



ANNUAL REPORT

2023

**Fiscal Year Ended June 30, 2023
And Dated December 31, 2023**



RISLA NATIONAL RECOGNITION

Forbes Advisor ● Money.com ● Nerdwallet ● U.S. News

Investopedia ● Yahoo.com

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INTRODUCTION

On behalf of the Board of Directors and staff of the Rhode Island Student Loan Authority (“RISLA”), we are proud to share our 2023 annual report with you. 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.

RISLA’s College Planning Center has had an exceptionally exciting year. September of 2023 marks our 25th Anniversary of serving Rhode Island students and families. Looking back through our records, from our humble beginnings as a kiosk at the Warwick Mall in 1998 to our brand-new location in the Chapel View Plaza in 2023, we have collectively served over 240,000 customers. In July of 2023, we hosted a grand opening of our new, larger, and updated location at the Chapel View Plaza in Cranston, RI. We look forward to serving thousands more families in the future. In addition to our new location, RISLA’s college planning center 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.

Continually Ranked Among the Best. Below is a sampling of the industry recognitions received in 2023.

- [*The best private student loans in 2023| CNN Underscored Money/*](#)
- [*Best Nursing Student Loans of 2023 \(investopedia.com\)*](#)
- [*Student Loans Lender Directory | U.S. News \(usnews.com\)*](#)
- [*7 Best Student Loan Refinance Companies of 2023 | Nasdaq*](#)
- [*Student loan companies with a fast co-signer release \(yahoo.com\)*](#)
- [*Best MBA Student Loans Of April 2023 – Forbes Advisor*](#)
- [*https://www.nerdwallet.com/best/loans/student-loans/private-student-loans*](#)
- [*https://www.forbes.com/advisor/student-loans/best-private-student-loans/*](#)
- [*Best student loans without a co-signer of April 2023 – USA TODAY Blueprint*](#)

This report highlights a host of our accomplishments in 2023. These efforts are a direct result of the hard work and commitment of the employees at RISLA and the College 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 James Diossa.

Charles P. Kelley, CFA, CPA
Executive Director

Noel Simpson, CPA
Senior Director of Finance & Operations

HIGHLIGHTS 2023

In 2023, 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. These highlights include:

RISLA'S COLLEGE PLANNING CENTER OPEN IN CRANSTON



On July 17, 2023, RISLA opened its new College Planning Center located in Chapel View Lifestyle Center, Cranston, and in so doing, reestablished an important resource to students and their families planning for college.

RISLA officials were joined in the official ribbon-cutting ceremony by U.S. Senator Jack Reed, U.S. Senator Sheldon Whitehouse, Congressman Seth Magaziner, and other dignitaries. RISLA Board Chairman Robert Delaney provided welcome remarks, and Charles Kelley, CPA, CFA, RISLA Executive Director served as Master of Ceremonies.

The CPC staff provides both in-person and virtual assistance. The College Planning Center, which had previously been located in the Warwick Mall, is open year-round by appointment. Free services are offered in English and Spanish.

"The College Planning Center has long been an important resource for Rhode Islanders pursuing higher education," said Senator Whitehouse. "I'm pleased to celebrate this new location, which will help students plan for a smooth transition to college. I am continuing the fight to make college more affordable and to reduce the student loan burden that holds back too many young people from achieving the goals higher education was supposed to bring within reach."

Congressman Magaziner said, "Students and their families can often times be overwhelmed when applying to and figuring out how to pay for college, so I applaud RISLA and its new, easily accessible College Planning Center with knowledgeable

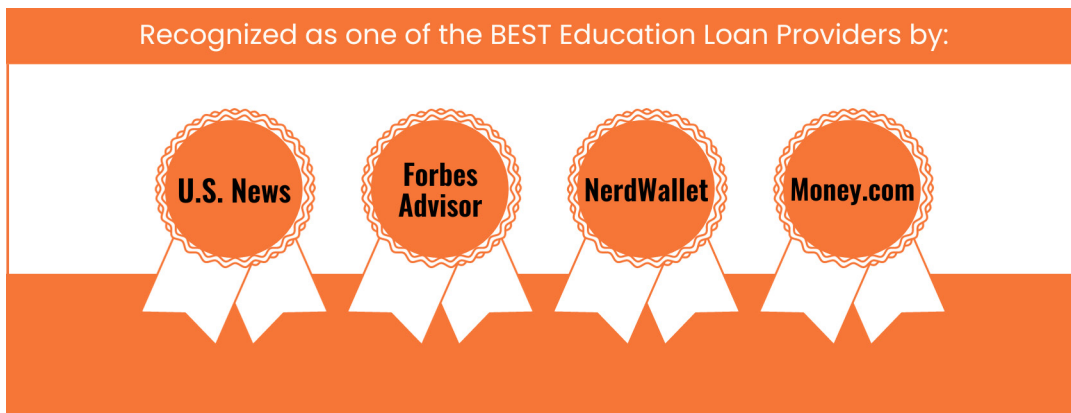
counselors who provide one-on-one assistance to help families understand all of their options from start to finish.”

WLNE Channel 6 News - [View More](#)

WJAR Channel 10 News - [View More](#)

FORBES ADVISOR RANKS RISLA AMONG THE BEST – PRIVATE STUDENT LOANS

Each month, Forbes Advisor releases 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 four consecutive years ('20, '21, '22 and 2023), RISLA received a top ranking! Additionally, RISLA has received top rankings from Forbes Advisor for Student loan Refinancing.



