Massachusetts Educational Financing Authority

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

June 30, 2021 and 2020

Massachusetts Educational Financing Authority
Index

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

INTRODUCTION

This discussion and analysis of the financial position and performance of the Massachusetts Educational Financing Authority (the "Authority") is intended to provide an introduction and analytical overview of the basic financial statements of the Authority on a comparative basis for the fiscal years ended June 30, 2021 ("FY21"), 2020 ("FY20") and 2019 ("FY19"). This unaudited management's discussion and analysis should be read in conjunction with the attached audited financial statements and the notes thereto in its entirety.

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

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

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

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

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

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

In addition to developing and operating its loan, savings and investment programs, the Authority conducts an extensive outreach program for students and parents across the Commonwealth on planning, saving and paying for college.

MEFA Pathway, previously known as *YourPlanForCollege.org*, introduced by the Authority in 2010, offers a complete college and career planning resource for students, parents and high school counselors across the Commonwealth.

USING THE FINANCIAL STATEMENTS

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

The Statements of Net Position include all assets, deferred outflows, liabilities and deferred inflows of the Authority. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when earned and expenses and liabilities are recognized when incurred, regardless of when cash is exchanged.

The Statements of Revenues, Expenses, and Changes in Net Position present the revenues earned and the expenses incurred during the year. All activities of the Authority are reported as either operating or non-operating. Operating activities are those that support the mission and purpose of the Authority. Non-operating activities represent transactions that are primarily investing, legislative or regulated in nature.

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

The Statements of Fiduciary Net Position present information on the assets and liabilities of the Attainable Plan, which is a fiduciary fund of the Authority. The assets of the Attainable Plan are held by the Authority on behalf of the account owners in a custodial fund and therefore cannot be used to support the Authority's enterprise programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

FISCAL YEAR DEVELOPMENTS

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including throughout the United States and in Massachusetts, and on March 11, 2020, was declared a pandemic by the World Health Organization. In response to the pandemic, international, federal, state and local governments, as well as private organizations implemented numerous measures intended to mitigate the spread and effects of COVID-19. Individuals and businesses have altered their behavior to adapt to such measures and to respond to the spread of COVID-19. The spread of COVID-19, the mitigation measures implemented, and these behavioral adaptations have caused and may continue to cause disruption in global, national, and local economies, as well as global financial markets, and volatility in the U.S. capital markets.

The extent to which the COVID-19 pandemic affects the Authority will largely depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the pandemic and the actions taken to contain it or alleviate its effects. There can be no assurances that the pandemic and resulting business and market disruptions, will not have an adverse impact on the operations of the Authority and its financial condition.

COVID-19 continues to affect borrowers nationwide and due to the severity of the outbreak, the Authority made the decision to temporarily expand its relief options to borrowers. See the EDUCATIONAL LOAN NOTES ALLOWANCE section of this analysis for details of the natural disaster forbearance policies implemented by the Authority in fiscal years 2020 and 2021.

LEGISLATIVE DEVELOPMENTS

From time to time, bills may be introduced into the Commonwealth legislature affecting government operations generally or that could seek to impose financial and other obligations on the Authority, which might include requiring the transfer of funds or assets from the Authority to the Commonwealth or other agencies of the Commonwealth. Furthermore, measures and legislation may be considered by the federal government, or the Commonwealth legislature, which may affect the Authority's programs. While some of these measures may benefit the programs, no assurance can be given that the programs will not be adversely affected by such measures.

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

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

FINANCIAL HIGHLIGHTS

In the financial operations of the Authority, there are principal operating and non-operating components that make up a significant portion of the overall activities. The principal operating revenues for the Authority continue to be interest on education loans and non-operating revenues are primarily composed of investment income. The principal operating expenses are bond and note interest expense and general and administrative costs. Non-operating expenses are comprised of changes in fair value of derivative instruments.

The Authority disbursed a total of $322M of education loans in FY21 compared to $464M disbursed in FY20, representing a decrease of 31% in a challenging college attendance and consumer credit environment. U.Fund assets under management, which are not a component of the Authority's financial statements, increased by 22% to $8.5B at the end of FY21 as new accounts grew by 33% year over year. For the U.Plan, the Authority had $10.1M of matured tuition certificates on its financial statements as a liability to program participants at the end of FY21 and $5.5M of deposits for the purchase of August 1, 2021 tuition certificates. Assets for the Attainable plan, which the Authority holds in a fiduciary capacity, grew by 92% and were $71.2M at June 30, 2021.

Total net position was $267.8M at the end of FY21, representing an increase of $5.3M or 2% growth from the beginning of the fiscal year compared to an increase of $7.4M or 3% growth in FY20. Operating income was $5.1M in FY21 increasing by $3.1M from the prior fiscal year as a 3.4% decrease in interest earned on education loan notes receivable was fully offset by a 6% decrease in operating expenses. Non-operating income, which is primarily comprised of interest and dividends on the Authority's investments, was $0.1M in FY21 decreasing by 97% compared to FY20 as short duration investment yields decreased significantly subsequent to the start of COVID-19.

OPERATING AND NON-OPERATING RESULTS

The following illustrates the comparative results of total revenues from fiscal years ended June 30, 2021, 2020 and 2019, respectively:

(in thousands)

	2021		2020		2019	
Operating revenues						
Interest on educational loan notes	$	102,874	$	106,538	$	102,372
Non-interest revenues		7,653		7,764		15,958
Total operating revenues		110,527		114,302		118,330
Non-operating revenues		144		5,447		8,488
Total revenues	$	110,671	$	119,749	$	126,818

Total operating revenues for the Authority were $110.5M in FY21, a 3.3% decrease compared to the prior fiscal year. FY20 total operating revenues were $114.3M, a 3.4% decrease from FY19 total operating revenues.

Interest income on education loan notes was $102.9M in FY21, representing a year over year decrease of 3.4% as net new loan growth slowed in a challenging consumer credit environment. In FY20, interest income increased by 4.1% due to the increase in education loan notes receivable over the previous three fiscal years. Interest income represented 93% of total operating revenues in FY21 and FY20.

Non-interest revenues were $7.7M in FY21 and flat compared to the prior fiscal year as a 12.5% increase in college savings plan revenue due to growth in U.Fund assets under management was fully offset by a 38.6% decrease in other miscellaneous income due to non-recurring revenue earned in FY20. College savings plan revenue was $6.8M in FY21 and represented 89% of non-interest revenues. Other miscellaneous income was $0.8M in FY21 and represented 11% of non-interest revenue. FY20 non-interest revenues decreased by $8.2M primarily due to the elimination of loan origination fees from the Authority's loan program in that fiscal year.

Total non-operating revenues were $144K in FY21, representing a decrease of 97.4% from FY20 and consisted of interest and dividend income on the Authority's investments as well as the increase in fair value of non-hedging derivative instruments. Interest and dividend income decreased by $5.3M compared to the prior fiscal year as short duration investment yields dropped significantly since the start of COVID-19. The Authority's investments, which continue to be invested in vehicles providing short-term flexibility and principal protection earned $106K in FY21 and $5.5M in FY20. Non-operating revenues in FY21 also include a $38K increase in fair value of non-hedging investment derivatives.

As a result of these activities, FY21 total revenues decreased by $9.1M or 7.6% compared to a 5.6% decrease in FY20.

The following illustrates the comparative results of total expenses from fiscal years ended June 30, 2021, 2020 and 2019, respectively:

(in thousands)

	2021		2020		2019	
Operating expenses						
Interest expense	$	65,705	$	69,349	$	68,138
Non-interest expenses		39,717		42,955		37,096
Total operating expenses		105,422		112,304		105,234
Non-operating expenses		-		10		57
Total expenses	$	105,422	$	112,314	$	105,291

Total operating expenses for the Authority were $105.4M in FY21, a decrease of 6.1% compared to the prior fiscal year. FY20 operating expenses were $112.3M, representing an increase of 6.7% over FY19 operating expenses.

Interest expense on bonds and notes outstanding decreased by $3.6M or 5.3% in FY21 reflecting the net impact of a new bond issuance offset by bond retirements and net premium amortization. FY20 interest expense increased by $1.2M or 1.8% primarily due to an increase in short-term commercial paper notes outstanding. Interest expense represented 62% of total operating expense in FY21 and FY20.

Non-interest operating expenses were $39.7M in FY21, a decrease of $3.2M or 7.5% compared to FY20 and included the provision for doubtful education loans, general and administrative expense, bond and note issuance costs and other expenses. Non-interest operating expenses were $43M in FY20, an increase of $5.9M or 15.8% compared to FY19.

The allowance for doubtful education loans, which is an estimate based on historical loan performance, increased by $6.4M in FY21, representing a year over year decrease in expense of $2.3M consistent with the decrease in current year loan disbursements. Included in the current year allowance is a $3M provision to reflect the potential future impact of COVID-19 related forbearance policies in place in FY21. General and administrative expenses decreased by $1.5M or 5% in FY21 mostly due to lower loan origination costs resulting from a decrease in current year loan disbursements. Other expenses decreased by $1.1M in FY21 as the prior fiscal year expense included a one-time $1.1M interest write off related to expanded forbearance offered to assist borrowers during COVID-19. Partially offsetting the decrease in non-interest expense in FY21 was an increase of $1.6M in bond issuance costs which included expense for two capital market transactions compared to one transaction in FY20. The increase in FY20 operating expenses was mainly due to an increase in loan origination costs and increased capacity fees in the Authority's loan warehouse facility.

Non-operating expenses in FY20 and FY19 represent the decrease in fair value of non-hedging derivative instruments. In FY21, the fair value of non-hedging derivatives increased and accordingly was included in non-operating revenues.

As a result of these activities, FY21 total expenses decreased by $6.9M or 6.1% compared to 6.7% growth in total expenses in FY20.

CHANGE IN NET POSITION

The following illustrates the comparative results of increases in net position from fiscal years ended June 30, 2021, 2020 and 2019, respectively:

(in thousands)

	2021	2020	2019
Operating revenues	$ 110,527	$ 114,302	$ 118,330
Operating expenses	105,422	112,304	105,234
Operating income	5,105	1,998	13,096
Non-operating revenues	144	5,447	8,488
Non-operating expenses	-	10	57
Non-operating income	144	5,437	8,431
Increase in net position	$ 5,249	$ 7,435	$ 21,527

The Authority's operating income increased by $3.1M in FY21 as a $3.7M decrease in interest earned on education loan notes was fully offset by a $3.6M decrease in bond interest expense, $2.3M decrease in the provision for doubtful accounts and a $1.5M decrease in general and administrative costs. FY20 operating income decreased by $11.1M as a $4.2M increase in interest earned on education loan notes and a $2M decrease in bond issuance costs were fully offset by an $8.7M decrease in loan origination fee income, $5.7M increase in loan origination costs and a $1.1M interest write off related to expanded forbearance during the COVID-19 pandemic.

The Authority's non-operating income decreased by $5.3M in FY21 as short duration investment yields decreased significantly subsequent to COVID-19.

As a result of these activities, net position increased by $5.3M during FY21 and $7.4M during FY20.

FINANCIAL POSITION

The following table reflects the condensed Statements of Net Position at June 30, 2021 compared to the prior fiscal years ended 2020 and 2019. The Statements of Net Position present the financial position and financial strength of the Authority at the end of the fiscal year and includes all of the assets, liabilities and deferred inflows of the Authority with the residual being classified as net position.

(in thousands)

	2021	2020	2019
Assets			
Cash and investments	$ 552,702	$ 473,821	$ 602,976
Education loan notes receivable	1,687,525	1,781,337	1,657,938
Other assets	38,636	37,718	36,178
Total assets	2,278,863	2,292,876	2,297,092
Liabilities			
Bonds payable	1,858,954	1,881,508	1,905,213
Notes payable	95,210	94,095	78,100
Bond and note interest payable	33,632	33,511	34,712
Other liabilities	20,753	17,676	18,943
Total liabilities	2,008,549	2,026,790	2,036,968
Deferred Inflows			
Gain on bond refunding	2,491	3,512	4,985
Total deferred inflows	2,491	3,512	4,985
Net Position			
Net investment in capital assets	3,318	3,042	2,641
Restricted	156,279	138,647	139,845
Unrestricted	108,226	120,885	112,653
Total net position	$ 267,823	$ 262,574	$ 255,139

Cash and investments increased by 16.6% at the end of FY21 as borrower payments on outstanding loan balances increased by $76M compared to the prior fiscal year. The decrease in FY20 ending cash and investment balances compared to FY19 is due to the timing of capital market transactions in those years. Education loan notes receivable decreased by 5.3% in FY21 as net new loan growth slowed in a challenging consumer credit environment. Education loan notes receivable grew by 7.4% in FY20. The ratio of education loan note receivables to total assets was 74% and 78% at June 30, 2021 and 2020, respectively. Other assets include interest receivable on education loan notes, prepaid expenses and capital assets and remained relatively consistent over the past three fiscal years.

The Authority executed the Issue L 2020 capital market transaction in FY21 to fund the origination of new education loans and refinance previously issued commercial paper notes, resulting in an increase in bonds payable of $290M, which was fully offset by bond retirements and net premium amortization of $313M. In FY20, bonds payable decreased due to the net impact of one new transaction issuance of $211M and was offset by bond retirements and net premium amortization of $235M. Notes payable increase of $16M in FY20 was the net result of $226M of new commercial paper note issuances partially offset by note retirements of $210M.

The gain on bond refunding decrease of $1M in FY21 and $1.5M in FY20 relates to the amortization of gains deferred in previous fiscal years.

