred Inflows of Resources	157	406	-61.33%
Net Position			
Investment in capital assets	50	96	-47.92%
Restricted for debt service	118,517	129,636	-8.58%
Unrestricted	80,665	65,807	22.58%
Total Net Position	\$199,232	\$195,540	1.89%

RHODE ISLAND STUDENT LOAN AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2022 and 2021

Statements of Revenues, Expenses, and Changes in Net Position

Total Operating Revenues – The Authority's revenues include interest income on Federal and non-federal student loans, various federal interest subsidies and special allowance payments, interest earned on investments and fee income. The Authority's operating revenues for the year ended June 30, 2022 was \$29.0M which was a decrease of 2.2% as compared to fiscal year ended June 30, 2021. Operating revenues are predominantly derived from student loan interest income from FFELP (net of ED Special Allowance payments), RISLA in-school, and refinanced loans. These student loan revenues decreased by 1.9% for the year ended June 30, 2022.

Total Operating Expenses - The Authority's operating expenses at June 30, 2022 was \$25.3M which increased by \$1.1M or 4.5% as compared to the year ended June 30, 2021 total of \$24.2M. Bond and Note interest expense comprises 50% of the total operating expenses and for the fiscal year ended June 30, 2022 decreased by \$1.1M or 7.7% as compared to June 30, 2021. This overall decrease in bond and note interest expense can be traced to the reduction in interest rates being charged on the LIBOR floating rate notes associated with the FFELP loans as well as lower interest rates charged for the latest bond issuances for non-federal loans.

The change in provision for loan losses and bond issuance costs were two additional line items of operating expenses that increased as compared to the prior year. The provision for loan losses increased by \$1.1M and is the direct result of having a higher principal balance of loan receivables at June 30, 2022 as compared to June 30, 2021. The bond issuance costs increased by \$636k since there were two bond issuances in FY22 as compared to one for FY 21.

Changes in Net Position - The Authority's changes in net position for the fiscal years ended June 30, 2022 and 2021 was \$3.7M and \$5.5M respectively, which was a decrease 32.3%.

Statement of Revenues, Expenses, and Changes in Net Position

	(in thousands)		Percentage Change
	2022	2021	
Borrower interest on student loans	\$32,127	\$33,614	-4.42%
Borrower interest returned to ED	(3,687)	(4,613)	-20.08%
Other income	583	686	-15.01%
Total Operating Revenues	29,023	29,687	-2.24%
Interest expense	12,665	13,728	-7.74%
Arbitrage rebate	122	(111)	-209.61%
Loan servicing and acquisition expenses	2,158	2,041	5.73%
ED loan fees	348	410	-15.12%
Bond issuance costs	1,368	732	86.89%
Change in provision for loan losses	2,122	1,018	108.45%
Other operating expenses	6,547	6,418	2.01%
Total Operating Expenses	25,331	24,235	4.52%
Change in Net Position	3,692	5,452	-32.28%
Net Position, Beginning of Year	195,540	190,088	
Net Position, End of Year	\$199,232	\$195,540	1.89%

RHODE ISLAND STUDENT LOAN AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2022 and 2021

Debt Administration

RISLA funds student loan notes receivable by issuing tax-exempt and taxable bonds and taxable bank term financing. Tax-exempt bonds must receive an allocation of the State of Rhode Island private activity bond volume ceiling or "cap". The bonds issued by RISLA must comply with state and federal statutes and with rules and regulations of the U.S. Treasury Department and the U.S. Securities and Exchange Commission. Detailed information on RISLA's debt is presented in Note 6 of the financial statements.

Request for Information

This financial report is designed to provide a general overview of the Authority's financial activity and results. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Rhode Island Student Loan Authority, 935 Jefferson Blvd., Suite 3000, Warwick, Rhode Island, 02886.

RHODE ISLAND STUDENT LOAN AUTHORITY

Statements of Net Position

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
	(In Thousands)	
Current assets		
Unrestricted:		
Cash	\$ 530	\$ 268
Cash equivalents	158	325
Restricted:		
Cash	545	5,129
Cash equivalents	177,869	158,960
Student loans receivable - current portion, net of allowance	58,036	59,809
Student loans interest receivable	24,302	25,387
Other current assets	<u>410</u>	<u>279</u>
Total current assets	<u>261,850</u>	<u>250,157</u>
Noncurrent assets		
Student loans receivable - net of current portion and allowance	508,254	487,115
Capital assets, less accumulated depreciation of \$1,183 and \$1,127, respectively	<u>50</u>	<u>96</u>
Total noncurrent assets	<u>508,304</u>	<u>487,211</u>
Total assets	<u>\$ 770,154</u>	<u>\$ 737,368</u>