RISLA RECEIVES A 4.8 OUT OF 5 STAR RATING



RISLA receives hundreds of customers reviews each year and we are proud to say that after receiving over 3,700 reviews we round out 2023 with a 4.8 out 5-star rating. We take a great deal of pride in the unique customer service we provide to our customers amongst all of our service offerings. Most notably that we answer the phone.

Very pleased!!! (Student Loans)

Every time I call, which has been at least 10 times, I get a knowledgeable, kind person almost immediately. I need answers to my questions and the people I speak with are knowledgeable and helpful. I did my research and RISLA has been rated one of the top. Student loans and interest rates these days require due diligence. Before I even filled out a loan application, I called them and asked them questions and they were helpful. Not like the horror stories of other loan companies.

Amazing customer service (Student Loan Refinancing)

Amazing customer service. Underwriting came back a few times for additional documents, which delayed the process a tad bit. Would have been nice to have them request everything at once. Overall, this was an excellent experience, and would highly recommend RISLA to anyone looking to refinance student loans.

The customer service was nothing short of outstanding. (College Planning Center)

The customer service was nothing short of excellent. The staff was not only knowledgeable but also very patient in explaining the intricacies of college planning and student loans. The presentation and materials provided were extremely helpful. Their dedication to helping families navigate through the complex planning for college and commitment to customer service is very evident. I would highly recommend the planning center to anyone embarking on this venture.

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 20, 2023. The event also returned to an in-person event with RISLA's Senior Director of Finance and Operations, Noel Simpson, Charles Kelley Executive Director, College Planning Center Director, Stacy Crooks, and CCRI's Dean of Financial Assistance and Scholarships Aid and RISLA Board Member Kelly Morrissey assisting Sen. Reed with the presentation to students and families. RISLA has enjoyed a longstanding tradition of working with Senator Reed on his college aid workshops.

RISLA WORKS WITH THE CITY OF NEWPORT FOR THEIR LEARN365 INITIATIVE

The McKee Administration issued a Request for Proposal for the Advancing Learning Beyond the 180-Day School Year grant program as part of the Governor's Learn365RI initiative, with the long-term goal of improving student learning outcomes and increasing three key metrics: Rhode Island Comprehensive Assessment System (RICAS) mathematics and English Language Arts scores; school attendance rates; and Free Application for Federal Student Aid (FAFSA) completion rates.

Source: <https://whatsupnewp.com/2023/08/newport-and-middleton-among-recipients-of-3-8-million-in-learn365ri-grants/>


RISLA's College Planning is happy to partner with the City of Newport and CCRI to assist in their efforts to increase FAFSA completion nights. In the fall we have hosted FSA ID workshops to help students and families create their FAFSA accounts. We have also conducted financial aid information sessions at Rogers High School and as soon as the specific date is released for FAFSA submissions The College Planning Center will assist with FAFSA completion events in Newport as well to help them reach their goal.

RISLA PROVIDED \$145 MILLION IN SAFE, FIXED-RATE LOANS IN FISCAL YEAR 2023

- For the 2022/23 academic year, RISLA provided approximately \$81 million in undergraduate loans to students and families and refinanced almost \$64 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 highly competitive fixed rate loans to students and families for the 2023/24 school year.
- Rhode Island’s in-school education loan offerings have some of the lowest fixed rates in the country. RISLA does not have any fees and no prepayment penalty.

2023 – 2024 EDUCATION LOANS

FIXED RATES STARTING AT **4.40% APR**^{1,2}

	STUDENT IMMEDIATE REPAYMENT	STUDENT DEFERRED REPAYMENT	PARENT IMMEDIATE REPAYMENT
			
WITH AUTO-PAY INTEREST RATE APR	4.40% – 8.45% 4.40% – 8.45%	5.99% – 8.99% 5.79% – 8.86%	5.74% – 8.74% 5.74% – 8.74%
FEES	None	None	None
STANDARD REPAY TERM	120 Months	180 Months	120 Months
ESTIMATED MONTHLY PAYMENT	\$105 – \$126 Per \$10K Borrowed	\$107 – \$141 Per \$10K Borrowed	\$112 – \$128 Per \$10K Borrowed
REPAYMENT START	15 DAYS After funds have been disbursed.	6 MONTHS After student leaves school.	15 DAYS After funds have been disbursed.
ADVANTAGE	Shorter term, lowest interest rate with RI Advantage	No payment while student attending school	Student is not obligated to the loan
DISADVANTAGE	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. 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. The rate shown includes the 0.25% interest rate reduction for using the auto-pay feature and RI Advantage.

2. RHODE ISLAND ADVANTAGE applies to any Rhode Island resident students attending school in any state or Non-Rhode Island resident students attending a school in Rhode Island.

- For a family that borrows \$20,000 and repays over the standard 10-year repayment period the average RISLA loan is \$4,257 less expensive than a Federal PLUS which has a fixed interest rate of 8.05% and an upfront fee of 4.22%. That is a saving of 21% of the amount borrowed. RISLA loans do not have any fees, and even no late fees.
- 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 was in effect through August 31, 2023. RISLA also provided information regarding other federal loan benefits such as Public Service Loan Forgiveness and the Income Based Repayment program including the new SAVE program. RISLA has always and continues to advise applicants who want to refinance that they should consider the potential forgiveness amounts and other benefits 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.

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. We continue to offer the unique option to refinance while still attending school. 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.
- Refinancing can also help borrowers lower their monthly payments and simplifies repayment for borrowers with multiple lenders. RISLA currently offers a student loan refinancing option with a fixed interest rate as low as 5.79% with autopay and repayment terms of 5, 10, or 15 years with 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.