Total net position was $267.8M at June 30, 2021, an increase of $5.3M or 2% from the beginning of the fiscal year. Within net position, 60% is comprised of net investment in capital assets and those assets that are restricted through bond and note resolutions or program specific regulations at June 30, 2021. Restricted net assets increased by 13% over the prior fiscal year and unrestricted net assets decreased by 11%.

STATEMENTS OF CASH FLOWS

The Statements of Cash Flows present information showing how the Authority's cash and cash equivalents position changed during the fiscal year. The Statements of Cash Flows classify cash receipts and cash payments as resulting from operating activities, non-capital financing activities, capital financing activities, and investing activities. Cash and cash equivalents were $430.5M and $345.2M at June 30, 2021 and 2020, respectively. These cash ending balances reflect the net activity of raising proceeds in the capital markets, disbursing that cash into education and refinancing loans and collecting the loan payments over the life of the assets to pay debt service and operating expenses.

EDUCATIONAL LOAN NOTES ALLOWANCE

As of and for the years ending June 30, 2021, 2020 and 2019, respectively, the activity for the Authority's Education Loan Notes Allowance for Doubtful Accounts was as follows:

(in thousands)

Education Loan Note Defaulted Loans Provision

	FY2021	FY2020	FY2019
Allowance at beginning of period	$82,920	$74,149	$65,551
Provision for education loan losses	$6,443	$8,771	$8,598
Allowance at end of period	$89,363	$82,920	$74,149
Gross loan defaults	$0	$8,433	$19,204
Recoveries	$5,161	$6,798	$7,569
Net loan defaults	($5,161)	$1,635	$11,635
Net loan defaults as a percentage of average loans in repayment	-0.37%	0.12%	0.87%
Allowance multiple of average non-current loans in repayment (90+ days)	22.92	9.82	5.07
Allowance as a percentage of the ending total loan balance	5.39%	4.77%	4.61%
Allowance as a percent of ending loans in repayment	6.44%	5.68%	5.48%
Ending total loans, gross	$1,657,680	$1,739,808	$1,609,245
12 month average in repayment	$1,422,193	$1,418,337	$1,337,236
Ending loans in repayment	$1,387,001	$1,458,896	$1,351,981
12 month average 90+ days delinquent	$3,899	$8,447	$14,622
90+ days delinquent % of avg. repayment	0.27%	0.60%	1.09%

Historically, the Authority has offered Natural Disaster Forbearance for borrowers that are impacted by a federally declared major disaster. On March 13, 2020, a National Emergency was declared by the Federal government in response to the outbreak of COVID-19. Due to the severity of the global pandemic, the Authority made the decision in March 2020 to expand its relief options by offering natural disaster forbearance to all borrowers impacted by COVID-19 for an initial period of up to four months. In addition, in a continued effort to assist borrowers during the pandemic, a policy was implemented in December 2020 to place late stage delinquent loans on to a three-month natural disaster forbearance. As a result of the COVID-19 related forbearance policies in place, the education loan portfolio has not reported loan defaults since March 2020. As of June 30, 2021 and 2020, the total principal balance outstanding of loans in forbearance was $2.1M and $136.2M, respectively and represented approximately 0.15% and 9% of all loans in repayment, respectively.

The Authority also uses loan modifications to assist private loan borrowers demonstrating a need for temporary payment relief during difficult economic times. The loan modification plans in place temporarily reduce the borrower's monthly payment for up to forty-eight months without changing the original loan term or interest rate. As of June 30, 2021 and 2020, the total principal balance outstanding of loans in a modified status was $31M and $40M and represented approximately 2% and 3% of all loans in repayment, respectively. Loans in a modified payment plan status are factored into the allowance for education loan notes receivable, which is based on historical default and recovery performance.

During FY21, the Authority continued its methodology for estimating the allowance for doubtful accounts, which is derived from historical information based on the loan portfolios performance to achieve the current estimated net realizable value of the outstanding education loan notes. The FY21 provision for education loan losses was $6.4M, which increased the allowance for doubtful accounts to $89.4M. Approximately $4.8M and $5M of the allowance for doubtful accounts is allocated to education loans in deferment in FY21 and FY20, respectively.

DEBT ADMINISTRATION

As of June 30, 2021, the Authority had $1.81B of bond principal outstanding compared to $1.84B at the end of FY20. All of the Authority's outstanding bonds are rated by nationally recognized rating agencies.

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

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

- Fixed rate tax-exempt revenue bonds represent 62% of the outstanding bond portfolio (a decrease from 65% in FY20 and 74% in FY19).

- Fixed rate taxable revenue bonds represent 25% of the outstanding bond portfolio (an increase from 16% in FY20 and FY19).

- Fixed rate taxable asset backed notes represent 12% of the outstanding bond portfolio (a decrease from 18% in FY20 and an increase from 8% in FY19).

- Taxable floating rate notes represent 1% of the outstanding bond portfolio (no change from FY20 and a decrease from 2% in FY19).

The Authority also had $95.2M and $94.1M of commercial paper notes outstanding at June 30, 2021 and June 30, 2020, respectively, which are supported by a letter of credit. The notes have published short term ratings of A-1+ by S&P and F1+ by Fitch in each case based upon the issuance of the letter of credit by the bank. The letter of credit and any associated bank note or bank obligation are general obligations of the Authority.

CAPITAL ASSETS

For the year ended June 30, 2021, the Authority had $3.3M invested in capital assets, representing a net increase (additions and depreciation) of $276K in such assets. The reconciliation below summarizes the change in capital assets by fiscal year. The Authority purchased $1.9M in capital assets during FY21, which were primarily related to software development costs relating to the loan origination platforms.

(in thousands)

	2021		2020		2019	
Beginning balance, net	$	3,042	$	2,641	$	2,589
Additions		1,847		1,755		1,209
Depreciation		(1,571)		(1,354)		(1,157)
Ending balance, net	$	3,318	$	3,042	$	2,641

FINANCIAL CONTACT

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

Report of Independent Auditors

To the Management of the Massachusetts Educational Financing Authority

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the Massachusetts Educational Financing Authority (the "Authority") as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the index.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Massachusetts Educational Financing Authority as of June 30, 2021 and 2020, and its changes in financial position and its cash flows for the years then ended, and the financial position of the fiduciary activities of the Massachusetts Educational Financing Authority as of June 30, 2021 and 2020, in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required supplemental information

The accompanying Management's Discussion and Analysis ("MD&A") on pages 2 through 11 is required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental schedules on pages 42 through 49 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules on pages 42 through 49 are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

Boston, Massachusetts
December 17, 2021

(in thousands)

	2021	2020
Assets		
Current assets		
Cash and cash equivalents (Notes 3 and 4)	$ 401,469	$ 308,934
Investments (Notes 3 and 4)	19,241	17,184
Education loan notes receivable, net (Notes 3, 5, and 10)	132,024	127,414
Interest receivable on education loan notes	31,476	30,893
Prepaid expenses and other assets	3,700	3,679
Total current assets	587,910	488,104
Non-current assets		
Cash and cash equivalents (Notes 3 and 4)	29,063	36,296
Investments (Notes 3 and 4)	102,929	111,407
Derivative instruments (Notes 3 and 8)	142	104
Education loan notes receivable, net (Notes 3, 5, and 10)	1,555,501	1,653,923
Capital equipment, net of accumulated depreciation (Note 13)	3,318	3,042
Total assets	$ 2,278,863	$ 2,292,876
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	$ 15,067	$ 13,230
Bonds payable – current portion (Note 6)	164,000	119,521
Certificates payable (Note 9)	5,539	4,327
Accrued interest payable	33,632	33,511
Total current liabilities	218,238	170,589
Non-current liabilities		
Notes payable (Note 7)	95,210	94,095
Bonds payable – net of current portion (Note 6)	1,694,954	1,761,987
Other liabilities – non-current	147	119
Total liabilities	2,008,549	2,026,790
Deferred inflows of resources		
Net gain on bond refunding (Note 6)	2,491	3,512
Total deferred inflows of resources	2,491	3,512
Total liabilities and deferred inflows of resources	2,011,040	2,030,302
Net position		
Net investment in capital assets	3,318	3,042
Restricted	156,279	138,647
Unrestricted	108,226	120,885
Total net position	267,823	262,574
Total liabilities, deferred inflows of resources and net position	$ 2,278,863	$ 2,292,876

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

Massachusetts Educational Financing Authority
Statements of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2021 and 2020
(in thousands)

	2021	2020
Operating revenues		
Interest on education loan notes receivable (Note 3)	$ 102,874	$ 106,538
Loan origination fees (Note 5)	-	354
College savings plan interest and fees	6,835	6,078
Other revenue	818	1,332
Total operating revenues	110,527	114,302
Operating expenses		
Bond and note interest expense (Notes 6 and 7)	65,705	69,349
Costs of bond and note issuance	3,683	2,053
Provision for doubtful education loan notes receivable	6,443	8,771
General and administrative (Notes 3, 11, 12, and 13)	28,438	29,908
Other expense	1,153	2,223
Total operating expenses	105,422	112,304
Operating income	5,105	1,998
Non-operating revenues (expenses)		
Interest and dividends	106	5,447
Increase (decrease) in fair value of derivative instruments	38	(10)
Net non-operating revenues	144	5,437
Total increase in net position	5,249	7,435
Net position, beginning of year	262,574	255,139
Net position, end of year	$ 267,823	$ 262,574

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

Massachusetts Educational Financing Authority
Statements of Cash Flows
For the years ended June 30, 2021 and 2020
(in thousands)

	2021	2020
Cash flows from operating activities:		
Payments for disbursed loans	$ (322,177)	$ (464,430)
Payments received on outstanding loan principal	423,719	347,723
General and administrative payments	(24,957)	(29,410)
Interest received on education loans	86,965	87,225
Proceeds from other sources	7,564	7,388
Net cash provided by (used in) operating activities	171,114	(51,504)
Cash flows from non-capital financing activities:		
Proceeds from issuance of bonds	301,445	211,222
Proceeds from issuance of commercial paper notes	263,210	226,000
Costs of bond and note issuance	(3,683)	(2,053)
Bond and note interest paid	(75,625)	(79,184)
Principal payments on bonds payable	(314,979)	(227,765)
Principal payments on commercial paper notes	(262,095)	(210,005)
Net cash used in non-capital financing activities	(91,727)	(81,785)
Cash flows from capital financing activities:		
Purchase of capital equipment and software development	(1,846)	(1,755)
Net cash used in capital financing activities	(1,846)	(1,755)
Cash flows from investing activities:		
Proceeds from maturity/sale of investments	19,053	25,512
Purchases of investments	(11,420)	(40,211)
Interest and dividends received on cash and investments	128	6,340
Net cash provided by (used in) investing activities	7,761	(8,359)
Net increase (decrease) in cash and cash equivalents	85,302	(143,403)
Cash and cash equivalents, beginning of year	345,230	488,633
Cash and cash equivalents, end of year	$ 430,532	$ 345,230

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

(in thousands)

Reconciliation of operating income to net cash provided by (used in) operating activities	2021	2020
Operating income	$5,105	$1,998
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	1,571	1,353
Provision for doubtful education loan notes receivable	6,443	8,771
Costs of bond and note issuance	3,683	2,053
Bond and note interest expense	65,705	69,349
Changes in assets and liabilities:		
Education loan notes receivable	87,369	(132,170)
Interest receivable on education loan notes	(583)	(1,981)
Accounts payable and accrued expenses	1,864	(817)
Prepaid expenses and other assets	(43)	(60)
Net cash provided by (used in) operating activities	$171,114	($51,504)

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

	2021	2020
Assets		
Investments, at fair value	$71,097,113	$36,998,958
Receivable for securities sold	8,084	-
Receivable for fund shares sold	126,918	95,496
Dividend receivable	95	57
Total assets	$71,232,210	$37,094,511
Liabilities		
Payable for investments purchased	$ 115,569	$ 86,403
Accrued management fee	9,199	4,718
Payable for fund shares purchased	19,529	9,092
Due to designated beneficiaries	71,087,913	36,994,298
Total liabilities	$71,232,210	$37,094,511

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

NOTES TO THE ENTERPRISE FINANCIAL STATEMENTS

1. THE AUTHORITY

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

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

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

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

In March 2017, the Authority adopted a resolution (the "Note Resolution") to authorize the issuance of commercial paper notes ("the Notes") as a temporary financing mechanism for its loan programs (see *Note 7*). The Notes are supported by an irrevocable direct-pay letter of credit (the "Letter of Credit") and payable primarily from draws on the Letter of Credit as well as revenues and the funds and accounts established and pledged under the resolution. The Authority intends to issue a combination of revenue bonds and asset backed notes to permanently finance education loans originated with proceeds from the Notes. The Notes are special obligations of the Authority. Neither the Commonwealth nor any political subdivision thereof is or shall be obligated to pay the principal of or interest on the Notes, and neither the full faith and credit, nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to such payment.

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

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

In July 2002, the Authority, introduced the Federal Family Education Loan Program (the "FFELP") as a means to complement the existing proprietary consumer loan products and enhance the potential borrowing options available to families attending educational institutions within the Commonwealth and residents of the Commonwealth who choose to attend college out of state. Effective July 1, 2010, new legislation eliminated the ability to provide new loans under FFELP and requires that all new federal loans are to be made through the Direct Loan Program, which is administered by the Federal Government. The new law did not affect the terms and conditions of existing FFELP loans originated by the Authority. In the case of defaults on FFELP loans, the federal government guarantees to the participating lenders 98% of the principal and interest outstanding for those loans originated prior to July 1, 2006 and 97% for loans originated prior to the conclusion of the program by the Federal government on July 1, 2010.