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

RHODE ISLAND STUDENT LOAN AUTHORITY

Statements of Net Position (Concluded)

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
	(In Thousands)	
Current liabilities		
Bonds payable, current portion	\$ 25,160	\$ 22,530
Notes payable, current portion	2,314	4,047
Due to U.S. Department of Education	712	1,093
Accrued interest payable	1,668	1,453
Accounts payable and accrued expenses	<u>1,115</u>	<u>1,037</u>
Total current liabilities	<u>30,969</u>	<u>30,160</u>
Noncurrent liabilities		
Bonds payable, net of current portion and bond premium/ discount of \$15,199 and \$16,595, respectively	535,978	501,261
Notes payable, net of current portion	3,750	9,639
Accrued arbitrage rebate	<u>68</u>	<u>362</u>
Total noncurrent liabilities	<u>539,796</u>	<u>511,262</u>
Total liabilities	<u>570,765</u>	<u>541,422</u>
Deferred inflows of resources		
Unavailable revenue - loan origination fees	<u>157</u>	<u>406</u>
Net position		
Investment in capital assets	50	96
Restricted for debt service	118,517	129,637
Unrestricted	<u>80,665</u>	<u>65,807</u>
Total net position	<u>\$ 199,232</u>	<u>\$ 195,540</u>

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

RHODE ISLAND STUDENT LOAN AUTHORITY

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2022 and 2021

2022 2021
(In Thousands)

Operating revenues		
Interest on student loans:		
Borrower interest on student loans	\$ 32,127	\$ 33,614
Borrower interest returned to U.S. Department of Education	(3,687)	(4,613)
Investment income	203	68
Fee income	<u>380</u>	<u>618</u>
 Total operating revenues	 <u>29,023</u>	 <u>29,687</u>
 Operating expenses		
Interest	12,665	13,728
Change in provision for loan losses	2,122	1,018
Provision (credit) for arbitrage rebate	122	(111)
U.S. Department of Education loan fees - consolidation rebate	348	410
Loan servicing and acquisition costs	2,158	2,041
Salaries	3,170	2,896
Other general and administrative expenses	1,596	1,612
Employee benefits	796	860
College Planning Center expenses	608	664
Bond expenses - surveillance and trustee fees	221	207
Bond issuance costs	1,368	732
Depreciation	56	114
Scholarships	98	60
Contributions	<u>3</u>	<u>4</u>
 Total operating expenses	 <u>25,331</u>	 <u>24,235</u>
 Change in net position	 <u>3,692</u>	 <u>5,452</u>
 Net position - beginning of year	 <u>195,540</u>	 <u>190,088</u>
 Net position - end of year	 <u>\$ 199,232</u>	 <u>\$ 195,540</u>

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

RHODE ISLAND STUDENT LOAN AUTHORITY

Statements of Cash Flows

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
	(In Thousands)	
Cash flows from operating activities		
Cash received for:		
Student loan interest	\$ 20,245	\$ 28,203
Student loan principal	141,902	145,793
Fee income	380	618
Interest on investments	203	74
Cash paid for:		
Origination and purchase of student loans	(153,973)	(134,887)
Interest paid on bonds	(15,749)	(16,279)
Contractual services	(348)	(410)
Goods and services	(6,963)	(6,169)
Employee salaries	(3,466)	(3,087)
Employee benefits	(795)	(860)
Net cash provided by (used in) operating activities	<u>(18,564)</u>	<u>12,996</u>
Cash flows from noncapital financing activities		
Payment of note payable	(7,622)	(10,900)
Payment of bond maturities	(116,927)	(133,912)
Proceeds from sale of revenue bonds	<u>157,543</u>	<u>93,413</u>
Net cash (used in) provided by noncapital financing activities	<u>32,994</u>	<u>(51,399)</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	<u>(10)</u>	<u>(101)</u>
Net cash used in capital and related financing activities	<u>(10)</u>	<u>(101)</u>
Cash flows from investing activities		
Proceeds from sales and maturities of investment securities	<u>-</u>	<u>1,060</u>
Net cash provided by investing activities	<u>-</u>	<u>1,060</u>
Net increase (decrease) in cash and cash equivalents	14,420	(37,444)
Cash and cash equivalents - beginning of year	<u>164,682</u>	<u>202,126</u>
Cash and cash equivalents - end of year	\$ <u><u>179,102</u></u>	\$ <u><u>164,682</u></u>
Supplemental disclosure of non-cash operating activities:		
Student loan interest capitalized	\$ <u><u>9,006</u></u>	\$ <u><u>8,497</u></u>

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

RHODE ISLAND STUDENT LOAN AUTHORITY

Statements of Cash Flows (Concluded)