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 or parent's name
- no application, origination, or upfront fees of any kind
- no late fees
- borrower protections – including Income-Based Repayment to make payments more affordable and forbearance up to 24 months
- cosigner release for undergraduate and graduate 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 new location opened on July 17, 2023 for in-person appointments as well as remote assistance on financial aid questions and FAFSA completion. The College Planning Center's Director and team continue to be where our students' families are most comfortable working with us: at our Chapel View, Cranston location as well as at local high schools, both in-person sessions and virtual sessions ensuring that The College Planning Center continues to be a valued resource for those navigating the college planning process. All services remain free of charge.

SPECIAL RISLA STUDENT LOAN BENEFITS FOR NURSING PROFESSIONALS

The Nursing Rewards program provides graduates who remain in Rhode Island and provide direct patient care with zero percent interest on loans for up to four years.

RISLA STUDENT 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 on a RISLA loan 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 win \$2,000 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. [See some of our 2023 winners.](#)

RISLA EMPLOYER EDUCATION BENEFITS

 **RISLA** Employer Education Benefits



LEARN MORE
ABOUT RISLA EMPLOYER EDUCATION BENEFITS

-  **Employer Student Loan Repayment Program**
-  **Employer Partnership Program**
-  **Employer Tuition Assistance Program**
-  **Employer 529 Contribution Program**

- **Employer Student Loan Repayment**

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 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.

- **Employer Tuition Assistance**
RISLA assists companies to thrive and foster a culture of lifelong learning. With our years of experience and knowledge, we can offer Tuition Assistance and Reimbursement as an essential part of the benefits package you use to recruit and retain employees. Tuition assistance is also a tax-free benefit for employees and employers can deduct up to \$5,250 per employee for tuition reimbursements made through qualified education assistance programs (EAPs).
- **Employer Partnership Program**
RISLA's Employer Partnership Program is about working with employers to offer programs to help their employees reduce student debt. As a student loan lender, we consistently counsel borrowers to borrow responsibly and provide cost-saving options for repayment with our discounted rate student loan refinancing programs.
- **NEW in 2023 – Employer 529 Contribution Program**
RISLA is excited to announce an additional offering for Employer Education Benefits. The Employer 529 Contribution Program. Much like an employer can contribute towards the repayment of an employee's student loan, they can also offer an employee not currently in student loan repayment the option to contribute to a 529 in their name for a benefiting student.

RISLA'S ANNUAL COLLEGE FAIR – ANOTHER SUCCESSFUL EVENT!

On September 19, 2023, The Planning Center once again hosted our popular college fair this year at The Warwick Mall. 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. The Warwick Mall was a great rain or shine venue and gracious host. We were glad to host over 2,000 students and families and look forward to seeing many repeat and new families again next year! Details still in the works.



COLLEGE PLANNING CENTER OFFERS 60+ EVENTS (IN-PERSON & VIRTUAL)

- Starting off the year in September with our Kick-Off to College week, we offered three virtual sessions focusing on Completing the Common App, What College Admissions is Looking For, and Financial Aid 101. Immediately following Kick Off to College week, the CPC scheduled 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 FSA ID workshops as well this year. 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,

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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 interned 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.

RISLA'S ANNUAL CAMPAIGN TO INCREASE COMPLETION AWARENESS

Traditionally the FAFSA season opens on October 1st of each year. This year due the implementation of the FAFSA Simplification Act, submitting a FAFSA for the 2024/2025 academic year has been delayed. Federal Student Aid has announced the new FAFSA form and online platform will be available by December 31, 2023. Therefore, over the summer and this fall we have focused on keeping families informed about the changes and how they can prepare to submit the new FAFSA in January of 2024. We published a monthly FAFSA update newsletter informing families of the changes as we learned them by attending the many online training sessions provided by FSA. Additionally, we have provided an online FAFSA Guide which is a step-by-step, screen-by-screen view of the new form at collegeplanningcenter.org. Additionally we have provided for high school counselors a FAFSA tool kit which also includes access to our online guide along with other informational resources to educate their students about the importance of completing their FAFSA and the free services available at the College Planning Center. Although later than usual for 2023, our 2024/2025 FAFSA campaign outreach will include all of our free online guide tools, FAFSA completion sessions at schools, checklists, infographics, and more. Additionally, we are spreading the word about FREE FAFSA completion assistance on RIPTA buses, Highway Billboards including the heavily traveled Route 95, digital ads, print ads in community newspapers, Spanish radio station ads, and social media posts in English and Spanish. We will have extended hours this coming spring for FAFSA completion appointment to assist as many families as possible.





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, and the new SAVE Program, RISLA continues to provide free assistance to help Rhode Islanders navigate what has been a very complicated approval process for loan forgiveness.

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.

Continued support for High School Counselors regarding the 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 has provided an online tool that can be downloaded and customized to distribute and inform high school seniors of the importance of completing the FAFSA and what resources are available for free completion assistance.

Every year presents new and different challenges for students trying to attain their dream of a college degree. This year we were faced with a rising interest rate environment. RISLA is quite cognizant of the challenges faced by the rising costs of a college education. This additional financial challenge to afford a higher education leaves students and families in need of services and programs to make the best most responsible 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 continue to take on the challenges presented.



SUMMARY OF RISLA PROGRAMS ADMINISTERED

Fiscal Year Ended June 30, 2023

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 June 13, 2023, RISLA issued Taxable and Tax-Exempt Fixed Rate Student Loan Program Revenue Bonds in the amount of \$85,790,000. The purpose of this bond issue was to fund fixed rate student loans originated in FY 2023.
- 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 undergrad 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 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.