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

COVID-19 Response

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including throughout the United States and in Massachusetts, and on March 11, 2020, was declared a pandemic by the World Health Organization. In response to the pandemic, international, federal, state and local governments, as well as private organizations implemented numerous measures intended to mitigate the spread and effects of COVID-19. Individuals and businesses have altered their behavior to adapt to such measures and to respond to the spread of COVID-19. The spread of COVID-19, the mitigation measures implemented, and these behavioral adaptations have caused and may continue to cause disruption in global, national, and local economies, as well as global financial markets, and volatility in the U.S. capital markets.

The extent to which the COVID-19 pandemic affects the Authority will largely depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the pandemic and the actions taken to contain it or alleviate its effects. There can be no assurances that the pandemic and resulting business and market disruptions, will not have an adverse impact on the operations of the Authority and its financial condition.

COVID-19 has affected borrowers nationwide and due to the severity of the outbreak, the Authority made the decision to temporarily expand its relief options to borrowers in fiscal years 2020 and 2021 (see Note 5).

2. BASIS OF PRESENTATION

Accounting and Reporting Standards

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

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

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

For external accounting and reporting purposes, net position is classified in the following three components:

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

- **Restricted net position**: net position subject to externally imposed stipulations or enabling legislation that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. The Authority's restricted assets are all expendable and are discussed below:

  - **Trusteed Bond Funds**
    The Bond resolutions for the Trusteed Bond Funds establish various funds and accounts, the primary purpose of which is to (i) provide a basis for the allocation and disbursement of monies received by the Bond funds; (ii) pay issuance costs; (iii) provide for the periodic payment of principal and interest; and (iv) establish reserves to provide for the timely servicing of debt obligations (see *Note 5*). The use of the assets of the various funds and accounts is governed and restricted by the Trusteed Bond Fund Resolutions (see *Note 6*). The assets, deferred outflows, liabilities, deferred inflows, and net position of these funds are the sole responsibility of the trust of each of the individual bond indentures. Neither the Authority, the College Savings funds, nor any other indenture have any entitlement to any of the assets or any legal obligation to settle any of the liabilities of these bond indentures.

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

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

Cash, Cash Equivalents and Investments
Cash and cash equivalents are comprised of cash in bank depository accounts and money market funds in the Trusteed Bond and Trusteed Note Funds, which are restricted in nature. The investments of the Authority, the alternatives of which are governed by the Authority's enabling legislation, include money market funds within the Authority's General and U.Plan funds. Cash and investments not intended to be used within one fiscal year are considered long term assets.

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

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

In accordance with the Internal Revenue Code of 1986 (the "Code") and the related Treasury regulations, the Authority is required to keep the yield to the Authority on student loans within a designated percentage of the interest cost of the related tax-exempt borrowing. The Authority has traditionally selected to utilize loan forgiveness at the retirement of the bonds to keep the yield within the designated percentage of the interest costs of the related tax-exempt borrowing. A separate method of reducing yield is to make yield reduction payments to the United States Treasury. These estimated yield reduction payments may be made by the end of the tenth year and every fifth year thereafter during the life of each bond issue and when the bonds are retired. The Authority has contracted with a third party to calculate the estimated liability of the yield restrictions for bonds that are near the end of their term. Management works closely with this third party and reviews and evaluates all final output. The resulting estimated liability is recorded as an adjustment to the net realizable value of the loan portfolio. The factors used in determining this estimate are sensitive to change in the future and consequently the change in estimate may be material to the financial statement results. This current model of estimating is subject to change based on management's judgment and discretion.

Arbitrage Rebate
In accordance with the Code, the Authority may be required to pay to the United States Treasury certain amounts related to the Authority's tax-exempt bond issues. The estimated amount of arbitrage payable represents the excess, if any, of amounts earned on bond proceeds and certain related funds on taxable securities (except for earnings that are not required to be rebated under limited exemptions under the Code) over the interest due on the Authority's tax-exempt bonds, plus income attributable to any such excess. Such rebate payments are due every fifth year of each bond issue and when the bonds are retired. The Authority contracts with a third party to calculate estimated amounts due on an annual basis to the federal government. After review and evaluation of this estimate, management records a corresponding liability amount expected to be remitted.

Capital Equipment
Capital equipment, including: computer hardware and software development costs, furniture and fixtures, office equipment and leasehold improvements, is recorded at cost less accumulated depreciation computed using the straight-line method over an estimated useful life of 3 to 10 years *(see Note 13).* Capital equipment is defined as assets over a certain dollar threshold with an estimated useful life in excess of one year.

Investment Earnings
Earnings on cash and investments include interest earned on cash and investments as well as fair value adjustments on derivatives. The net increase/ (decrease) in fair value takes into account all changes in fair value that occurred during the year.

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

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

Fair Value
GASB statement No. 72, *Fair Value Measurement and Application* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The statement requires the use of certain valuation techniques when measuring fair value and also established a hierarchy of valuation inputs: Level 1 inputs (quoted prices in active markets for identical investments), Level 2 inputs (inputs other than quoted prices that are observable) and Level 3 inputs (unobservable inputs). As of June 30, 2021 and June 30, 2020, the Authority's money market investments are categorized as Level 1 and derivative instruments are categorized as Level 2.

Derivative Instruments
GASB Statement No. 53 ("GASB 53"), *Accounting and Financial Reporting for Derivative Instruments* requires governments to measure most derivative instruments at fair value on the Statement of Net Position and to measure the annual change in the fair value of non-hedging derivatives as investment income or loss in the Statement of Revenues, Expenses, and Changes in Net Position. GASB 53 also provides guidance addressing hedge accounting requirements.

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

Recently Issued Accounting Pronouncements

In January 2017, GASB approved Statement No. 84, "Fiduciary Activities" ("GASB 84"). The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. GASB 84 was originally effective for periods beginning after December 15, 2018. The effective date was superseded in accordance with GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance", as described below, to fiscal years beginning after December 15, 2019. The Authority implemented this standard in fiscal year 2021 with no significant impact to the Authority's financial statements.

In June 2017, GASB approved Statement No. 87, "Leases" ("GASB 87"). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. This Statement increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The original effective date of this standard was for reporting periods beginning after December 15, 2019. The effective date was superseded in accordance with GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance", as described below, to fiscal years beginning after June 15, 2021. The Authority is currently assessing the impact of GASB 87.

In March 2020, GASB approved Statement No. 93, "Replacement of Interbank Offered Rates" (GASB 93). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. The GASB issued GASB 93 to amend GASB Statement 53 in order to address the accounting and financial reporting implications that result from the replacement of LIBOR. At the time that Statement 93 was issued, LIBOR was expected to cease to exist after December 31,2021. Subsequently, LIBOR's administrator, the ICE Benchmark Administration, announced that the most widely used United States Dollar LIBOR would continue to be published until June 30, 2023. On July 1, 2021, GASB issued an exposure draft to address the extension of the publication of Libor until June 30, 2023. The Authority is currently assessing the impact of GASB 93, the exposure draft and the implementation issues.

In May 2020, GASB approved Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" ("GASB 95"). The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In May 2020, GASB approved Statement No. 96, "Subscription-Based Information Technology Arrangements" (GASB 96). This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). The Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The Authority is currently assessing the impact of GASB 96 and the implementation issues.

In June 2020, GASB issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" ("GASB 97"). The primary objective of this Statement is (1) to require that Internal Revenue Code ("IRC") Section 457 deferred compensation plans be classified as either a pension plan or another employee benefit plan, depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Authority is currently assessing the impact of GASB 97.

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

The following summarize the cash, cash equivalents and investments of the Authority and identifies certain types of investment risk as defined by Governmental Accounting Standards Board No. 40 Deposit and Investment Risks Disclosures ("GASB 40") at June 30, 2021 and 2020, respectively.

(in thousands)	2021	2020
Cash deposits	$ 1,960	$ 2,525
Mutual funds:		
Money market funds – Authority and College Savings	122,170	128,591
Money market funds – Trusteed Bonds and Notes	428,572	342,705
Total cash, cash equivalents and investments	$ 552,702	$ 473,821

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

As of June 30, 2021 and June 30, 2020, $1.6M and $2.1M were exposed to custodial credit risk as uninsured and uncollateralized deposits, respectively. As stated in the Authority's investment policy, depository banks are required to be rated in the top three rating categories by S&P or Moody's.

As of June 30, 2021, the Authority had the following cash and investments by financial institution within each outstanding trust and the Authority:

Authority, Trusted Note Funds and College Savings Funds	Cash and Investments	% of Total
Bank of America	$ 1,664,953	1.1%
Fidelity U.S. Government Portfolio – Authority Funds	$ 102,928,898	70.1%
Fidelity U.S. Government Portfolio – Trusteed Note Funds	$ 22,939,507	15.6%
Fidelity Government Money Market Fund	$ 1,611,590	1.1%
First American Government Obligations Fund	$ 17,629,889	12.1%

Issue FRN Indenture	Cash and Investments	% of Total
Fidelity U.S. Government Portfolio	$ 2,024,560	100%

Issue ABS 18 Indenture	Cash and Investments	% of Total
Bank of America	$ 1,377	0.1%
Fidelity U.S. Government Portfolio	$ 4,323,827	99.9%

Issue ABS 20 Indenture	Cash and Investments	% of Total
Fidelity U.S. Government Portfolio	$ 5,927,375	100%

Issue I Indenture	Cash and Investments	% of Total
Bank of America	$ 96,131	0.1%
Fidelity U.S. Government Portfolio	$ 92,121,466	99.9%

Issue J Indenture	Cash and Investments	% of Total
Bank of America	$ 29,183	0.1%
Fidelity U.S. Government Portfolio	$ 90,084,786	99.9%

Issue K Indenture	Cash and Investments	% of Total
Bank of America	$ 27,350	0.1%
Fidelity U.S. Government Portfolio	$ 66,302,154	99.9%

Issue L Indenture	Cash and Investments	% of Total
U.S. Bank	$ 141,842	0.1%
Fidelity U.S. Government Portfolio	$ 144,848,119	99.9%

5. EDUCATIONAL FINANCINGS

The Authority originates proprietary, unsecured consumer education loan notes at the original principal amount of the note. During the years ended June 30, 2021 and 2020, respectively, the activity for the Authority's Education loan notes receivable was as follows:

(in thousands)	2021	2020
Outstanding education loan notes receivable (beginning) gross	$ 1,864,257	$ 1,732,087
Increases to education loan notes receivable	337,732	481,047
Decreases to education loan notes receivable	(425,101)	(348,877)
Outstanding education loan notes receivable (ending) gross	1,776,888	1,864,257
Allowance for education loan notes receivable (beginning)	82,920	74,149
Increase to allowance for education loan notes receivable	6,443	8,771
Allowance for education loan notes receivable (ending)	89,363	82,920
Outstanding education loan notes receivable, net (ending)	$ 1,687,525	$ 1,781,337

The allowance for educational loan notes receivable is derived from information based on the loan portfolios historical default and recovery performance to achieve the current estimated net realizable value of the outstanding education loan notes. The allowance increased as a result of a $6.4M and $8.8M increase to the provision for doubtful education loan notes receivable in fiscal years 2021 and 2020, respectively. The Authority has expensed historically in aggregate a net of $39M of education loan notes related to the tax-exempt yield restrictions through fiscal year 2021. No allowance for yield restriction was required at June 30, 2021 and 2020. Yield restriction expense is required in order to maintain the tax-exempt status of the bonds under Federal IRS regulations.

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

The Authority uses loan modifications to assist private loan borrowers demonstrating a need for temporary payment relief during difficult economic times. The loan modification plans in place temporarily reduce the borrower's monthly payment for up to forty-eight months without changing the original loan term or interest rate. As of June 30, 2021 and 2020, the total principal balance outstanding of loans in a modified status was $31M and $40M and represented approximately 2% and 3% of all loans in repayment, respectively. At June 30, 2021 and 2020, these modified loans were 100% current, defined as less than 30 days past due, in regard to monthly payments received under the modified terms. Loans in a modified payment plan status are factored into the allowance for education loan notes receivable, which is based on historical default and recovery performance.

Historically, the Authority has also offered Natural Disaster Forbearance for borrowers that are impacted by a federally declared major disaster. On March 13, 2020, a National Emergency was declared by the Federal government. Due to the severity of COVID 19, the Authority made the decision to expand its relief option by offering Natural Disaster Forbearance to all borrowers impacted by COVID 19 for a period of up to four months. In addition, beginning in April 2020, the Authority automatically applied Natural Disaster Forbearance to any account 30 days or more delinquent.

Beginning in fiscal year 2021, the Authority updated the Natural Disaster Forbearance policy from a 90-day period to rolling 30 day increments. As loans previously in forbearance moved into repayment between July 2020 and September 2020, the process to automatically place accounts that become 30 days or more delinquent on Natural Disaster Forbearance was discontinued in August 2020. Beginning in December 2020, the Authority implemented a policy to sweep any delinquent loan 120 days or more past due on to a three-month natural disaster forbearance. As of June 30, 2021 and 2020, the total principal balance outstanding of loans in forbearance was $2.1M and $136.2M, respectively and represented approximately 0.15% and 9% of all loans in repayment, respectively.

The loan and debt service reserve funds are designed and funded to provide another level of support for defaulted loans and debt service payments that provide stability to the cash flow of the bond issuance. On an annual basis, the reserve requirements are reviewed and funded by cash balances at levels approved by the insurer or rating agencies of each specific bond issue. The fund balance of the loan and debt service reserve requirements in aggregate was $23.9M and $20.5M for fiscal years 2021 and 2020, respectively.