Years Ended June 30, 2022 and 2021

2022 2021
(In Thousands)

Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 3,692	\$ 5,452
Adjustments to reconcile operating income to net cash (used) provided by operating activities:		
Depreciation of capital assets	56	114
Amortization - bond premiums and discounts	(3,268)	(2,402)
Increase in allowance for loan losses	2,122	1,018
Realized gain on investments	-	(6)
Amortization of loan origination fees	(249)	(523)
Change in assets and liabilities		
Student loans receivable	(12,456)	9,909
Other current assets	(132)	80
Student loans interest receivable	(7,946)	(298)
Accrued interest payable	216	(149)
Accounts payable and accrued expenses	<u> (599)</u>	<u> (199)</u>
Net cash (used) provided by operating activities	<u>\$ (18,564)</u>	<u>\$ 12,996</u>
Cash and cash equivalents consists of:		
Unrestricted		
Cash	\$ 530	\$ 268
Cash equivalents	158	325
Restricted		
Cash	545	5,129
Cash equivalents	<u> 177,869</u>	<u> 158,960</u>
Total cash and cash equivalents	<u>\$ 179,102</u>	<u>\$ 164,682</u>

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

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in Thousands)

Organization

The Rhode Island Student Loan Authority (the Authority) is a public instrumentality established in May 1981 by an Act of the Rhode Island General Assembly, and therefore, the Authority is a related organization of the State of Rhode Island for financial reporting purposes. The Authority was created for the purpose of providing a system of financial assistance for qualified students to enable them to obtain a post-secondary education by attending public or private institutions. In achieving its objective, the Authority acts as a lender and issues student loans to borrowers, which are funded by the issuance of tax-exempt bonds and other debt. The Authority has the power to issue negotiable notes and bonds to achieve its corporate purposes. The bonds and other debt, which are issued under various resolutions, are special obligations of the Authority and are payable solely from the revenues and investments pledged under each resolution.

1. Summary of Significant Accounting Policies

Basis of Accounting

The accounts of the Authority are maintained in accordance with the principles of proprietary fund accounting as set forth by the Governmental Accounting Standards Boards (GASB), utilizing the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, regardless of when received in cash, and expenses are recognized when the related liability for goods and services is incurred, regardless of when payment is made.

Basis of Presentation

In order to ensure observances of limitations and restrictions placed on the use of resources available to the Authority, the accounts of the Authority are maintained in accordance with the principles of fund accounting. This is a procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund.

Income Taxes

The Authority is exempt from Federal and State income taxes.

Bond Issuance Costs

Bond issuance costs incurred in connection with bonds payable are reported as an expense in the year incurred.

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in Thousands)

Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing student loan operations. The Authority's operating revenue is derived primarily from income on student loans consisting of loan interest, and earnings (losses) on investing activities and fee income. The Authority's operating expenses are related to student loan origination, servicing activities and general administration. All items of revenue and expense are reported as operating revenues and expenses in the statement of revenues, expenses and changes in net position.

Restricted and Unrestricted Resources

When both restricted and unrestricted amounts are available for use, it is the Authority's practice to use restricted resources first.

Capital Assets

Capital assets are stated at cost. Capital assets are defined by the Authority as assets with an individual cost of \$2,500 or more and an estimated useful life in excess of one year. The Authority provides for depreciation using the straight-line method over the estimated useful life of the asset. The Authority estimates the useful life for leasehold improvements to be the same as the term of the lease, three years for computer equipment and five years for furniture and fixtures. Depreciation expense for the years ended June 30, 2022 and 2021 totaled \$56 and \$114, respectively.

Student Loans Receivable

The Authority originates and holds non-federal education student loans that are not guaranteed under the Federal Higher Education Act. These loans are funded utilizing credit criteria reviewed by the rating agencies and primarily financed by bonds issued by the Authority and authorized under a resolution approved by the Board. The Authority has an additional loan program for current student loan borrowers to refinance their student loan into a new debt instrument. The Authority is also a holder of federally guaranteed student loans under the Federal Family Education Loan Program (FFELP).

FFELP student loans and the accrued interest thereon purchased or originated by the Authority are fully guaranteed for loans disbursed prior to September 30, 1993, are guaranteed at 98% for loans disbursed between October 1, 1993 and June 30, 2006, and are guaranteed at 97% for loans disbursed between July 1, 2006 and June 30, 2010. The Authority's FFELP loans are substantially insured by the United States Department of Education.