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- 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 16,200 individuals through in-person counseling and seminars to assist with their college planning needs in FY 2023.
- 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. Fifty students are awarded \$2,000 each.
- RISLA has funded nearly \$350,000 through the Knowledge for College scholarships to 175 students since the 2019/2020 academic year when the program began.
- RISLA has focused the Knowledge for College Scholarship on financial literacy in order to help Rhode Island residents increase their knowledge of financial topics related to student lending. The topics include budgeting, understanding credit, and paying for college. RISLA's Knowledge for College Scholarship provides a chance for registrants to win scholarship funds while enrolled in any year of college.

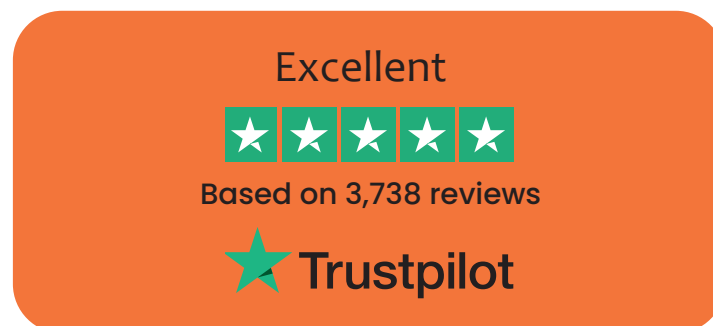
NURSING REWARDS AND NURSE EDUCATOR PROGRAMS

RISLA offers a zero-interest loan for the first four years of repayment through the Nursing Reward 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-seven nurses are currently enrolled in the Rewards programs and 56 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.

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, 2023 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 2023, RISLA had 42 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's staff has viewed the training sessions conducted by the Attorney General in cooperation with the Roger Williams School of Law and the University of Rhode Island School of Continuing Education. Topics covered in the two training sessions included the Open Meetings Act, Access to Public Records Act, the State Ethics Commission gift restriction and conflict of interest requirements, and changes to government accounting and reporting standards. Board members were also briefed on the Ethics Commission annual financial reporting requirements."



RISLA FINANCIAL REPORTS

RISLA FINANCIAL REPORT FOR FISCAL YEAR 2023

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, 2023. 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, 2023 and 2022

With Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rhode Island Student Loan Authority

Report on 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, 2023 and 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the years 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, 2023 and 2022, and the respective changes in its net position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Basis for Opinion

We conducted our audits 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 11 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 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 26, 2023 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 26, 2023

RHODE ISLAND STUDENT LOAN AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2023 and 2022

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, 2023 and 2022. 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 2023, 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 4.99% fixed rate with automatic payment or choose a deferred repayment option at a fixed rate of 6.74% 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 6.34% 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 2023, RISLA originated approximately \$81 million in RISLA Student and Parent Loans, which was a slight decrease of 1% in loan volume as compared to FY 2022.

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 2023, RISLA refinanced approximately \$64M of student loans for 1,300 borrowers. The refinancing program helped borrowers save on average over \$15,590 in interest costs over the term of the loan. RISLA has secured \$85.8M in bond proceeds to fund its in-school and refinancing programs for Fiscal and Academic year 2024.

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 Cranston, R.I., and provides free expert and personal assistance to students and parents in the areas of college admission and financial aid. In FY 2023, the staff at the CPC provided assistance to over 16,270 individuals and hosted 90 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, 2023 and work in a licensed Rhode Island health care facility providing direct patient care. Forty-two 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.

RHODE ISLAND STUDENT LOAN AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2023 and 2022

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 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 offer student repayment benefits. In conjunction with the Employer Student Loan Repayment Program, RISLA also offers an Employer Tuition Assistance and Reimbursement Program, which assists employers with reimbursing employees for qualified education expenses.

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 \$70.9M at June 30, 2023.

The Financial Statements

The Authority's financial statements are a series of reports that detail financial information that are prepared in accordance with the U.S. generally accepted accounting principles (U.S. 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. The statement also presents the balance of assets in excess of liabilities and deferred inflows/outflows 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.

RHODE ISLAND STUDENT LOAN AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2023 and 2022

Financial Highlights – As of and for the Years Ended June 30, 2023 and 2022

RISLA had a very successful year during FY 23 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 Student 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 \$81M in RISLA student loans in FY 2023. RISLA also offers fixed-rate refinanced loans with terms of 5, 10, and 15 years. Originations for refinanced loans totaled approximately \$64M in FY 23. The combined origination volume of \$145M is \$10.1M or 6% less than FY 22.

RISLA issued \$85.8M in new taxable and tax-exempt bonds in the last quarter of Fiscal Year 2023 which will be used to fund RISLA's In-School, Parent and Refinancing loans in Fiscal Year 2024.

Operating Income at June 30, 2023 was \$6.3M. Total operating revenues increased by \$9.5M and operating expenses increased by \$6.8M. Details for operating revenues and expenses are discussed further in the Statements of Revenues, Expenses, and Changes in Net Assets section below.