6. BONDS PAYABLE

The activity related to the Authority's bonds payable for the fiscal years ended 2021 and 2020 was as follows:

(in thousands)

	2021	2020
Bonds outstanding, gross beginning balance	$ 1,839,070	$ 1,855,556
Bonds issued	290,080	211,280
Bonds redeemed	(314,979)	(227,766)
Bonds outstanding, gross ending balance	1,814,171	1,839,070
Net unamortized issuance premiums	44,783	42,438
Bonds outstanding, net ending balance	$ 1,858,954	$ 1,881,508

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

As of June 30, 2021 mandatory annual maturities of bonds principal payable for the next five fiscal years and thereafter are as follows (in thousands):

	2022	2023	2024	2025	2026	Remaining Schedule	Total Payable
2008 FRN	-	-	-	-	-	23,940	23,940
2009 Issue I	-	2,620	1,750	1,840	1,710	270	8,190
2010 Issue I	34,915	-	-	520	2,355	8,615	46,405
2011 Issue J	6,460	7,010	2,135	2,315	2,515	13,380	33,815
2012 Issue J	15,950	-	4,730	5,105	4,650	12,890	43,325
2013 Issue K	16,320	17,895	7,155	7,550	6,650	31,540	87,110
2014 Issue I	5,000	8,000	7,000	33,600	24,000	19,490	97,090
2015A Issue I	39,000	9,000	34,000	7,000	8,000	3,730	100,730
2015B Issue I	4,440	4,070	4,380	3,360	1,880	6,145	24,275
2016 Issue J	16,600	22,100	26,100	27,370	16,890	98,970	208,030
2017 Issue K	10,955	10,000	15,000	13,230	12,480	74,875	136,540
2018 Issue L	11,710	18,880	23,245	24,210	26,165	182,130	286,340
2018 ABS	-	-	-	-	-	77,635	77,635
2019 Issue L	-	1,000	7,155	12,380	13,705	173,930	208,170
2020 ABS	-	-	-	-	-	142,496	142,496
2020 Issue L	-	-	7,000	18,065	20,550	244,465	290,080
	$161,350	$100,575	$139,650	$156,545	$141,550	$ 1,114,501	$1,814,171

In July and August 2021, the Authority redeemed fixed rate bonds outstanding of $164.1M and $15M of floating rate notes.

The following is a summary of the principal maturities and estimated interest expense for bonds payable outstanding at June 30, 2021 (in thousands):

Year Ending June 30	**Principal**	**Interest**	**Total Debt Service**
2022	161,350	71,833	233,183
2023	100,575	63,871	164,446
2024	139,650	58,808	198,458
2025	156,545	52,000	208,545
2026	141,550	45,194	186,744
2027-2031	480,445	151,404	631,849
2032-2036	320,653	71,736	392,389
2037-2041	180,006	38,991	218,997
2042-2046	19,597	25,101	44,698
2047-2051	113,800	4,088	117,888
	$1,814,171	$583,026	$2,397,197

Total interest expense for the years ended June 30, 2021 and 2020 was $65.7M and $69.4M, respectively and includes $9.0M and $7.2M amortization of bond issuance premium, respectively. Also, for fiscal years 2021 and 2020 there is $1.0M and $1.5M of amortization of net deferred gain on bond program activities included in the total bond interest expense, respectively.

Issue FRN 2008

On July 2, 2008, under the FRN Indenture, the Authority issued $296M principal amount of floating rate bonds with a final maturity date of April 25, 2038. Quarterly interest payments are required on each distribution date, which is the 25th day of the month for the months of January, April, July and October. The notes will bear interest at an annual rate equal to three-month LIBOR plus 0.95%. Outstanding note principal may be redeemed on each quarterly distribution as determined by the Indenture requirements. As a result of redemptions of $5.5M in fiscal year 2021, the ending balance of this entire series as of June 30, 2021 is $23.9M.

Issue I Series 2009A

On June 26, 2009, under the Issue I 2009 Bond Resolution, the Authority issued $289M principal amount of bonds dated June 30, 2009, requiring annual principal payments each January 1 commencing on January 1, 2012. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2010. Issue I 2009A Bonds mature as follows: $132.4M serial bonds which matured annually from 2012 to 2020 in annual amounts ranging from $2.5M to $17.8M with interest at rates ranging from 3.40% to 5.75%; and $156.6M term bonds which mature in 2023 and 2028. The term bonds are subject to annual sinking fund installments totaling $41.9M from 2021 to 2022 and $114.7M from 2023 to 2027. Bonds maturing on or after January 1, 2023, are redeemable at the option of the Authority, in whole or in part, on any date on or after January 1, 2020. The Issue I 2009 Bonds were issued with a premium of $1.7M.

As a result of redemptions of $4.9M in fiscal year 2021, the ending balance of this entire series as of June 30, 2021 is $8.2M including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue I Series 2010A and 2010B

On February 3, 2010, under the Issue I 2010 Bond Resolution, the Authority issued $318.5M principal amount of bonds dated February 18, 2010 requiring annual principal payments each January 1 commencing January 1, 2012. Semiannual interest payments are required each January 1 and July 1 commencing on July 1, 2010. Issue I Series 2010A Bonds mature as follows: $318.5M serial bonds which mature annually from 2012 to 2030 in annual amounts ranging from $4.2M to $37.8M with interest at rates ranging from 2.00% to 5.50%. Bonds maturing on or after January 1, 2021, are redeemable at the option of the Authority, in whole or in part, on any date on or after January 1, 2020.

On February 3, 2010, under the Issue I 2010 Bond Resolution, the Authority issued $86.5M principal amount of bonds dated February 18, 2010 requiring annual principal payments each January 1 commencing January 1, 2012. Semiannual interest payments are required each January 1 and July 1 commencing on July 1, 2010. Issue I Series 2010B Bonds mature as follows: $41.2M serial bonds which matured annually from 2012 to 2020 in annual amounts ranging from $2.0M to $7.1M with interest at rates ranging from 2.55% to 5.375%; and $45.3M term bonds which mature 2023 and 2031. The term bonds are subject to annual sinking fund installments totaling $10.6M from 2021 to 2022 and $34.7M from 2029 to 2030. Bonds maturing on or after January 1, 2023, are redeemable at the option of the Authority, in whole or in part, on any date on or after January 1, 2020.

The Issue I 2010 Bonds were issued with a premium of $4.4M.

As a result of redemptions of $6.9M in fiscal year 2021, the ending balance of this entire series as of June 30, 2021 is $46.6M, including the unamortized premium that was incorporated in the initial sale of the bonds and net deferred gain on bond program activities.

Issue J Series 2011
On June 24, 2011, under the Issue J 2011 Bond Resolution, the Authority issued $102.9M principal amount of bonds dated July 13, 2011 requiring annual principal payments each July 1 commencing July 1, 2017. Semiannual interest payments are required each January 1 and July 1 commencing on July 1, 2012. Issue J Series 2011 Bonds mature as follows: $90.9M serial bonds which mature annually from 2017 to 2029 in annual amounts ranging from $0.5M to $11.2M with interest at rates ranging from 4.00% to 5.625%; and $12M of term bonds which mature in 2033. The Issue J Series 2011 Bonds are subject to sinking fund installments totaling $12M from fiscal 2030 to 2033 in annual amounts ranging from $1.5M to $8.6M. Bonds maturing on or after July 1, 2022, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2021. The Issue J Series 2011 Bonds were issued at a discount of $0.4M.

As a result of scheduled maturities and redemptions of $8.3M in fiscal year 2021, the ending balance of this entire series as of June 30, 2021 is $33.8M, including the unamortized discount that was incorporated in the initial sale of the bonds.

Issue J Series 2012
On June 1, 2012, under the Issue J 2012 Bond Resolution, the Authority issued $168.3M principal amount of bonds dated June 27, 2012 requiring annual principal payments each July 1 commencing July 1, 2018. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2013. Issue J Series 2012 Bonds are term bonds which mature annually from 2018 to 2030 in annual amounts ranging from $2.5M to $25.7M with interest at rates ranging from 3.10% to 5.00%. Bonds maturing on July 1, 2022, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2021. The Issue J Series 2012 Bonds were issued with a premium of $4.2M.

As a result of scheduled maturities and redemptions of $24.7M in fiscal year 2021, the ending balance of this entire series as of June 30, 2021 is $43.9M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue K Series 2013
On June 20, 2013, under the Issue K 2013 Bond Resolution, the Authority issued $222M principal amount of bonds dated June 27, 2013 requiring annual principal payments each July 1 commencing July 1, 2015. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2014. Issue K Series 2013 Bonds mature as follows: $135.1M serial bonds which mature annually from fiscal year 2016 to 2026 in annual amounts ranging from $1.2M to $20.8M with interest at rates ranging from 2.00% to 5.00%, $86.9M of term bonds maturing in 2029 and 2032 with interest at rates of 5.25% and 5.375%. Bonds maturing on or after July 1, 2023 are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2022. The Issue K Series 2013 Bonds were issued with a premium of $4.6M.

As a result of scheduled maturities and redemptions of $27.3M in fiscal year 2021, the ending balance of this entire series as of June 30, 2021 is $88.1M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue I Series 2014
On May 8, 2014, under the Issue I 2014 Bond Resolution, the Authority issued $185.7M principal amount of bonds dated June 17, 2014 requiring annual principal payments each January 1 commencing January 1, 2017. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2015.

Issue I Series 2014 Bonds mature as follows: $167.6M serial bonds which mature annually from fiscal year 2017 to 2027 in annual amounts ranging from $0.8M to $37.5M with interest at rates ranging from 3.00% to 5.00%, $18.1M of term bonds maturing in 2032 with an interest rate of 4.375%. Bonds maturing on or after January 1, 2026 are redeemable at the option of the Authority, in whole or in part, on any date on or after January 1, 2025. The Issue I Series 2014 Bonds were issued with a premium of $15.5M.

As a result of scheduled maturities and redemptions of $40.9M in fiscal year 2021, the ending balance of this entire series as of June 30, 2021 is $101.7M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue I Series 2015A

On May 28, 2015, under the Issue I 2015A Bond Resolution, the Authority issued $184.8M principal amount of bonds dated July 9, 2015 requiring annual principal payments each January 1 commencing January 1, 2017. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2016. The Issue I Series 2015A Bonds mature annually from 2017 to 2032 in annual amounts ranging from $0.3M to $38.7M with interest at rates ranging from 3.00% to 5.00%. Bonds maturing on or after January 1, 2026 are redeemable at the option of the Authority, in whole or in part, on any date on or after January 1, 2025. The Issue I Series 2015A Bonds were issued with a premium of $15.2M.

As a result of scheduled maturities and redemptions of $24.3M in fiscal year 2021, the ending balance of this entire series as of June 30, 2021 is $106M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue I Series 2015B-1 and 2015B-2

On November 18, 2015, under the Issue I 2015B Bond Resolution, the Authority issued $21M principal amount of floating rate planned amortization class (PAC) bonds dated November 30, 2015. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2016. Issue I Series 2015B-1 Bonds mature as follows: $6M PAC bonds maturing in 2031 with mandatory semi-annual PAC installments from 2017 to 2019 in amounts ranging from $0.2M to $2.3M bearing an interest rate of one-month LIBOR plus 1.75%; $15M PAC bonds maturing in 2032 with semi-annual mandatory PAC installments from 2019 to 2028 in amounts ranging from $0.1M to $1.0M bearing an interest rate of one month LIBOR plus 2.05%. On October 3, 2018, the remaining outstanding Issue I Series 2015B-1 bonds were optionally refunded and the series was retired.

On November 18, 2015, under the Issue I 2015B Bond Resolution, the Authority issued $55M principal amount of fixed rate serial, term and PAC bonds dated November 30, 2015. Semiannual interest payments are required each January 1 and July 1 commencing on July 1, 2016. Issue I Series 2015B-2 Bonds mature as follows: $21.6M serial bonds which mature semi-annually from 2017 to 2023 in annual amounts ranging from $1.5M to $2.0M with interest at rates ranging from 2.00% to 3.875%; $22.2M term bonds maturing in 2025 and 2030 bearing interest rates of 4.0% and 4.7% respectively; $11.2M PAC bonds maturing in 2032 bearing an interest rate of 4% and requiring semi-annual mandatory PAC installments from 2017 to 2024 in amounts ranging from $0.01M to $2M. Term bonds are subject to sinking fund installments totaling $22M from 2024 to 2030 in amounts ranging from $900K to $2M. Bonds maturing on or after July 1, 2026 are redeemable at the option of the Authority, in whole or in part, on any date on or after January 1, 2026.

The Issue I Series 2015B Bonds were issued at a discount of $1.6M.

As a result of scheduled maturities and redemptions of $9.5M in fiscal year 2021, the ending balance of this entire series as of June 30, 2021 is $24.1M, including the unamortized discount that was incorporated in the initial sale of the bonds.

Issue J Series 2016

On May 25, 2016, under the Issue J 2016 Bond Resolution, the Authority issued $340M principal amount of bonds dated June 16, 2016 requiring annual principal payments each July 1 commencing July 1, 2018. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2017. Issue J Series 2016 Bonds mature as follows: $137.7M serial bonds which mature annually from 2018 to 2024 in annual amounts ranging from $12M to $27.4M with interest at rates ranging from 4.00% to 5.00%, $202.3M of term bonds which mature in 2033 with an interest rate of 3.5%. The term bonds are subject to annual sinking fund installments totaling $202.3M from 2025 to 2033 in amounts ranging from $10.0M to $34.7M. Bonds maturing on or after July 1, 2033 are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2024. The Issue J Series 2016 Bonds were issued with a premium of $13M.