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in Thousands)

Student Loans Receivable (Concluded)

Student loans are carried at their uncollected principal balances and are reduced by an allowance for loan losses of \$57,079 and \$55,368 at June 30, 2022 and 2021, respectively. The allowance for loan losses is determined by management's evaluation of the student loan portfolios. This evaluation considers such factors as historical loss experience, quality of student loan servicing and collection, and economic conditions. When this evaluation determines that an exposure to loss is probable and reasonably estimated, a provision against current operations net of student loan recoveries is recorded. Actual losses are charged against the allowance for loan losses as they occur.

Interest on Loans Receivable

Interest on loans receivable is calculated using the simple interest method. Interest is accrued on loans receivable from the date of the last repayment installment to the date of the financial statements. While the Authority continues to accrue interest due on all loans, the provision for loan losses factors in the potential uncollectability of both loan principal and accrued interest.

Bond Premiums and Discounts

The bond premiums and discounts are amortized using the straight-line method over the term of the bonds series to which it relates.

Cash and Cash Equivalents

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Under the Rhode Island General Law Section 35-10.1, Rhode Island Collateralization of Public Deposits Act, the Authority must have their funds collateralized 100% for all time deposits with maturities over 60 days and for all deposits if the depository institution does not meet its minimum capital standards as required by its federal regulators.

Vacation and Sick Leave

The Authority provides all full-time employees with at least two weeks of vacation time per calendar year. Employees can carry over up to a maximum of two times their annual allocation. At time of termination, the employee is entitled to all accrued vacation time. The fiscal year end accrual is determined using the employee's pay scale at that time.

The Authority provides employees with three weeks of sick time per calendar year which can be accrued up to a maximum of six months. Sick time is not payable to the employee upon termination.

Accrued Arbitrage Rebate Liability

Interest income to the Authority from investments and student loans is limited by U.S. Treasury regulations. Interest income earned in excess of the allowable amounts will be remitted to the Federal Government as required by the applicable laws and regulations.

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in Thousands)

Interest income from student loans is limited to 2% over bond yield of the related tax-exempt bond issue. Student loans, including principal and accrued interest, and cash have been reserved for rebate in the amount of the interest income which exceeded the limit.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources are reported with assets in the statement of net position and represent a consumption of net position that applies to a future period, and so will not be recognized as an outflow of resource (expense) until that later date. As of June 30, 2022 and 2021, there were no deferred outflows of resources.

Deferred inflows of resources are reported with liabilities in the statement of net position and represent the acquisition of net position that applies to a future period, and therefore will not be recognized as a inflow of resources (revenue) until a later date. At June 30, 2022 and 2021, unavailable loan origination fees represent a 4% loan origination fee which was assessed on certain loans at the time the loan entered a repayment status and is collected over the term of the loan. The unavailable loan origination fees reported as deferred outflows were \$157 and \$406 as of June 30, 2022 and 2021, respectively.

Net Position

Net position is classified in the following three components: investment in capital assets; restricted for debt service; and unrestricted net position. Investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Any debt related to unspent bond proceeds or other cash and investments is excluded from the determination. At June 30, 2022 and 2021, the Authority had no debt related to its capital assets. Restricted for debt service consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted consists of all other net position not included in the above categories.

Bond Trusts

The financial activity associated with each of the Authority's Student Loan Program Revenue Bonds is recorded in the trust established for each such bond issue. In accordance with the Trust Indenture, the accounts held by the trustee are restricted for the "equal and ratable benefit and security of the bondholders." All revenues derived from program activities are deposited in the revenue account applicable to each individual bond series as specified in the Trust Indenture. The trustee is then directed to pay items from the revenue account in specific priority order, including periodic transfers to the Authority's operating account in an amount sufficient to pay for its program expenses including: salaries, utilities, office rent, legal, accounting, and other related expenses. Such transfers to the Authority's operating account are limited in amount pursuant to the respective Bond issue trust indenture.

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in Thousands)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect 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 the Authority relates to the allowance for loan losses on student loans.

2. Cash and Cash Equivalents and Fair Value of Financial Instruments

The following represents a summary of cash and cash equivalents as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,075	\$ 5,397
Cash equivalents:		
Short-term U.S. securities	147,638	123,629
Money market deposit accounts	<u>30,389</u>	<u>35,656</u>
Total cash and cash equivalents	<u>\$ 179,102</u>	<u>\$ 164,682</u>

At June 30, 2022 and 2021, cash is comprised of various commercial bank accounts. The bank balances at June 30, 2022 were \$179,554 and the bank balances at June 30, 2021 were \$166,256. The difference between the bank balances and the amounts recorded on the statement of net position represent reconciling items, including outstanding checks and deposits in transit at fiscal year end. As of June 30, 2022, \$250 of the bank balances were covered by Federal Deposit Insurance Corporation (FDIC) insurance, and the additional \$2,089 of the bank balances were secured through an additional collateralization policy with the bank.