Financial Analysis

Statements of Financial Position

Total Assets - Student loan receivables are the largest component of assets and increased from \$566.3M on June 30, 2022 to \$609M on June 30, 2023 (net of allowance), which represents an increase of 7.5%. 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 FY23 decreased by \$21M or 22.9% as compared to FY22. Oppositely, the non-federal loans increased by \$67.3M or 12.7%. The other significant component of assets is cash, cash equivalents, and investments restricted by the terms of various trust indentures. Restricted cash and investments decreased from \$178.4M at June 30, 2022 to \$157.3M at June 30, 2023 and was the result of new loan proceeds from the bond issuance in June 2023 (or acquisition funds) being \$20M less than the prior year. 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, 2023 increased by \$16.5M as compared to June 30, 2022, which represents an increase of 2.9%. Overall, bond debt outstanding comprises over 97% of the total liabilities. Bond debt increased from \$561.1M at June 30, 2022 to \$573.8M at June 30, 2023. This increase of \$12.7M was the net result of new issuances and bond redemptions that occurred during FY 23.

RHODE ISLAND STUDENT LOAN AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2023 and 2022

Net Position - For fiscal year ended June 30, 2023, the Authority's total assets exceeded the total liabilities by \$205.6M for an increase of 3.2% as compared to June 30, 2022. A condensed summary of the Authority's net assets at June 30 is shown below.

Statements of Net Position

	(in thousands)		Percentage
	2023	2022	Change
Other assets	\$792,790	\$770,104	2.95%
Capital assets	83	50	66%
Total Assets	792,873	770,154	2.95%
Current liabilities	40,964	30,969	32.27%
Noncurrent liabilities	546,260	539,796	1.20%
Total Liabilities	587,224	570,765	2.88%
Deferred Inflows of Resources	69	157	-56.05%
Net Position			
Investment in capital assets, net of related debt	83	50	66%
Restricted for debt service	110,388	118,517	-6.86%
Unrestricted	95,109	80,665	17.91%
Total Net Position	\$205,580	\$199,232	3.19%

Statements of Revenues, Expenses, and Changes in Net Assets

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, 2023 was \$38.5M, which was an increase of 32.7% as compared to fiscal year ended June 30, 2022. Operating revenues are derived from student loan interest income from FFELP, RISLA in-school, and refinanced loans. These student loan revenues increased by 22.8% for the year ended June 30, 2023 as the result of continued years of annual loan volume increases. Investment income increased significantly from \$203k in FY 2022 to \$3.4M in FY 2023. This was the result of interest rate returns increasing dramatically during FY 2023. In June of 2022, the investment return rates were approximately 1.25% and by the end of FY 2023 they had increased to over 5.0%. The investment revenue is derived predominantly from funds held in restricted trust accounts.

Total Operating Expenses - The Authority's operating expenses at June 30, 2023 were \$32.1M, which increased by \$6.8M or 27.0% as compared to the year ended June 30, 2022 total of \$25.3M. Bond and Note interest expense comprises 52% of the total operating expenses and for the fiscal year ended June 30, 2023 increased by \$4.1M or 32.2% as compared to June 30, 2022. This overall increase in bond and note interest expense is the result of the increase in interest rates being charged on the LIBOR floating rate notes associated with the FFELP loans, as well as higher interest rates charged for the latest bond issuances for non-federal loans.

RHODE ISLAND STUDENT LOAN AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2023 and 2022

The change in provision for loan losses was another item of operating expenses that increased as compared to the prior year. The provision for loan losses increased by \$2.5M and is the direct result of having a higher principal balance of loan receivables at June 30, 2023 as compared to June 30, 2022. As the asset value of the loan receivables increases, a corresponding increase in the reserve against future losses must also be recognized in the Statements of Revenue, Expenses and Changes in Net Position.

Changes in Net Position - The Authority's changes in net position for the fiscal years ended June 30, 2023 and 2022 was \$6.3M and \$3.7M respectively, which was an increase of 72.0%.

Statements of Revenues, Expenses, and Changes in Net Position

	(in thousands)		Percentage Change
	2023	2022	
Borrower interest on student loans	\$35,043	\$32,127	9.08%
Borrower interest returned to DOE	(110)	(3,687)	-97.02%
Other income	3,577	583	513.55%
Total Operating Revenues	38,510	29,023	32.69%
Interest expense	16,747	12,665	32.23%
Arbitrage rebate	196	122	60.66%
Loan servicing & acquisition expenses	2,270	2,158	5.19%
DOE loan fees	266	348	-23.56%
Bond issuance costs	732	1,368	-46.49%
Change in provision for loan losses	4,643	2,122	118.80%
Other operating expenses	7,308	6,548	11.61%
Total Operating Expenses	32,162	25,331	26.97%
Operating Income - Changes in Net Position	6,348	3,692	71.94%
Net Position, Beginning of the Year	199,232	195,540	
Net Position, End of the Year	\$205,580	\$199,232	3.19%

Financial Highlights – As of and for the Years Ended June 30, 2022 and 2021

RISLA had a very successful year in FY 22 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. 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 \$105.7M in new taxable and tax-exempt bonds in the last quarter of Fiscal Year 2022 which was used to fund RISLA's In-School, Parent and Refinancing loans in Fiscal Year 2023.

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.

RHODE ISLAND STUDENT LOAN AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years Ended June 30, 2023 and 2022

Financial Analysis

Statements 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.

Statements 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, 2023 and 2022

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%.