As a result of scheduled maturities and redemptions of $29.1M in fiscal year 2021, the ending balance of this entire series as of June 30, 2021 is $213.4M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue K Series 2017A and 2017B

On June 1, 2017, under the Issue K 2017 Bond Resolution, the Authority issued $117.8M principal amount of Senior Series 2017A bonds dated June 13, 2017. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2018. Issue K Series 2017A Bonds mature as follows: $75.1M serial bonds which mature annually on July 1 from 2019 to 2026 in amounts ranging from $0.5M to $15M with interest at rates ranging from 3.00% to 5.00%; $42.7M term bonds which mature in 2032 with an interest rate of 3.6%. The Issue K Series 2017A Bonds are subject to sinking fund installments totaling $42.7M from fiscal 2027 to 2032 in annual amounts ranging from $3.1M to $10.7M.

On June 1, 2017, under the Issue K 2017 Bond Resolution, the Authority issued $42.8M principal amount of Subordinate Series 2017B bonds dated June 13, 2017. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2018. Issue K Series 2017B Bonds are term bonds which mature in 2046 with an interest rate of 4.3%.

Bonds maturing on or after July 1, 2032, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2026. The Issue K 2017 Bonds were issued with a premium of $9.3M.

As a result of scheduled maturities and redemptions of $8.9M in fiscal year 2021, the ending balance of this entire series as of June 30, 2021 is $142.6M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue L Series 2018A, 2018B & 2018C

On May 17, 2018, under the Issue L 2018 Bond Resolution, the Authority issued $159M principal amount of Senior Series 2018A Bonds dated June 13, 2018. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2019. Issue L Series 2018A Bonds mature as follows: $93.2M serial bonds which mature annually on July 1 from 2021 to 2028 in amounts ranging from $7.1M to $14.4M with interest at rates ranging from 3.48% to 4.16%; $65.8M term bonds which mature in 2034 with an interest rate of 4.408%. The Issue L Series 2018A Bonds are subject to sinking fund installments totaling $65.8M from 2029 to 2034 in annual amounts ranging from $7.3M to $13.7M. 2018A Bonds maturing on or after July 1, 2029, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2028.

On May 17, 2018, under the Issue L 2018 Bond Resolution, the Authority issued $114M principal amount of Senior Series 2018B Bonds dated June 13, 2018. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2019. Issue L Series 2018B Bonds mature as follows: $77.8M serial bonds which mature annually on July 1 from 2021 to 2028 in amounts ranging from $4.7M to $11.8M with an interest rate of 5%; $36.3M term bonds which mature in 2034 with an interest rate of 3.625%. The Issue L Series 2018B Bonds are subject to sinking fund installments totaling $36.1M from 2029 to 2034 in annual amounts ranging from $2.8M to $6.8M. 2018B Bonds maturing on or after July 1, 2027, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2026.

On May 17, 2018, under the Issue L 2018 Bond Resolution, the Authority issued $33.4M principal amount of Subordinate Series 2018C Bonds dated June 13, 2018. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2019. Issue L Series 2018C Bonds are term bonds which mature in 2046 with an interest rate of 4.125%. 2018C Bonds are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2026.

The Issue L 2018 Bonds were issued with a premium of $7.6M.

As a result of redemptions of $20M in fiscal year 2021, the ending balance of this entire series as of June 30, 2021 is $292.3M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue ABS 2018

On September 19, 2018, under the Indenture of Trust relating to Asset-Backed Notes, Series 2018-A, the Authority issued $157.7M principal amount of Class A education loan asset-backed notes with a final maturity date of May 25, 2033. The notes are secured primarily by education loans originated with proceeds from commercial paper notes and bear an interest rate of 3.85%. Monthly interest payments are required on each distribution date, which is the 25th day of the month. Outstanding note principal may be redeemed on each monthly distribution date as determined by the Indenture requirements.

On September 19, 2018, under the Indenture of Trust relating to Asset-Backed Notes, Series 2018-A, the Authority issued $6.4M principal amount of Class B education loan asset-backed notes with a final maturity date of April 25, 2042. The notes are secured primarily by education loans originated with proceeds from commercial paper notes and bear an interest rate of 4.65%. Monthly interest payments are required on each distribution date, which is the 25th day of the month. Outstanding note principal may be redeemed on each monthly distribution date as determined by the Indenture requirements.

The Issue ABS 2018 notes were issued at a discount of $1.3M.

As a result of redemptions of $35.9M in fiscal year 2021, the ending balance of this entire series as of June 30, 2021 is $77.1M, including the unamortized discount that was incorporated in the initial sale of the notes.

Issue L Series 2019A, 2019B & 2019C

On May 2, 2019, under the Issue L 2019 Bond Resolution, the Authority issued $99.8M principal amount of Senior Series 2019A Bonds dated June 13, 2019. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2020. Issue L Series 2019A Bonds mature as follows: $53.8M serial bonds which mature annually on July 1 from 2022 to 2029 in amounts ranging from $0.6M to $9M with interest at rates ranging from 2.93% to 3.505%; $46M term bonds which mature in 2035 with an interest rate of 3.775%. The Issue L Series 2019A Bonds are subject to sinking fund installments totaling $46M from 2030 to 2035 in annual amounts ranging from $6.8M to $8.4M. 2019A Bonds maturing on or after July 1, 2035, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2029.

On May 2, 2019, under the Issue L 2019 Bond Resolution, the Authority issued $80.8M principal amount of Senior Series 2019B Bonds dated June 13, 2019. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2020. Issue L Series 2019B Bonds mature as follows: $39.5M serial bonds which mature annually on July 1 from 2022 to 2029 in amounts ranging from $0.4M to $7.2M with an interest rate of 5%; $41.3M term bonds which mature in 2035 with an interest rate of 3%. The Issue L Series 2019B Bonds are subject to sinking fund installments totaling $41.3M from 2030 to 2035 in annual amounts ranging from $6.4M to $7.7M. 2019B Bonds maturing on or after July 1, 2035, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2029.

On May 2, 2019, under the Issue L 2019 Bond Resolution, the Authority issued $27.6M principal amount of Subordinate Series 2019C Bonds dated June 13, 2019. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2020. Issue L Series 2019C Bonds are term bonds which mature in 2047 with an interest rate of 3.75%. 2019C Bonds are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2029.

The Issue L 2019 Bonds were issued with a premium of $6.6M.

The ending balance of this entire series as of June 30, 2021 is $213.9M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Issue ABS 2020

On June 9, 2020, under the Indenture of Trust relating to Asset-Backed Notes, Series 2020-A, the Authority issued $198.1M principal amount of Senior Class A education loan asset-backed notes with a final maturity date of February 25, 2040. The notes are secured primarily by education loans originated with proceeds from commercial paper notes and bear an interest rate of 2.30%. Monthly interest payments are required on each distribution date, which is the 25th day of the month. Outstanding note principal may be redeemed on each monthly distribution date as determined by the Indenture requirements.

On June 9, 2020, under the Indenture of Trust relating to Asset-Backed Notes, Series 2020-A, the Authority issued $13.2M principal amount of Subordinate Class B education loan asset-backed notes with a final maturity date of February 25, 2045. The notes are secured primarily by education loans originated with proceeds from commercial paper notes and bear an interest rate of 3.76%. Monthly interest payments are required on each distribution date, which is the 25th day of the month. Outstanding note principal may be redeemed on each monthly distribution date as determined by the Indenture requirements.

As a result of redemptions of $68.8M in fiscal year 2021, the ending balance of this entire series as of June 30, 2021 is $142.5M, including the unamortized discount that was incorporated in the initial sale of the notes.

Issue L Series 2020A, 2020B & 2020C
On October 22, 2020, under the Issue L 2020 Bond Resolution, the Authority issued $186.5M principal amount of Senior Series 2020A Bonds dated October 30, 2020. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2021. Issue L Series 2020A Bonds mature as follows: $101.6M serial bonds which mature annually on July 1 from 2023 to 2030 in amounts ranging from $5M to $15.7M with interest at rates ranging from 1.904% to 3.105%; $84.9M term bonds which mature in 2036 with an interest rate of 3.605%. The Issue L Series 2020A Bonds are subject to sinking fund installments totaling $84.9M from 2031 to 2036 in annual amounts ranging from $10M to $22.5M. 2020A Bonds maturing on or after July 1, 2036, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2030.

On October 22, 2020, under the Issue L 2020 Bond Resolution, the Authority issued $93.6M principal amount of Senior Series 2020B Bonds dated October 30, 2020. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2021. Issue L Series 2020B Bonds mature as follows: $66M serial bonds which mature annually on July 1 from 2023 to 2030 in amounts ranging from $2M to $11M with an interest rate of 5%; $27.7M term bonds which mature in 2036 with an interest rate of 2.625%. The Issue L Series 2020B Bonds are subject to sinking fund installments totaling $27.7M from 2031 to 2036 in annual amounts ranging from $4.3M to $5M. 2020B Bonds maturing on or after July 1, 2036, are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2030.

On October 22, 2020, under the Issue L 2020 Bond Resolution, the Authority issued $10M principal amount of Subordinate Series 2020C Bonds dated October 30, 2020. Semiannual interest payments are required each January 1 and July 1 commencing on January 1, 2021. Issue L Series 2020C Bonds are term bonds which mature in 2048 with an interest rate of 3.75%. 2020C Bonds are redeemable at the option of the Authority, in whole or in part, on any date on or after July 1, 2030.

The Issue L 2020 Bonds were issued with a premium of $11.4M.

The ending balance of this entire series as of June 30, 2021 is $301M, including the unamortized premium that was incorporated in the initial sale of the bonds.

Debt Refunding Transactions

Issue ABS 2020 bonds were issued in fiscal year 2020 for the purpose of paying the principal of and accrued interest on a portion of the outstanding commercial paper notes previously issued under the Note Resolution. At the time of issuance, $31M of proceeds from the ABS 2020 bonds, were placed into an irrevocable trust in an amount sufficient to pay the principal and interest on certain commercial paper notes (“defeased notes”) maturing subsequent to the ABS 2020 issuance date. Accordingly, the assets and liabilities of the irrevocable trust are not included in the Authority’s financial statements and the defeased notes were fully redeemed in July 2020.

7. NOTES PAYABLE

The Note Resolution and subsequent amendments authorize the issuance and sale of up to $350M of Commercial Paper Revenue Notes. The Notes are interest bearing obligations with maturities no later than 270 days from their date of issuance and payable primarily from draws on the Letter of Credit at maturity as well as revenues and the funds and accounts established and pledged under the Note Resolution. There was no outstanding balance on the Letter of Credit at June 30, 2021.

The activity related to the Notes for the fiscal years ended 2021 and 2020 was as follows:

(in thousands)

	2021	2020
Notes outstanding, beginning balance	$ 94,095	$ 78,100
Commercial paper notes issued	263,210	226,000
Commercial paper notes matured	(262,095)	(210,005)
Notes outstanding, ending balance	$ 95,210	$ 94,095

The Notes are a short term financing mechanism and the Authority intends to issue a combination of long term revenue bonds and asset backed notes to finance the education loans originated with proceeds from the Notes. Proceeds from the Issue L 2020 were used to retire $163M of commercial paper notes outstanding on October 30, 2020. Proceeds from the Issue ABS 2020 were used to retire $210M of commercial paper notes outstanding on June 18, 2020.

Total interest expense on the Notes for the fiscal years ended June 30, 2021 and June 30, 2020 was $0.2M and $3.5M, respectively. Interest rates on Notes issued during fiscal year 2021 ranged from 0.09% to 0.25% with maturities ranging from 22 days to 117 days. Interest rates on Notes issued during fiscal year 2020 ranged from 0.18% to 3.75% with maturities ranging from 5 days to 96 days.

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

8. DERIVATIVES

As a method to manage the debt costs associated with financing student loans, the Authority has engaged in the use of interest rate cap derivatives which were structured specifically with regard to its underlying asset portfolio. In recognition of the potential risks associated with the products, the Authority employed certain risk management techniques such as embedded call options, credit support annexes and amortizing notional amounts that will provide for efficiency and flexibility in its future ability to manage the derivative portfolio. For derivatives, it is the Authority's policy not to engage in trading, market making or other speculative activities.

Interest Rate Caps

Objective of interest rate caps
The purpose of the cap was to place a ceiling on the debt service payments associated with variable rate bonds that have since been retired. Capping the variable rate debt allowed the Authority to offer variable rate loans to borrowers with the assurance that the interest rate assessed on their loans would not exceed a specific rate. It is the intent that the caps will remain in effect until the maturity date of the derivative trade or could be terminated early as part of any Statement of Net Position management strategy.

The fair values of the interest rate caps were as follows:

June 30, 2021
(in thousands)

Associated Bond Issue	Notional Amounts	Effective Date	Fair Values	Cap Maturity Date	Counterparty Credit Rating
Issue E 2003B	$1,600	3/13/2003	$0.2	January 2027	(Aa3/A+)
Issue E 2003E	$1,330	3/10/2004	$0.1	January 2026	(Aa3/A+)
Issue E 2004B	$1,940	3/31/2005	$0.2	January 2026	(Aa3/A+)
Issue E 2006C	$12,900	6/13/2006	$3.0	July 2027	(Aa3/A+)
Issue E 2007C	$62,900	4/5/2007	$138	January 2033	(Aa3/A+)
	$80,670		**$142**		

June 30, 2020
(in thousands)

Associated Bond Issue	Notional Amounts	Effective Date	Fair Values	Cap Maturity Date	Counterparty Credit Rating
Issue E 2003B	$2,550	3/13/2003	$0.1	January 2027	(Aa3/A+)
Issue E 2003E	$2,680	3/10/2004	$0.1	January 2026	(Aa3/A+)
Issue E 2004B	$4,260	3/31/2005	$0.1	January 2026	(Aa3/A+)
Issue E 2006C	$16,100	6/13/2006	$3.0	July 2027	(Aa3/A+)
Issue E 2007C	$68,200	4/5/2007	$100	January 2033	(Aa3/A+)
	$93,790		**$103**		

Terms, fair value and credit risk
As of June 30, 2021, 6% of the portfolio of interest rate caps consisted of a strike rate of 75% of one year USD-LIBOR-BBA as the underlying interest rate with a cap rate of 9.00%, while 94% of the portfolio had a strike rate of 100% of one month USD-LIBOR-BBA and a cap rate of 9.40%. All interest rate caps were purchased with a one time, up-front payment generally upon the closing of each individual bond issuance. The total cost of all caps purchased historically was $4.1M. All of the $81M in notional outstanding as of June 30, 2021, were structured to amortize until final maturity of the trade.