At June 30, 2022 and 2021, the money market deposit accounts are held in various short-term investment and deposit accounts at US Bank. These funds are collateralized in excess of FDIC limits. The short-term U.S. securities are funds held in U.S. government securities and repurchase agreements collateralized by such obligations.

The restriction of cash and cash equivalents is for the payment of bonded debt and the issuance of student loans and related expenses. The restricted cash and cash equivalents are held by the trustee, U.S. Bank, as collateral for the Bonds (see Note 5).

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in Thousands)

3. **Student Loans Receivable**

Student loans receivable represent the unpaid portion of non-federal and Federal Family Education Loans Program (FFELP) student loans originated or purchased by the Authority.

Non-federal student loans include undergraduate, graduate, and parent education loans that have fixed interest rates. Repayment terms for these loans are either 10 or 15 year terms. A borrower can choose an immediate repayment option which has a 10 year term that begins 45 days after the final disbursement, or a deferred repayment option which has a 15 year term that begins six months after leaving school. In addition, RISLA offers fixed rate refinanced loans which have terms of 5, 10 and 15 years. Repayment on these loans begins on the first month after the loan is disbursed. Non-federal origination fee expenses are included with loan servicing and acquisition costs in the accompanying statements of revenues, expenses and changes in net position.

The FFELP loans have both fixed and variable interest rates which are established by the U.S. Department of Education (ED), and repayment terms which are dependent on the loan type. The return on FFELP loans that lenders realize is based on formulas administered by the ED and is dependent on loan type and date of origination. Any payment by borrowers in excess of the formulas must be returned to the ED for loans originated after April 1, 2006. ED subsidizes the interest for certain FFELP loans during the borrowers' in-school, in-grace, and authorized deferment periods. The subsidized interest rate is determined by a formula and based on indexes published by the ED. The interest subsidy is included with interest income on loans receivable in the accompanying statements of revenues, expenses and changes in net position. These loans are guaranteed by the ED under a guarantee agreement (Note 11), and other guarantors which have guarantee agreements covering all or a substantial portion of each loan with ED

Student loans receivable as of June 30, 2022 and 2021, consist of:

	<u>2022</u>	<u>2021</u>
Non-federal education loans receivable	\$ 531,483	\$ 489,254
FFELP loans receivable	91,886	113,038
Allowance for loan losses	<u>(57,079)</u>	<u>(55,368)</u>
Net student loans receivable	<u>\$ 566,290</u>	<u>\$ 546,924</u>

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in Thousands)

4. Operating Leases

The Authority has a lease with 935 Jefferson, LLC (an unrelated third party), that commenced in June 2016 and ends on June 30, 2028. Monthly payments for the year ended June 30, 2022 are \$20, and increase based on the square footage of rented space beginning July 1, 2023. The Authority also has a lease with Warwick Mall Owner, LLC that commenced on October 1, 2019 with an expiration date of September 30, 2022. The monthly payments are \$3 per month for the period October 1, 2020 through September 30, 2021 and \$3 per month for the period October 1, 2021 through September 30, 2022. Lease expense for the years ended June 30, 2022 and 2021 was \$308 and \$315, respectively. Future lease payments are as follows:

2023	\$	261
2024		240
2025		245
2026		250
2027		255
2028		<u>260</u>
	\$	<u>1,511</u>

5. Bonds Payable

The following schedule summarizes the Authority's outstanding bonds payable as of June 30, 2022 and 2021. The Authority has issued the following to finance the origination of new non-federal loans, to refinance existing loans or to refund certain obligations. The bonds are secured by eligible student loans, monies in restricted funds established by the trust indenture including investment earnings, payment of principal and interest, federal interest subsidy payments, special allowance payments, claim payments by United States Department of Education, and proceeds of any sale or assignment by the Authority of any loans. Maturity dates listed below may vary from the bonds official statement due to redemptions ahead of the original payment schedule.

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in Thousands)