Statements of Revenues, Expenses, and Changes in Net Position

	(in thousands)		Percentage
	2022	2021	Change
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, 2023 and 2022

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
	(In Thousands)	
Current assets		
Unrestricted:		
Cash	\$ 321	\$ 530
Cash equivalents	227	158
Restricted:		
Cash	1,211	545
Cash equivalents	63,154	177,869
Short-term investments	92,905	-
Student loans receivable - current portion, net of allowance	55,430	58,036
Student loans interest receivable	25,240	24,302
Due from U.S. Department of Education	189	-
Other current assets	<u>571</u>	<u>410</u>
Total current assets	<u>239,248</u>	<u>261,850</u>
Noncurrent assets		
Student loans receivable - net of current portion and allowance	553,542	508,254
Capital assets, less accumulated depreciation of \$1,228 and \$1,183, respectively	<u>83</u>	<u>50</u>
Total noncurrent assets	<u>553,625</u>	<u>508,304</u>
Total assets	<u>\$ 792,873</u>	<u>\$ 770,154</u>

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

RHODE ISLAND STUDENT LOAN AUTHORITY

Statements of Net Position (Concluded)

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
	(In Thousands)	
Current liabilities		
Bonds payable, current portion	\$ 36,185	\$ 25,160
Notes payable, current portion	1,814	2,314
Due to U.S. Department of Education	-	712
Accrued interest payable	1,886	1,668
Accounts payable and accrued expenses	<u>1,079</u>	<u>1,115</u>
Total current liabilities	<u>40,964</u>	<u>30,969</u>
Noncurrent liabilities		
Bonds payable, net of current portion and bond premium/ discount of \$13,238 and \$15,199, respectively	537,584	535,978
Notes payable, net of current portion	8,447	3,750
Accrued arbitrage rebate	<u>229</u>	<u>68</u>
Total noncurrent liabilities	<u>546,260</u>	<u>539,796</u>
Total liabilities	<u>\$ 587,224</u>	<u>\$ 570,765</u>
Deferred inflows of resources		
Unavailable revenue - loan origination fees	<u>\$ 69</u>	<u>\$ 157</u>
Net position		
Investment in capital assets	\$ 83	\$ 50
Restricted for debt service	110,388	118,517
Unrestricted	<u>95,109</u>	<u>80,665</u>
Total net position	<u>\$ 205,580</u>	<u>\$ 199,232</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
	(In Thousands)	
Operating revenues		
Interest on student loans:		
Borrower interest on student loans	\$ 35,043	\$ 32,127
Borrower interest returned to U.S. Department of Education	(110)	(3,687)
Investment income, net	3,358	203
Fee income	<u>219</u>	<u>380</u>
Total operating revenues	<u>38,510</u>	<u>29,023</u>
Operating expenses		
Interest	16,747	12,665
Change in provision for loan losses	4,643	2,122
Provision for arbitrage rebate	196	122
U.S. Department of Education loan fees - consolidation rebate	266	348
Loan servicing and acquisition costs	2,270	2,158
Salaries	3,428	3,170
Other general and administrative expenses	1,687	1,596
Employee benefits	1,015	796
College Planning Center expenses	804	608
Bond expenses - surveillance and trustee fees	226	221
Bond issuance costs	732	1,368
Depreciation	45	56
Scholarships	100	98
Contributions	<u>3</u>	<u>3</u>
Total operating expenses	<u>32,162</u>	<u>25,331</u>
Change in net position	<u>6,348</u>	<u>3,692</u>
Net position - beginning of year	<u>199,232</u>	<u>195,540</u>
Net position - end of year	<u>\$ 205,580</u>	<u>\$ 199,232</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
	(In Thousands)	
Cash flows used by operating activities		
Cash received for:		
Student loan interest	\$ 25,480	\$ 20,245
Student loan principal	106,398	141,902
Fee income	219	380
Interest on investments	3,358	203
Cash paid for:		
Origination and purchase of student loans	(141,666)	(153,973)
Interest paid on bonds	(20,000)	(15,749)
Contractual services	(266)	(348)
Goods and services	(11,279)	(6,963)
Employee salaries	(3,673)	(3,466)
Employee benefits	<u>(1,015)</u>	<u>(795)</u>
Net cash used by operating activities	<u>(42,444)</u>	<u>(18,564)</u>
Cash flows from noncapital financing activities		
Proceeds from note payable	6,600	-
Payment of note payable	(2,403)	(7,622)
Payment of bond maturities	(71,198)	(116,927)
Proceeds from sale of revenue bonds	<u>87,299</u>	<u>157,543</u>
Net cash provided by noncapital financing activities	<u>20,298</u>	<u>32,994</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	<u>(78)</u>	<u>(10)</u>
Net cash used in capital and related financing activities	<u>(78)</u>	<u>(10)</u>
Cash flows from investing activities		
Purchase of short-term investments	(103,579)	-
Proceeds from sale of short-term investments	<u>11,614</u>	<u>-</u>
Net cash used by investing activities	<u>(91,965)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(114,189)	14,420
Cash and cash equivalents - beginning of year	<u>179,102</u>	<u>164,682</u>
Cash and cash equivalents - end of year	\$ <u>64,913</u>	\$ <u>179,102</u>
Supplemental disclosure of non-cash operating activities:		
Student loan interest capitalized	\$ <u>8,426</u>	\$ <u>9,006</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
	(In Thousands)	
Reconciliation of operating income to net cash used by operating activities		
Operating income	\$ 6,348	\$ 3,692
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation of capital assets	45	56
Amortization - bond premiums and discounts	(3,470)	(3,268)
Increase in allowance for loan losses	4,643	2,122
Unrealized loss on investments	(940)	-
Amortization of loan origination fees	(88)	(249)
Change in assets and liabilities		
Student loans receivable	(38,900)	(12,456)
Other current assets	(161)	(132)
Student loans interest receivable	(9,364)	(7,946)
Accrued interest payable	218	216
Accounts payable and accrued expenses	<u>(775)</u>	<u>(599)</u>
Net cash used by operating activities	<u>\$ (42,444)</u>	<u>\$ (18,564)</u>
Cash and cash equivalents consist of:		
Unrestricted		
Cash	\$ 321	\$ 530
Cash equivalents	227	158
Restricted		
Cash	1,211	545
Cash equivalents	<u>63,154</u>	<u>177,869</u>
Total cash and cash equivalents	<u>\$ 64,913</u>	<u>\$ 179,102</u>

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

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2023 and 2022

(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, 2023 and 2022

(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 \$2.5 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, 2023 and 2022 totaled \$45 and \$56, 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 (ED).