Fair value: The fair values of the interest rate transactions were estimated based on an independent pricing service. The valuations provided were derived from proprietary models based upon well-recognized principles and estimates about relevant future market conditions. The expected transaction cash flows are calculated using the zero-coupon discounting method which takes into consideration the prevailing benchmark interest rate environment, the specific terms and conditions of a given transaction, and assumes that the current forward rates implied by the benchmark yield curve are the market's best estimate of future spot interest rates. The income approach is then used to obtain the fair value of the transactions, where future amounts (the expected transaction cash flows) are converted to a single current (discounted) amount, using a rate of return that takes into account the relative risk of nonperformance associated with the cash flows and time value of money. Where applicable under the income approach (which takes into consideration the risk of nonperformance) an option pricing model technique is applied such as the Black-Scholes-Merton model, the Black-Derman-Toy model, one of the short-rate models, or other market standard models consistent with accepted practices in the market for interest rate option products. The option models would consider probabilities, volatilities, time, settlement prices, and other variables pertinent to the transactions. This valuation technique is applied consistently across all the transactions. Given the observability of inputs that are significant to the entire measurements, the fair values of the transactions are categorized as Level 2 (inputs other than quoted prices that are observable).

Derivatives that do not meet the criteria of an effective hedging relationship are considered investment derivatives and changes in fair value are presented as an increase or decrease in fair value of investment derivatives on the Statement of Revenues, Expenses & Changes in Net Position. The increase in fair value of investment derivatives recorded as income for the fiscal year ended June 30, 2021 was $38K and the decrease in fair value of investment derivatives recorded as expense for the fiscal year ended June 30, 2020 was $10K.

Credit Risk: As of June 30, 2021, the UBS AG counterparty rating for the cap portfolio was at least A2/A by Moody's and S&P, respectively. Credit risk may occur if the counterparty is unable to fulfill its obligation to reimburse the Authority the difference between the market interest rate and the cap.

Termination risk: The interest rate cap contract employs the ISDA Master Agreement, which includes standard termination events, such as decrease in credit ratings, failure to pay and bankruptcy. The counterparty must maintain a long-term debt rating of at least A2 from Moody's and at least A from Standard & Poor's. The Authority may terminate any of its caps at any time; however, the counterparty's rights are limited to defined events.

9. COLLEGE SAVINGS INVESTING PROGRAMS

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

As of June 30, 2021 and 2020, the Authority had deposits of $5.5M and $4.3M respectively, for the purchase of tuition certificates under the Commonwealth of Massachusetts General Obligation Bonds, effective August 1, 2021 and August 1, 2020, respectively.

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

(in thousands)

	Bonds Purchased	Issue Date	Maturity Dates From/Through
1995 College Opportunity Bonds, Series A	$ 26,122	August 1, 1995	August 1, 2000 / 2015
1996 College Opportunity Bonds, Series A	$ 18,970	August 1, 1996	August 1, 2001 / 2016
1997 College Opportunity Bonds, Series A	$ 19,902	August 1, 1997	August 1, 2002 / 2017
1998 College Opportunity Bonds, Series A	$ 17,683	August 1, 1998	August 1, 2003 / 2018
1999 College Opportunity Bonds, Series A	$ 12,862	August 1, 1999	August 1, 2004 / 2019
2000 College Opportunity Bonds, Series A	$ 6,626	August 1, 2000	August 1, 2005 / 2020
2001 College Opportunity Bonds, Series A	$ 5,636	August 1, 2001	August 1, 2006 / 2021
2002 College Opportunity Bonds, Series A	$ 5,970	August 1, 2002	August 1, 2007 / 2022
2003 College Opportunity Bonds, Series A	$ 6,343	August 1, 2003	August 1, 2008 / 2023
2004 College Opportunity Bonds, Series A	$ 7,118	August 1, 2004	August 1, 2009 / 2024
2005 College Opportunity Bonds, Series A	$ 7,078	August 1, 2005	August 1, 2010 / 2025
2006 College Opportunity Bonds, Series A	$ 5,763	August 1, 2006	August 1, 2011 / 2026
2007 College Opportunity Bonds, Series A	$ 6,028	August 1, 2007	August 1, 2012 / 2027
2008 College Opportunity Bonds, Series A	$ 5,894	August 1, 2008	August 1, 2013 / 2028
2009 College Opportunity Bonds, Series A	$ 6,903	August 1, 2009	August 1, 2014 / 2029
2010 College Opportunity Bonds, Series A	$ 8,426	August 1, 2010	August 1, 2015 / 2030
2011 College Opportunity Bonds, Series A	$ 9,031	August 1, 2011	August 1, 2016 / 2031
2012 College Opportunity Bonds, Series A	$ 11,738	August 1, 2012	August 1, 2017 / 2032
2013 College Opportunity Bonds, Series A	$ 10,998	August 1, 2013	August 1, 2018 / 2033
2014 College Opportunity Bonds, Series A	$ 9,781	August 1, 2014	August 1, 2019 / 2034
2015 College Opportunity Bonds, Series A	$ 9,209	August 1, 2015	August 1, 2020 / 2035
2016 College Opportunity Bonds, Series A	$ 8,675	August 1, 2016	August 1, 2021 / 2036
2017 College Opportunity Bonds, Series A	$ 9,442	August 1, 2017	August 1, 2022 / 2037
2018 College Opportunity Bonds, Series A	$ 8,136	August 1, 2018	August 1, 2023 / 2038
2019 College Opportunity Bonds, Series A	$ 8,386	August 1, 2019	August 1, 2024 / 2039
2020 College Opportunity Bonds, Series A	$ 7,048	August 1, 2020	August 1, 2025 / 2040
Total	$ 259,768		

The U.Plan tuition certificates represent a beneficial ownership interest in these bonds. The bonds bear interest at a rate equal to the annual increase in the consumer price index plus 2.5%. Between the date deposits are collected from participants and the purchase of the bonds, the amounts collected and a related liability to participants are recorded on the Statement of Net Position as certificates payable. Once bonds are purchased, the liability is removed from the Statement of Net Position of the Authority. When bonds mature, the cash is moved to an investment account restricted to MEFA's use and an associated liability to U.Plan participants is recorded on the Statement of Net Position. As of June 30, 2021 and 2020, included in accounts payable and accrued expenses, were matured certificates payable to U.Plan participants in the amounts of $10.1M and $9.7M, respectively.

The U.Fund was developed by the Authority on behalf of the Commonwealth of Massachusetts under section 529 of the Internal Revenue Code of 1986, as amended. The purpose of the U.Fund is to allow families to save for higher education expenses through the investment in mutual funds, which are professionally managed by Fidelity Investments. At June 30, 2021 and 2020, the U.Fund was composed of thirty-six mutual fund portfolios generally comprised of equity, fixed income and money market funds. Each portfolio is designed to accommodate the asset allocation based on the risk profile of the participants. As of June 30, 2021 and 2020, net assets for the U.Fund were $8,464M and $6,929M, respectively.

10. RELATED PARTIES

During fiscal year 2021, three members of the Authority were officers/trustees of participating institutions and four members of the Authority were officers/trustees of participating institutions in fiscal year 2020. For the fiscal years ended June 30, 2021 and 2020, the Authority purchased loans totaling $8.7M and $7.9M, respectively, in principal balance, from these institutions. At June 30, 2021 and 2020 $52.5M and $37M, respectively, of loans purchased from those institutions were outstanding.

11. DEFINED CONTRIBUTION PLANS

All employees of the Authority participate in the Massachusetts Educational Financing Authority Retirement Savings Plan (the "Plan"); a defined contribution plan created in accordance with Internal Revenue Code Sections 401(a) and 414(d). Plan benefit terms are established and may be amended by the Authority acting in its capacity as Plan Administrator. The Authority contributes an amount equal to 12.4% of an employee's gross salary to the Plan, which vests at 100% after two years of employment. In addition, for fiscal years 2021 and 2020, the Authority made matching contributions to the Plan equal to 100%, up to 6% of an employee's gross salary, contributed to the Authority's deferred compensation plan. The Authority's matching contributions vest immediately.

The Authority also offers the Deferred Compensation Plan of the Massachusetts Educational Financing Authority (the "Deferred Plan"). The Deferred Plan was created under Internal Revenue Code Section 457(b) and allows employees the opportunity to make pre-tax contributions to the plan subject to IRS limitations. Deferred Plan benefit terms are established and may be amended by the Authority acting in its capacity as Plan Administrator. Total employee contributions to the Deferred Plan for the years ended June 30, 2021 and 2020 were $414K and $398K, respectively. Employee contributions to the Deferred Plan vest immediately.

It is the Authority's policy to fund contributions on a current basis. Total retirement plan expense included in general and administrative expense on the Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2021 and 2020 was $987K and $923K, respectively. The Authority pays administrative expenses of the plans for the plan participants and Matrix Financial Solutions is the custodian of the plan assets.

12. LEASE COMMITMENT

The Authority entered into a ten year operating lease agreement for its current office space which commenced in March 2018, with an initial term of ten years and a five-year renewal option. The office lease payments are subject to the Authority paying certain operating costs, such as annual escalation for increases in real estate taxes and operating expenses. The Authority also has other operating lease arrangements for office equipment.

As of June 30, 2021, annual minimum operating lease payments for office space and office equipment are as follows for the following five fiscal years and thereafter:

(in thousands)

	2022	2023	2024	2025	2026	Thereafter
Minimum operating lease payments	$ 757	$ 771	$ 769	$ 782	$ 795	$ 1,355

The following schedule shows the composition of total operating lease expenses included in general and administrative expense on the Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30:

(in thousands)

	2021	2020
Minimum operating lease expenses	$ 774	$ 774
Additional operating lease expenses	45	114
Total operating lease expenses	$ 819	$ 888

13. CAPITAL EQUIPMENT

The activity related to the Authority's capital assets for the fiscal years ended 2021 and 2020, respectively, was as follows:

(in thousands)

	June 30, 2020	Additions	June 30, 2021
Computer hardware	$ 686	$ 36	$ 722
Computer software	10,495	1,811	12,306
Furniture	434	-	434
Equipment	282	-	282
Leasehold improvements	564	-	564
Total capital equipment (at cost)	12,461	1,847	14,308
Accumulated depreciation	(9,419)	(1,571)	(10,990)
Capital equipment, net	$ 3,042	$ 276	$ 3,318

	June 30, 2019	Additions	June 30, 2020
Computer hardware	$ 640	$ 46	$ 686
Computer software	8,787	1,708	10,495
Furniture	434	-	434
Equipment	282	-	282
Leasehold improvements	564	-	564
Total capital equipment (at cost)	10,707	1,754	12,461
Accumulated depreciation	(8,066)	(1,353)	(9,419)
Capital equipment, net	$ 2,641	$ 401	$ 3,042

Included in general and administrative expenses are depreciation expenses of $1,571K and $1,353K for the years ended June 30, 2021 and June 30, 2020, respectively.

14. SUBSEQUENT EVENTS

On July 21, 2021, the Authority issued $382M of Education Loan Revenue Bonds Issue M Series 2021 for the purpose of funding the origination of education loans in the 2021-2022 academic year and refunding outstanding bonds in the Issue I trust.

In September 2021, the Authority's policy to sweep any delinquent education loan 120 days or more past due on to a three-month natural disaster forbearance was discontinued.

On September 30, 2021, as part of the annual cycle of the U.Plan prepaid tuition program, the Authority purchased Commonwealth of Massachusetts General Obligation Bonds in the amount of $7.8M at which time the corresponding liability to program participants was removed from the Statement of Net Position of the Authority.

NOTES TO FIDUCIARY FUND FINANCIAL STATEMENTS

1. THE ATTAINABLE PLAN

In May 2017, the Authority, on behalf of the Commonwealth, introduced the Attainable Savings Plan (the "Attainable Plan"). The Attainable Plan, established under the Achieving a Better Life Experience (ABLE) Act of 2014, is a tax advantaged savings plan under Section 529A of the Internal Revenue Code that allows individuals with disabilities to save for qualifying disability expenses through investment vehicles such as mutual funds. Those funds are professionally managed by Fidelity Management & Research Company (FMR) and held by the Authority in investment Portfolios on behalf of the owners in a custodial fund. Custodial funds report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. Fiduciary fund financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flow. The Governmental Accounting Standards Board ("GASB") requires fiduciary funds be reported separately from the basic financial statements of business type activities.

2. BASIS OF PRESENTATION

Accounting and Reporting Standards
These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB, which requires management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from those estimates.

The GASB defines the basic financial statements of a fiduciary custodial fund as the Statement of Fiduciary Net Position, which presents information on the Attainable Plan's assets and liabilities. The following summarizes the significant accounting policies of the Attainable Plan:

Investment Valuation
Each Portfolio categorizes the inputs to valuation techniques used to value its investments into a disclosure hierarchy: Level 1 inputs (quoted prices in active markets for identical investments), Level 2 inputs (inputs other than quoted prices that are observable) and Level 3 inputs (unobservable inputs). As of June 30, 2021 and June 30, 2020, all investments held by the Portfolios are categorized as Level 1.