5. Bonds Payable (Continued)

<u>Bond Issue</u>	<u>2022</u>	<u>2021</u>
2012 Series-1 Taxable LIBOR Floating Rate Notes dated August 30, 2012 with a final maturity of July 1, 2031. The notes bear interest at a rate of one month LIBOR plus 0.90% and is payable on the first business day of every month. Interest at June 30, 2022 and 2021 were 1.96% and 0.99% respectively.	\$ 15,036	\$ 19,107
2012-2 Taxable LIBOR Floating Rate Notes dated November 19, 2012 with a final maturity of September 1, 2036. The notes bear interest at a rate of one month LIBOR plus 0.65% and is payable on the first business day of every month. Interest at June 30, 2022 and 2021 were 1.71% and 0.74% respectively.	43,363	53,193
2013 Tax Exempt Senior Series A Student Loan Program Revenue Bonds dated March 8, 2013 comprised of fixed rate bonds originally maturing December 1, 2027. Interest is fixed and payable semi-annually at rates ranging from 2% and 5%. This bond was redeemed in FY2022.	-	3,850
2014 Tax Exempt Senior Series A Student Loan Program Revenue Bonds dated April 9, 2014 comprised of fixed rate bonds originally maturing December 1, 2029. Interest is fixed and payable semi-annually at rates ranging from 4% and 5%. This bond was redeemed in FY2022.	-	13,535
2014-1 Taxable LIBOR Floating Rate Notes dated June 24, 2014 with a final maturity of October 2, 2028. The notes bear interest at a rate of one month LIBOR plus 0.70% and is payable on the first business day of every month and the interest resets on the second business day of each month. Interest at June 30, 2022 and 2021 were 1.76% and 0.79% respectively.	16,545	23,566
2015 Tax Exempt Senior Series A Student Loan Program Revenue Bonds dated April 21, 2015 comprised of fixed rate bonds maturing December 1, 2025. Interest is fixed and payable semi-annually at rates ranging from 3.5% and 5%.	12,815	17,415

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in Thousands)

5. Bonds Payable (Continued)

	<u>2022</u>	<u>2021</u>
2016 Tax Exempt Senior Series A Student Loan Program Revenue Bonds dated May 18, 2016 comprised of fixed rate bonds maturing December 1, 2024. Interest is fixed and payable semi-annually at rates ranging from 3% and 5%.	8,125	15,875
2017 Tax Exempt Senior Series A Student Loan Program Revenue Bonds dated May 4, 2017 comprised of fixed rate bonds maturing December 1, 2026. Interest is fixed and payable semi-annually at rates ranging from 4% and 5%.	17,955	24,780
2018 Tax Exempt Senior Series A Student Loan Program Revenue Bonds dated May 15, 2018 comprised of fixed rate bonds maturing December 1, 2034. Interest is fixed and payable semi-annually at rates ranging from 3.5% and 5%.	41,530	50,060
2018 Taxable Senior Series 1 Student Loan Program Revenue Bonds dated July 17, 2018 comprised of fixed rate bonds maturing December 1, 2028. Interest is fixed and payable semi-annually at rates ranging from 3.55% and 4.03%.	13,600	18,100
2019 Tax Exempt Senior Series A Student Loan Program Revenue Bonds dated April 30, 2019 comprised of fixed rate bonds maturing December 1, 2035. Interest is fixed and payable semi-annually at rates ranging from 2.88% and 5%.	46,415	55,015
2019 Taxable Senior Series 1 Student Loan Program Education Bonds dated August 27, 2019 comprised of fixed rate bonds maturing December 1, 2029. Interest is fixed and payable semi-annually at rates ranging from 2.36% and 2.84%.	22,770	25,470
2020 Tax Exempt Senior Series A Student Loan Program Education Bonds dated May 27, 2020 comprised of fixed rate bonds maturing December 1, 2037. Interest is fixed and payable semi-annually at rates ranging from 3.63% and 5%.	51,500	57,300

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in Thousands)

5. Bonds Payable (Continued)

	<u>2022</u>	<u>2021</u>
2020 Taxable Senior Series B Student Loan Program Education Bonds dated May 27, 2020 comprised of fixed rate bonds maturing December 1, 2038. Interest is fixed and payable semi-annually at rates ranging from 2.1% and 4%.	35,575	43,275
2021 Tax Exempt Senior Series A Student Loan Program Education Bonds dated May 20, 2021 comprised of fixed rate bonds maturing December 1, 2039. Interest is fixed and payable semi-annually at rates ranging from 2.25% to 5%.	57,655	57,655
2021 Taxable Senior Series 1 Student Loan Program Education Bonds dated May 20, 2021 comprised of fixed rate bonds maturing December 1, 2028. Interest is fixed and payable semi-annually at rates ranging from 0.763% to 2.373%.	13,985	29,000
2021 Taxable Senior Series 2 Student Loan Program Education Bonds dated November 16, 2021 comprised of fixed rate bonds maturing December 1, 2040. Interest is fixed and payable semi-annually at rates ranging from 0.997% to 2.348%.	43,400	-
2022 Tax Exempt Senior Series A Student Loan Program Education Bonds dated May 27, 2022 comprised of fixed rate bonds maturing December 1, 2041. Interest is fixed and payable semi-annually at rates ranging from 4.13% to 5%.	64,850	-
2022 Taxable Senior Series 1 Student Loan Program Education Bonds dated May 27, 2022 comprised of fixed rate bonds maturing December 1, 2041. Interest is fixed and payable semi-annually at rates ranging from 3.81% to 4.93%.	<u>40,820</u>	<u>-</u>
Total bonds payable before unamortized premiums, discounts and current portion	545,939	507,196
Add: Premium	16,618	17,461
Less: Discount	1,419	866
Less: Current portion	<u>25,160</u>	<u>22,530</u>
Bonds payable: noncurrent portion	<u>\$ 535,978</u>	<u>\$ 501,261</u>