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in Thousands)

Student loans are carried at their uncollected principal balances and are reduced by an allowance for loan losses of \$60,702 and \$57,079 at June 30, 2023 and 2022, 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.

Short-Term Investments

Investments are carried at fair value in accordance with GASB Statement 72, *Fair Value Measurement and Application*. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in Thousands)

All of the bond series trust and indenture agreements require that cash and investments be held by the trustee for the benefit of the bondholders and their maturity is to coincide as nearly as practicable with payments due on bonds. Otherwise, uninvested monies are to be invested in available overnight investments. According to the indenture agreements, investments to be held by the trustee are limited to the following:

- United States Treasury Securities
- Demand deposits with banks which are members of the Federal Deposit Insurance Corporation
- Federal Agency or instrumentality bonds
- Certain repurchase agreements
- Shares in certain investment companies
- Certain obligations of any state, or political subdivision, or municipal corporation
- Investment agreements approved by the rating agencies
- Commercial paper

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.

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.

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in Thousands)

Deferred Outflows and Inflows of Resources

Deferred outflows of resources are reported with assets in the statements 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, 2023 and 2022, there were no deferred outflows of resources.

Deferred inflows of resources are reported with liabilities in the statements of net position and represent the acquisition of net position that applies to a future period, and therefore will not be recognized as an inflow of resources (revenue) until a later date. At June 30, 2023 and 2022, 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 \$69 and \$157 as of June 30, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022

(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.

New Accounting Pronouncements

In March 2020, GASB issued statement No. 93, *Replacement of Interbank Offered Rates*. This statement is effective for financial statement reporting periods ending after December 31, 2021, and earlier application is encouraged. The Authority has outstanding certain variable-rate bonds whose periodic interest rate resets were based on 1 month LIBOR plus a margin. The Authority also has certain outstanding Federal student loans whose total return is based on 1 and 3 month LIBOR. On March 15, 2022 the President signed legislation which would smooth transition of issuers of LIBOR-based obligations to a replacement reference rate. This legislation, the Adjustable Interest Rate (LIBOR) Act of 2021, provides for the replacement of LIBOR with the Secured Overnight Financing Rate (SOFR) plus a spread adjustment. The 1 month and 3 month LIBOR rates used as reference rates by certain of the Authority's loans and bonds expired on June 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for financial statements for periods beginning after June 15, 2022, and earlier application is encouraged. This statement requires that certain Software as a Service transactions (Subscription-Based Information Technology Arrangements or SBITA) be accounted for using rules similar to those required for long term leases as outlined in GASB Statement 87, *Leases*. The application of this accounting change requires a retroactive restatement of all prior periods presented and disclosure of the effects of the change. The Authority evaluated the impact of this statement and determined the adoption was not material to the financial statements for the year ended June 30, 2023.

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,532	\$ 1,075
Cash equivalents:		
Short-term U.S. securities	24,075	147,638
U.S. Treasury Bills	39,306	-
Money market deposit accounts	<u>-</u>	<u>30,389</u>
Total cash and cash equivalents	<u>\$ 64,913</u>	<u>\$ 179,102</u>

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in Thousands)

At June 30, 2023 and 2022, cash is comprised of various commercial bank accounts. The bank balances at June 30, 2023 were \$63,157 and the bank balances at June 30, 2022 were \$179,554. The difference between the bank balances and the amounts recorded on the statements of net position represent reconciling items, including outstanding checks and deposits in transit at fiscal year-end. As of June 30, 2023, \$500 of the bank balances were covered by Federal Deposit Insurance Corporation (FDIC) insurance, and the additional bank balances were secured through an additional collateralization policy with the bank.

At June 30, 2022, the money market deposit accounts were held in various short-term investment and deposit accounts at US Bank. These funds were 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 U.S. Treasury Bills included within cash equivalent represent balances with original maturities less than 90 days. These funds are backed by the U.S. Treasury Department.

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 6).

3. Short-term Investments and Fair Value Measurement

GASB 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants and also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The fair value hierarchy within GASB 72 distinguishes three levels of inputs that may be utilized when measuring fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Significant other observable inputs, other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect the Authority's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The Authority's short-term investments as of June 30, 2023 comprised of U.S. Treasury Bills with an original maturity less than one year, which are valued at Level 1. The Authority did not have any short-term investments as of June 30, 2022.

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in Thousands)

4. Student Loans Receivable

Student loans receivable represent the unpaid portion of non-federal and 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 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, 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, 2023 and 2022, consist of:

	<u>2023</u>	<u>2022</u>
Non-federal education loans receivable	\$ 598,810	\$ 531,483
FFELP loans receivable	70,864	91,886
Allowance for loan losses	<u>(60,702)</u>	<u>(57,079)</u>
Net student loans receivable	<u>\$ 608,972</u>	<u>\$ 566,290</u>

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in Thousands)

5. Bonds Payable

The following schedule summarizes the Authority's outstanding bonds payable as of June 30, 2023 and 2022. 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 ED, 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.