3. PLAN FEES

The Authority has entered into a Management & Administrative Services agreement with Fidelity Brokerage Services, LLC to provide administrative, record keeping, distribution and marketing services to the Attainable plan. Under this agreement and a related agreement with FMR, a Management and Administration Fee is charged to the Portfolios at an annual rate based on the net assets of each Portfolio. This fee has two components, a Program Manager fee paid to FMR, which ranges from .00% to .15% and a State Sponsor fee paid to the Authority, which ranges from .00% to .05%.

4. INVESTMENTS

The following summarizes the value of the investments of the Attainable Plan:

Portfolios	Underlying Funds	June 30, 2021	June 30, 2020
ABLE Conservative Income 20%	Fidelity Asset Manager® 20%	$5,132,009	$2,645,397
ABLE Income 30% Portfolio	Fidelity Asset Manager® 30%	4,101,322	2,244,698
ABLE Moderate Income 40% Portfolio	Fidelity Asset Manager® 40%	4,163,407	2,116,557
ABLE Balanced 50% Portfolio	Fidelity Asset Manager® 50%	10,204,614	5,309,104
ABLE Moderate Growth 60% Portfolio	Fidelity Asset Manager® 60%	9,411,021	4,860,399
ABLE Growth 70% Portfolio	Fidelity Asset Manager® 70%	10,289,168	5,144,955
ABLE Aggressive Growth 85% Portfolio	Fidelity Asset Manager® 85%	16,143,063	7,381,189
ABLE Money Market Portfolio	Fidelity® Government Cash Reserves	11,652,509	7,296,659
		$71,097,113	$36,998,958

5. CORONA VIRUS PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including throughout the United States and in Massachusetts, and on March 11, 2020, was declared a pandemic by the World Health Organization. Developments that disrupt global economies and financial markets, such as the COVID-19 pandemic, may magnify factors that affect the Portfolios' performance.

Supplemental Schedules

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

Massachusetts Educational Financing Authority

Supplemental Schedule 1

Statements of Net Position

June 30, 2021 and 2020

	2021					2020				
Assets	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**
Current assets										
Cash and cash equivalents	$ 376,867	$ 22,940	$ 1,114	$ 548	$ 401,469	$ 273,020	$ 33,725	$ 944	$ 1,245	$ 308,934
Investments	-	-	19,241	-	19,241	-	-	17,184	-	17,184
Education loan notes receivable, net	123,922	6,689	-	1,413	132,024	123,230	2,395	-	1,789	127,414
Interest receivable on education loan notes	31,402	74	-	-	31,476	29,837	1,056	-	-	30,893
Prepaid expenses and other assets	190	-	2,855	655	3,700	187	2	2,787	703	3,679
Interfund balances	(732)	-	-	732	-	(623)	-	-	623	-
Total current assets	531,649	29,703	23,210	3,348	587,910	425,651	37,178	20,915	4,360	488,104
Non-current assets										
Cash and cash equivalents	29,063	-	-	-	29,063	36,296	-	-	-	36,296
Investments	-	-	39,299	63,630	102,929	-	-	37,792	73,615	111,407
Derivative instruments	-	-	-	142	142	-	-	-	104	104
Education loan notes receivable, net	1,465,003	75,074	-	15,424	1,555,501	1,575,483	60,692	-	17,748	1,653,923
Capital equipment, net of accumulated depreciation	-	-	-	3,318	3,318	-	-	-	3,042	3,042
Total assets	$ 2,025,715	$ 104,777	$ 62,509	$ 85,862	$ 2,278,863	$ 2,037,430	$ 97,870	$ 58,707	$ 98,869	$ 2,292,876
Liabilities										
Current liabilities										
Accounts payable and accrued expenses	$ 1,506	$ 2	$ 10,103	$ 3,456	$ 15,067	$ 752	$ 4	$ 9,716	$ 2,758	$ 13,230
Bonds payable - current portion	164,000	-	-	-	164,000	119,521	-	-	-	119,521
Certificates payable	-	-	5,539	-	5,539	-	-	4,327	-	4,327
Accrued bond and note interest payable	33,627	5	-	-	33,632	33,477	34	-	-	33,511
Total current liabilities	199,133	7	15,642	3,456	218,238	153,750	38	14,043	2,758	170,589
Non-current liabilities										
Notes payable	-	95,210	-	-	95,210	-	94,095	-	-	94,095
Bonds payable - net of current portion	1,694,954	-	-	-	1,694,954	1,761,987	-	-	-	1,761,987
Other liabilities - non-current	-	-	-	147	147	-	-	-	119	119
Total liabilities	1,894,087	95,217	15,642	3,603	2,008,549	1,915,737	94,133	14,043	2,877	2,026,790
Deferred inflows of resources										
Net gain on bond refunding	2,491	-	-	-	2,491	3,512	-	-	-	3,512
Total deferred inflows of resources	2,491	-	-	-	2,491	3,512	-	-	-	3,512
Total liabilities and deferred inflows of resources	1,896,578	95,217	15,642	3,603	2,011,040	1,919,249	94,133	14,043	2,877	2,030,302
Net position										
Net investment in capital assets	-	-	-	3,318	3,318	-	-	-	3,042	3,042
Restricted	129,137	9,560	15,651	1,931	156,279	118,181	3,737	14,798	1,931	138,647
Unrestricted	-	-	31,216	77,010	108,226	-	-	29,866	91,019	120,885
Total net position	129,137	9,560	46,867	82,259	267,823	118,181	3,737	44,664	95,992	262,574
Total liabilities, deferred inflows and net position	$ 2,025,715	$ 104,777	$ 62,509	$ 85,862	$ 2,278,863	$ 2,037,430	$ 97,870	$ 58,707	$ 98,869	$ 2,292,876

Massachusetts Educational Financing Authority

Supplemental Schedule 1

Statements of Revenues, Expenses and Changes in Net Position

For the years ended June 30, 2021 and 2020

	2021					2020				
Operating revenues	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**
Interest on education loan notes receivable	$ 99,370	$ 3,497	$ -	$ 7	$ 102,874	$ 97,004	$ 9,482	$ -	$ 52	$ 106,538
Loan origination fees	-	-	-	-	-	354	-	-	-	354
College savings plan interest and fees	-	-	6,810	25	6,835	-	-	6,065	13	6,078
Other revenue	-	-	818	-	818	-	-	1,033	299	1,332
Total operating revenues	99,370	3,497	7,628	32	110,527	97,358	9,482	7,098	364	114,302
Operating expenses										
Bond and note interest expense	65,547	158	-	-	65,705	65,864	3,485	-	-	69,349
Costs of bond and note issuance	3,641	-	-	42	3,683	2,034	-	-	19	2,053
Provision for doubtful education loan notes receivable	5,481	(261)	-	1,223	6,443	5,880	576	-	2,315	8,771
General and administrative	10,428	7	5,473	12,530	28,438	19,528	7	1,298	9,075	29,908
Other expense	1,215	(62)	-	-	1,153	2,060	163	-	-	2,223
Total operating expenses	86,312	(158)	5,473	13,795	105,422	95,366	4,231	1,298	11,409	112,304
Operating income (loss)	13,058	3,655	2,155	(13,763)	5,105	1,992	5,251	5,800	(11,045)	1,998
Non-operating revenues (expenses)										
Interest and dividends	46	3	48	9	106	3,901	197	473	876	5,447
Decrease in fair value of derivative instruments	-	-	-	38	38	-	-	-	(10)	(10)
Net non-operating revenues	46	3	48	47	144	3,901	197	473	866	5,437
Income (loss) income before interfund transfers	13,104	3,658	2,203	(13,716)	5,249	5,893	5,448	6,273	(10,179)	7,435
Interfund transfers	(2,148)	2,165	-	(17)	-	(11,177)	(2,595)	-	13,772	-
Total increase (decrease) in net position	10,956	5,823	2,203	(13,733)	5,249	(5,284)	2,853	6,273	3,593	7,435
Net position, beginning of year	118,181	3,737	44,664	95,992	262,574	123,465	884	38,391	92,399	255,139
Net position, end of year	$ 129,137	$ 9,560	$ 46,867	$ 82,259	$ 267,823	$ 118,181	$ 3,737	$ 44,664	$ 95,992	$ 262,574

Massachusetts Educational Financing Authority

Supplemental Schedule 1

Statements of Cash Flows

For the years ended June 30, 2021 and 2020

	2021					2020				
Cash flows from operating activities:	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**
Payments for disbursed loans	$ (136,954)	$ (185,219)	$ -	$ (4)	$ (322,177)	$ (234,579)	$ (229,851)	$ -	$ -	$ (464,430)
Payments received on outstanding loan principal	413,922	8,315	-	1,482	423,719	316,723	28,955	-	2,045	347,723
General & administrative payments	(9,690)	(9)	(5,066)	(10,192)	(24,957)	(19,417)	(4)	(2,290)	(7,699)	(29,410)
Interest received on education loans	82,447	4,511	-	7	86,965	78,945	8,224	-	56	87,225
Proceeds from other sources	-	-	7,539	25	7,564	-	-	7,076	312	7,388
Net cash provided by (used in) operating activities	349,725	(172,402)	2,473	(8,682)	171,114	141,672	(192,676)	4,786	(5,286)	(51,504)
Cash flows from non-capital financing activities:										
Proceeds from issuance of bonds	301,445	-	-	-	301,445	211,222	-	-	-	211,222
Proceeds from issuance of commercial paper notes	-	263,210	-	-	263,210	-	226,000	-	-	226,000
Costs of bond and note issuance	(3,639)	-	-	(44)	(3,683)	(2,034)	-	-	(19)	(2,053)
Bond and note nterest paid	(75,439)	(186)	-	-	(75,625)	(75,439)	(3,745)	-	-	(79,184)
Principal payments on bonds payable	(314,979)	-	-	-	(314,979)	(227,765)	-	-	-	(227,765)
Principal payments on commercial paper notes	-	(262,095)	-	-	(262,095)	-	(210,005)	-	-	(210,005)
Net asset transfers	(160,558)	160,684	-	(126)	-	(223,254)	206,710	-	16,544	-
Net cash provided by (used in) non-capital financing activities	(253,170)	161,613	-	(170)	(91,727)	(317,270)	218,960	-	16,525	(81,785)
Cash flows from capital financing activities:										
Purchase of capital equipment and software development	-	-	-	(1,846)	(1,846)	-	-	-	(1,755)	(1,755)
Net cash used in capital financing activities	-	-	-	(1,846)	(1,846)	-	-	-	(1,755)	(1,755)
Cash flows from investing activities:										
Proceeds from maturity/sale of investments	-	-	9,053	10,000	19,053	-	-	11,412	14,100	25,512
Purchases of investments	-	-	(11,406)	(14)	(11,420)	-	-	(16,226)	(23,985)	(40,211)
Interest and dividends received on cash and investments	59	4	50	15	128	4,588	210	553	989	6,340
Net cash provided by (used in) investing activities	59	4	(2,303)	10,001	7,761	4,588	210	(4,261)	(8,896)	(8,359)
Net increase (decrease) in cash and cash equivalents	96,614	(10,785)	170	(697)	85,302	(171,010)	26,494	525	588	(143,403)
Cash and cash equivalents, beginning of year	309,316	33,725	944	1,245	345,230	480,326	7,231	419	657	488,633
Cash and cash equivalents, end of year	$ 405,930	$ 22,940	$ 1,114	$ 548	$ 430,532	$ 309,316	$ 33,725	$ 944	$ 1,245	$ 345,230

Massachusetts Educational Financing Authority
Supplemental Schedule 1
Statements of Cash Flows, Continued
For the years ended June 30, 2021 and 2020

Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	**2021**					**2020**				
	Trusteed Bond Funds	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**	**Trusteed Bond Funds**	**Trusteed Note Funds**	**College Savings Funds**	**Authority Funds**	**Total**
Operating income (loss)	$ 13,058	$ 3,655	$ 2,155	$ (13,763)	$ 5,105	$ 1,992	$ 5,251	$ 5,800	$ (11,045)	$ 1,998
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:										
Depreciation expense	-	-	-	1,571	1,571	-	-	-	1,353	1,353
Provision for doubtful education loan notes receivable	5,481	(261)	-	1,223	6,443	5,880	576	-	2,315	8,771
Costs of bond and note issuance	3,639	-	-	44	3,683	2,034	-	-	19	2,053
Bond and note interest expense	65,547	158	-	-	65,705	65,864	3,485	-	-	69,349
Changes in assets and liabilities:										
Education loan notes receivable	262,825	(176,933)	-	1,477	87,369	66,845	(201,061)	-	2,046	(132,170)
Interest receivable on education loan notes	(1,564)	981	-	-	(583)	(1,054)	(930)	-	3	(1,981)
Accounts payable and accrued expenses	753	(2)	388	725	1,864	153	3	(1,029)	56	(817)
Prepaid expenses and other assets	(14)	-	(70)	41	(43)	(42)	-	15	(33)	(60)
Net cash provided by (used in) operating activities	$ 349,725	$ (172,402)	$ 2,473	$ (8,682)	$ 171,114	$ 141,672	$ (192,676)	$ 4,786	$ (5,286)	$ (51,504)