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in Thousands)

5. Bonds Payable (Continued)

The following schedule reflects the changes in bonds payable:

Balance at June 30, 2020	\$	554,453
Additions		86,655
Redemptions		<u>(133,912)</u>
Balance at June 30, 2021	\$	507,196
Additions		155,670
Redemptions		<u>(116,927)</u>
Balance at June 30, 2022	\$	<u>545,939</u>

Debt service requirements for bonds payable as of June 30, 2022 were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 25,160	\$ 18,776	\$ 43,936
2024	36,185	17,563	53,748
2025	41,050	16,116	57,166
2026	46,300	14,476	60,776
2027	39,030	12,878	51,908
2028-2032	140,511	44,312	184,823
2033-2037	72,868	31,404	104,272
2038-2042	<u>144,835</u>	<u>16,170</u>	<u>161,005</u>
	<u>\$ 545,939</u>	<u>\$ 171,695</u>	<u>\$ 717,634</u>

During the years ended June 30, 2022 and 2021, prior to the stated maturity date, the Authority redeemed bonds from various Student Loan Program Revenue Bonds. The Bonds were retired at par of the Bond's stated par value of 100% in 2022 and 2021, respectively. Outstanding bonds payable of \$73,475 and \$91,800 were redeemed which resulted in no gain in 2022 and 2021, respectively.

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in Thousands)

5. Bonds Payable (Concluded)

The bonds are secured by eligible student loans, monies in restricted funds established by the trust indenture including investment earnings, payment of principal and interest, federal interest subsidy payments, special allowance payments, claim payments by United States Department of Education, and proceeds of any sale or assignment by the Authority of any loans.

The Chief Executive Officer of the United Kingdom's Financial Conduct Authority announced that it would phase out the London Interbank Offered Rate ("LIBOR") by June 2023. LIBOR is a set of benchmark or reference rates for unsecured money-center bank borrowings in the London inter-bank market. Rates for all terms and currencies are published daily and are broadly used as an index for financial transactions across the world. RISLA has issued bonds that are indexed off the LIBOR including RISLA's 2012-1, RISLA's 2012-2 and RISLA's 2014-1 bond issues. In addition, RISLA's FFELP loan special allowance payments ("SAP") to the US Department of Education are indexed against LIBOR. Government regulators and market participants are evaluating the potential impact of the elimination of LIBOR and discussing potential replacements for LIBOR. RISLA management will continue to monitor developments with LIBOR and believes that the phase-out will have no material impact on RISLA's financial statements.

Pursuant to the terms of the various Trust Indentures, the Authority placed the proceeds of the bonds into various restricted funds. The loan fund was established to account for all recoveries of principal and any amounts which are required to be deposited therein pursuant to the Trust Indentures and to fund the origination and purchase of eligible student loans as described in the Trust Indenture.

The revenue fund was established for the recoveries of interest investment earnings from all accounts and for interest payments. The reserve fund was established for the payment of interest in the event that the Authority does not have sufficient funds from other sources.

The required reserve for the April 2015, May 2016, May 2017, May 2018, April 2019 and May 2020 bond issues is 3% of bond principal outstanding with a minimum requirement of \$3,828,100 for all outstanding senior obligations outstanding. The required reserve for the August 2012 bond issue is the greater of 0.25% of the principal bonds outstanding or \$250,000. The required reserve for the November 2012 bond issue is the greater of 0.25% of principal bonds outstanding or \$390,000. The required reserve for the June 2014 bond issue is \$250,000.

The required reserve for the July 2018, August 2019, May 2021, November 2021, and May 2022 bond issues is 2% of the principal amount of the outstanding bonds or \$2,676,950 for all outstanding obligations, whichever is greater.

The Trust Indentures also require the establishment of other restricted funds (administrative and rebate funds). The Authority also established the restricted clearing account to account for transfers between restricted funds. The Authority has been in compliance with the respective debt covenants as outlined in the Trust Indentures for fiscal years 2022 and 2021.