<u>Bond Issue</u>	<u>2023</u>	<u>2022</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 rates at June 30, 2023 and 2022 were 6.07% and 1.96% respectively. Effective July 1, 2023, LIBOR was replaced with SOFR.	\$ 10,527	\$ 15,036
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 rates at June 30, 2023 and 2022 were 5.82% and 1.71% respectively. Effective July 1, 2023, LIBOR was replaced with SOFR.	31,788	43,363
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. Interest rates at June 30, 2023 and 2022 were 5.87% and 1.76% respectively. Effective July 1, 2023, LIBOR was replaced with SOFR.	8,621	16,545
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%.	6,875	12,815

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in Thousands)

	<u>2023</u>	<u>2022</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%.	3,675	8,125
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%.	12,955	17,955
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%.	36,615	41,530
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%.	9,900	13,600
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	46,415
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%.	18,770	22,770
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%.	50,700	51,500

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in Thousands)

	<u>2023</u>	<u>2022</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%.	30,335	35,575
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%.	55,005	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	13,985
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%.	32,905	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	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%.	40,820	40,820
2023 Tax Exempt Senior Series A Student Loan Program Education Bonds dated May 18, 2023 comprised of fixed rate bonds maturing December 1, 2042. Interest is fixed and payable semi-annually at rates ranging from 4.13% to 5%.	53,750	-

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in Thousands)

2023 Taxable Senior Series 1 Student Loan Program Education Bonds dated May 18, 2023 comprised of fixed rate bonds maturing December 1, 2042. Interest is fixed and payable semi-annually at rates ranging from 5.19% to 6.09%.	<u>32,040</u>	<u>-</u>
Total bonds payable before unamortized premiums, discounts and current portion	560,531	545,939
Add: Premium	15,108	16,618
Less: Discount	1,870	1,419
Less: Current portion	<u>36,185</u>	<u>25,160</u>
Bonds payable: noncurrent portion	<u>\$ 537,584</u>	<u>\$ 535,978</u>

The following schedule reflects the changes in bonds payable:

Balance at June 30, 2021	\$ 507,196
Additions	155,670
Redemptions	<u>(116,927)</u>
Balance at June 30, 2022	\$ 545,939
Additions	85,790
Redemptions	<u>(71,198)</u>
Balance at June 30, 2023	<u>\$ 560,531</u>

Debt service requirements for bonds payable as of June 30, 2023 were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 36,185	\$ 22,899	\$ 59,084
2025	38,315	21,502	59,817
2026	44,500	19,936	64,436
2027	36,280	18,428	54,708
2028	36,890	16,972	53,862
2029-2033	124,203	61,728	185,931
2034-2038	83,613	43,984	127,597
2039-2043	<u>160,545</u>	<u>22,382</u>	<u>182,927</u>
	<u>\$ 560,531</u>	<u>\$ 227,831</u>	<u>\$ 788,362</u>

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in Thousands)

During the years ended June 30, 2023 and 2022, 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 2023 and 2022, respectively. Outstanding bonds payable of \$22,030 and \$73,475 were redeemed which resulted in no gain in 2023 and 2022, respectively.

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 ED, and proceeds of any sale or assignment by the Authority of any loans.

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 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. The required reserve for the November 2012 bond issue is the greater of 0.25% of principal bonds outstanding or \$390. The required reserve for the June 2014 bond issue is \$250.

The required reserve for the July 2018, August 2019, May 2021, November 2021, May 2022, and June 2023 bond issues is 2% of the principal amount of the outstanding bonds or \$3,245 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 2023 and 2022.

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in Thousands)

6. Notes Payable

Notes payable outstanding as of June 30 are as follows:

	2023		<u>2022</u>
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 plus interest. Interest is fixed at a rate of 2.815%. This note was paid in full during 2023.	\$	-	\$ 1,026
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 plus interest. Interest is fixed at a rate of 2.65%. This note was paid in full during 2023.		-	134
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 plus interest. Interest is fixed at a rate of 2.29%.		3,750	4,904
Term note payable with a bank dated May 22, 2023, with a maturity date of May 22, 2033, due in monthly principal installments of \$21 plus interest. Interest is fixed at a rate of 5.64%.		2,479	-
Term note payable with a bank dated April 6, 2023, with a maturity date of April 6, 2033, due in monthly principal installments of \$34 plus interest. Interest is fixed at a rate of 5.37%.		<u>4,032</u>	-
		10,261	6,064
Less: Current portion		<u>1,814</u>	<u>2,314</u>
Total	\$	<u>8,447</u>	\$ <u>3,750</u>

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2023 and 2022

(Dollars in Thousands)

The following schedule reflects the changes in notes payable:

Balance at June 30, 2021	\$	13,686
Redemptions		<u>(7,622)</u>
Balance at June 30, 2022		6,064
Additions		6,600
Redemptions		<u>(2,403)</u>
Balance at June 30, 2023	\$	<u>10,261</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, 2023, the Authority was in compliance with these covenants.

Debt service requirements for notes payable as of June 30, 2023 were as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,814	\$ 425	\$ 2,239
2025	1,814	361	2,175
2026	1,814	297	2,111
2027	948	240	1,188
2028	660	202	862
Therefore	<u>3,211</u>	<u>449</u>	<u>3,660</u>
	\$ <u>10,261</u>	\$ <u>1,974</u>	\$ <u>12,235</u>

RHODE ISLAND STUDENT LOAN AUTHORITY

Notes to Financial Statements

June 30, 2023 and 2022

(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 the years ended June 30, 2023 and 2022 amounted to \$371 and \$338, 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, 2023 and 2022.



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