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in Thousands)

6. Notes Payable

Notes payable outstanding as of June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Term note payable with a bank dated July 19, 2017, with an original maturity date of July 19, 2027, due in monthly principal installments of \$41,667 plus interest. Interest is fixed at a rate of 4.14%. This note was paid off in FY2022.	\$ -	\$ 394
Term note payable with a bank dated October 6, 2017, with an original maturity date of April 6, 2024, due in monthly principal installments of \$51,282 plus interest. Interest is fixed at a rate of 3.67%. This note was paid off in FY2022.	-	1,278
Term note payable with a bank dated February 21, 2019 due in monthly principal installments of \$64,103 plus interest. Interest is fixed at a rate of 4.39%.		
Term note payable with a bank dated February 19, 2020, with a maturity date of February 19, 2024, due in monthly principal installments of \$104,167 plus interest. Interest is fixed at a rate of 2.815%.	1,026	3,233
Term note payable with a bank dated March 18, 2020, with a maturity date of September 18, 2026, due in monthly principal installments of \$32,051 plus interest. Interest is fixed at a rate of 2.65%.	134	2,018
Term note payable with a bank dated March 18, 2020, with an original maturity date of March 18, 2030, due in monthly principal installments of \$20,833 plus interest. Interest is fixed at a rate of 3.12%. This note was paid off in FY2022.	-	705
Term note payable with a bank dated March 31, 2020, with a maturity date of September 30, 2026, due in monthly principal installments of \$96,154 plus interest. Interest is fixed at a rate of 2.29%.	<u>4,904</u>	<u>6,058</u>
	6,064	13,686
Less: Current portion	<u>2,314</u>	<u>4,047</u>
Total	<u>\$ 3,750</u>	<u>\$ 9,639</u>

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in Thousands)

6. Notes Payable (Concluded)

The following schedule reflects the changes in notes payable:

Balance at June 30, 2020	\$	24,586
Redemptions		<u>(10,900)</u>
Balance at June 30, 2021	\$	13,686
Redemptions		<u>(7,622)</u>
Balance at June 30, 2022	\$	<u>6,064</u>

The notes are secured by certain student loans originated by the Authority as well as certain additional pledged assets. As part of the above financing's, the Authority was required to meet certain financial covenants. As of June 30, 2022, the Authority was in compliance with these covenants.

Debt service requirements for notes payable as of June 30, 2022 were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,314	\$ 114	\$ 2,428
2024	1,154	74	1,228
2025	1,154	47	1,201
2026	1,154	21	1,175
2027	<u>288</u>	<u>1</u>	<u>289</u>
	<u>\$ 6,064</u>	<u>\$ 257</u>	<u>\$ 6,321</u>

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2022 and 2021

(Dollars in Thousands)

7. Loan Servicing Agreements

In April 2011, the Authority entered into a servicing agreement with Nelnet Servicing LLC (“Nelnet”), under which Nelnet collects and accounts for the principal and interest on FFELP loans originated and purchased by the Authority and placed with Nelnet for servicing for a monthly fee, which is based on the borrower status of the loans being serviced. Nelnet is also responsible for servicing the loans in a diligent manner according to regulations established by ED. This agreement is in effect until terminated or modified.

In July 2010, the Authority entered into a servicing agreement with University Accounting Services (“UAS”) under which UAS provides access to their servicing system software and the Authority collects and accounts for the principal and interest on the private loans that the Authority originated. UAS is responsible for maintaining the servicing system. The fees charged are based upon the volume and types of loans being serviced on a monthly basis. The contract does call for certain payments to be processed by UAS and these transactions are charged on a per transaction basis. This agreement is in effect until terminated or modified.

8. Defined Contribution Retirement Plan

The Authority has a defined single-employer contribution plan established pursuant to Section 403(b) of the Internal Revenue Code, which provides pension benefits for all of its full-time employees. Employees are eligible to participate on the first month following employment. The Authority contributes 10% of employee’s salary each month and all contributions and investment earnings are fully vested immediately. Employer contributions for June 30, 2022 and 2021 amounted to \$338 and \$311, respectively.

9. Risk Management

The Authority is exposed to various risks of loss related to torts; errors and omissions; and workers’ compensation claims for which the Authority carries commercial insurance. Settled claims resulting from these risks have not exceeded the Authority’s coverage in any of the past three fiscal years and there have been no significant reductions in insurance coverage. Accordingly, management has not booked a reserve for such claims as of June 30, 2022 and 2021.

10. Uncertainty

On March 11, 2020, the World Health Organization declared Coronavirus disease (COVID-19) a global pandemic. Most sectors are experiencing disruption in business operations. Although management does not expect this matter to materially impact operating results, the related financial impact and duration cannot be reasonably estimated.



935 Jefferson Blvd., Suite 3000
Warwick, RI 02886-2225

Phone: 401-468-1700
Toll-free: 800-758-7562
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