Massachusetts Educational Financing Authority

Supplemental Schedule 2

Statements of Net Position

June 30, 2021 and 2020

2021

Assets	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Current assets									
Cash and cash equivalents	$ 1,271	$ 84,218	$ 87,262	$ 62,659	$ 132,056	$ -	$ 3,840	$ 5,561	$ 376,867
Education loan notes receivable, net	2,569	30,901	25,200	17,340	29,655	-	5,408	12,849	123,922
Interest receivable on education loan notes	258	2,146	3,315	5,423	19,603	-	329	328	31,402
Prepaid expenses and other assets	-	62	47	25	28	-	5	23	190
Interfund balances	-	(271)	(34)	-	(216)	(182)	(29)	-	(732)
Total current assets	4,098	117,056	115,790	85,447	181,126	(182)	9,553	18,761	531,649
Non-current assets									
Cash and cash equivalents	754	8,000	2,852	3,671	12,933	-	486	367	29,063
Education loan notes receivable, net	20,999	214,301	215,558	183,790	627,471	-	72,889	129,995	1,465,003
Total assets	$ 25,851	$ 339,357	$ 334,200	$ 272,908	$ 821,530	$ (182)	$ 82,928	$ 149,123	$ 2,025,715
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	$ 22	$ 131	$ 155	$ 149	$ 79	$ 924	$ 17	$ 29	$ 1,506
Bonds payable - current portion	-	84,423	39,570	27,849	12,158	-	-	-	164,000
Accrued interest payable	50	6,910	6,261	5,220	15,077	-	51	58	33,627
Total current liabilities	72	91,464	45,986	33,218	27,314	924	68	87	199,133
Non-current liabilities									
Bonds payable - net of current portion	23,940	202,157	251,443	202,810	795,013	-	77,131	142,460	1,694,954
Total liabilities	24,012	293,621	297,429	236,028	822,327	924	77,199	142,547	1,894,087
Deferred inflows of resources									
Net gain (loss) on bond refunding	-	737	-	1,972	-	-	(218)	-	2,491
Total deferred inflows of resources	-	737	-	1,972	-	-	(218)	-	2,491
Total liabilities and deferred inflows of resources	24,012	294,358	297,429	238,000	822,327	924	76,981	142,547	1,896,578
Net position									
Restricted	1,839	44,999	36,771	34,908	(797)	(1,106)	5,947	6,576	129,137
Total net position	1,839	44,999	36,771	34,908	(797)	(1,106)	5,947	6,576	129,137
Total liabilities, deferred inflows and net position	$ 25,851	$ 339,357	$ 334,200	$ 272,908	$ 821,530	$ (182)	$ 82,928	$ 149,123	$ 2,025,715

2020

Assets	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Current assets								
Cash and cash equivalents	$ 1,649	$ 82,498	$ 70,689	$ 44,347	$ 64,419	$ 3,520	$ 5,898	$ 273,020
Education loan notes receivable, net	3,218	35,176	26,649	17,187	18,849	6,654	15,497	123,230
Interest receivable on education loan notes	294	3,039	6,568	7,617	11,578	347	394	29,837
Prepaid expenses and other assets	6	58	49	17	27	5	25	187
Interfund balances	-	(257)	(33)	(120)	(33)	(28)	(152)	(623)
Total current assets	5,167	120,514	103,922	69,048	94,840	10,498	21,662	425,651
Non-current assets								
Cash and cash equivalents	754	8,000	3,652	3,671	19,111	580	528	36,296
Education loan notes receivable, net	25,408	298,902	287,411	235,599	427,351	108,309	192,503	1,575,483
Total assets	$ 31,329	$ 427,416	$ 394,985	$ 308,318	$ 541,302	$ 119,387	$ 214,693	$ 2,037,430
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	$ 26	$ 97	$ 86	$ 37	$ 209	$ 23	$ 274	$ 752
Bonds payable - current portion	-	67,874	32,788	18,859	-	-	-	119,521
Accrued interest payable	106	9,038	7,601	6,071	10,419	74	168	33,477
Total current liabilities	132	77,009	40,475	24,967	10,628	97	442	153,750
Non-current liabilities								
Bonds payable - net of current portion	29,390	309,848	322,070	249,380	527,378	112,699	211,222	1,761,987
Total liabilities	29,522	386,857	362,545	274,347	538,006	112,796	211,664	1,915,737
Deferred inflows of resources								
Net gain (loss) on bond refunding	-	982	-	2,873	-	(343)	-	3,512
Total deferred inflows of resources	-	982	-	2,873	-	(343)	-	3,512
Total liabilities and deferred inflows of resources	29,522	387,839	362,545	277,220	538,006	112,453	211,664	1,919,249
Net position								
Restricted	1,807	39,577	32,440	31,098	3,296	6,934	3,029	118,181
Total net position	1,807	39,577	32,440	31,098	3,296	6,934	3,029	118,181
Total liabilities, deferred inflows and net position	$ 31,329	$ 427,416	$ 394,985	$ 308,318	$ 541,302	$ 119,387	$ 214,693	$ 2,037,430

Massachusetts Educational Financing Authority

Supplemental Schedule 2

Statements of Revenues, Expenses and Changes in Net Position

For the years ended June 30, 2021 and 2020

2021

	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Operating revenues									
Interest on education loan notes receivable	$ 436	$ 18,882	$ 17,535	$ 13,634	$ 34,672	$ -	$ 5,477	$ 8,734	$ 99,370
Loan origination fees	-	-	-	-	-	-	-	-	-
Total operating revenues	436	18,882	17,535	13,634	34,672	-	5,477	8,734	99,370
Operating expenses									
Bond interest expense	327	11,045	11,406	8,607	25,584	-	4,192	4,386	65,547
Costs of bond issuance	-	-	-	-	2,564	1,106	-	(29)	3,641
Provision for doubtful education loan notes receivable	(22)	874	272	310	4,804	-	(135)	(622)	5,481
General and administrative	99	1,291	1,130	795	3,401	-	2,254	1,458	10,428
Other expense	-	263	404	117	203	-	165	63	1,215
Total operating expenses	404	13,473	13,212	9,829	36,556	1,106	6,476	5,256	86,312
Operating income (loss)	32	5,409	4,323	3,805	(1,884)	(1,106)	(999)	3,478	13,058
Non-operating revenues									
Interest and dividends	-	13	8	5	18	-	1	1	46
Net non-operating revenues	-	13	8	5	18	-	1	1	46
Income (loss) income before interfund transfers	32	5,422	4,331	3,810	(1,866)	(1,106)	(998)	3,479	13,104
Interfund transfers	-	-	-	-	(2,227)	-	11	68	(2,148)
Total increase (decrease) in net position	32	5,422	4,331	3,810	(4,093)	(1,106)	(987)	3,547	10,956
Net position, beginning of year	1,807	39,577	32,440	31,098	3,296	-	6,934	3,029	118,181
Net position, end of year	$ 1,839	$ 44,999	$ 36,771	$ 34,908	$ (797)	$ (1,106)	$ 5,947	$ 6,576	$ 129,137

2020

	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Operating revenues								
Interest on education loan notes receivable	$ 1,003	$ 25,221	$ 22,270	$ 16,892	$ 23,664	$ 7,588	$ 366	$ 97,004
Loan origination fees	-	-	-	(1)	355	-	-	354
Total operating revenues	1,003	25,221	22,270	16,891	24,019	7,588	366	97,358
Operating expenses								
Bond interest expense	933	15,884	13,367	10,055	19,920	5,537	168	65,864
Costs of bond issuance	-	-	-	-	(43)	5	2,072	2,034
Provision for doubtful education loan notes receivable	21	1,050	264	(1,503)	4,100	(239)	2,187	5,880
General and administrative	300	2,189	11,173	855	2,555	2,446	10	19,528
Other expense	36	688	471	254	235	373	3	2,060
Total operating expenses	1,290	19,811	25,275	9,661	26,767	8,122	4,440	95,366
Operating income (loss)	(287)	5,410	(3,005)	7,230	(2,748)	(534)	(4,074)	1,992
Non-operating revenues								
Interest and dividends	31	767	434	287	2,326	56	-	3,901
Net non-operating revenues	31	767	434	287	2,326	56	-	3,901
Income (loss) income before interfund transfers	(256)	6,177	(2,571)	7,517	(422)	(478)	(4,074)	5,893
Interfund transfers	(120)	(10,230)	(241)	(7,700)	-	11	7,103	(11,177)
Total increase (decrease) in net position	(376)	(4,053)	(2,812)	(183)	(422)	(467)	3,029	(5,284)
Net position, beginning of year	2,183	43,630	35,252	31,281	3,718	7,401	-	123,465
Net position, end of year	$ 1,807	$ 39,577	$ 32,440	$ 31,098	$ 3,296	$ 6,934	$ 3,029	$ 118,181

Massachusetts Educational Financing Authority

Supplemental Schedule 2

Statements of Cash Flows

For the years ended June 30, 2021 and 2020

2021

	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Cash flows from operating activities:									
Payments for disbursed loans	$ -	$ -	$ -	$ -	$ (136,954)	$ -	$ -	$ -	$ (136,954)
Payments received on outstanding loan principal	5,298	88,841	76,653	55,095	85,636	-	36,634	65,765	413,922
General & administrative payments	(96)	(1,267)	(1,061)	(695)	(3,537)	924	(2,260)	(1,698)	(9,690)
Interest received on education loans	253	18,673	16,761	11,962	20,551	-	5,499	8,748	82,447
Net cash provided by (used in) operating activities	5,455	106,247	92,353	66,362	(34,304)	924	39,873	72,815	349,725
Cash flows from non-capital financing activities:									
Proceeds from issuance of bonds	-	-	-	-	301,445	-	-	-	301,445
Costs of bond issuance	-	-	-	-	(2,564)	(1,105)	-	30	(3,639)
Bond interest paid	(383)	(18,038)	(14,461)	(11,703)	(22,576)	-	(3,803)	(4,475)	(75,439)
Principal payments on bonds	(5,450)	(86,520)	(62,130)	(36,235)	(20,005)	-	(35,855)	(68,784)	(314,979)
Net asset transfers	-	14	-	(120)	(160,558)	181	10	(85)	(160,558)
Net cash (used in) provided by non-capital financing activities	(5,833)	(104,544)	(76,591)	(48,058)	95,742	(924)	(39,648)	(73,314)	(253,170)
Cash flows from investing activities:									
Interest and dividends received on cash and investments	-	17	11	8	21	-	1	1	59
Net cash provided by investing activities	-	17	11	8	21	-	1	1	59
Net (decrease) increase in cash and cash equivalents	(378)	1,720	15,773	18,312	61,459	-	226	(498)	96,614
Cash and cash equivalents, beginning of year	2,403	90,498	74,341	48,018	83,530	-	4,100	6,426	309,316
Cash and cash equivalents, end of year	$ 2,025	$ 92,218	$ 90,114	$ 66,330	$ 144,989	$ -	$ 4,326	$ 5,928	$ 405,930

2020

	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Cash flows from operating activities:								
Payments for disbursed loans	$ -	$ 2	$ 7	$ 32	$ (234,620)	$ -	$ -	$ (234,579)
Payments received on outstanding loan principal	7,122	105,355	78,718	49,536	39,987	34,186	1,819	316,723
General & administrative payments	(307)	(2,204)	(11,132)	(910)	(2,669)	(2,434)	239	(19,417)
Interest received on education loans	877	24,119	19,819	13,320	13,379	7,462	(31)	78,945
Net cash provided by (used in) operating activities	7,692	127,272	87,412	61,978	(183,923)	39,214	2,027	141,672
Cash flows from non-capital financing activities:								
Proceeds from issuance of bonds	-	-	-	-	-	-	211,222	211,222
Costs of bond issuance	-	-	-	-	43	(5)	(2,072)	(2,034)
Bond interest paid	(1,066)	(21,675)	(17,063)	(13,150)	(17,349)	(5,136)	-	(75,439)
Principal payments on bonds	(7,074)	(82,920)	(71,435)	(32,955)	-	(33,381)	-	(227,765)
Net asset transfers	(120)	(10,224)	(242)	(7,800)	(133)	16	(204,751)	(223,254)
Net cash (used in) provided by non-capital financing activities	(8,260)	(114,819)	(88,740)	(53,905)	(17,439)	(38,506)	4,399	(317,270)
Cash flows from investing activities:								
Interest and dividends received on cash and investments	34	894	561	352	2,684	63	-	4,588
Net cash provided by investing activities	34	894	561	352	2,684	63	-	4,588
Net (decrease) increase in cash and cash equivalents	(534)	13,347	(767)	8,425	(198,678)	771	6,426	(171,010)
Cash and cash equivalents, beginning of year	2,937	77,151	75,108	39,593	282,208	3,329	-	480,326
Cash and cash equivalents, end of year	$ 2,403	$ 90,498	$ 74,341	$ 48,018	$ 83,530	$ 4,100	$ 6,426	$ 309,316

Massachusetts Educational Financing Authority

Supplemental Schedule 2

Statements of Cash Flows, Continued

For the years ended June 30, 2021 and 2020

2021

Reconciliation of operating (loss) income to net cash provided by (used in) operating activities:	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	Issue M Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Operating (loss) income	$ 32	$ 5,409	$ 4,323	$ 3,805	$ (1,884)	$ (1,106)	$ (999)	$ 3,478	$ 13,058
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:									
Provision for doubtful education loan notes receivable	(22)	874	272	310	4,804	-	(135)	(622)	5,481
Costs of bond issuance	-	-	-	-	2,564	1,105	-	(30)	3,639
Bond interest expense	327	11,045	11,406	8,607	25,584	-	4,192	4,386	65,547
Changes in assets and liabilities:									
Education loan notes receivable	5,079	88,001	73,031	51,347	(57,212)	-	36,801	65,778	262,825
Interest receivable on education loan notes	37	893	3,253	2,194	(8,025)	-	18	66	(1,564)
Accounts payable and accrued expenses	(4)	35	68	110	(131)	925	(6)	(244)	753
Prepaid expenses and other assets	6	(10)	-	(11)	(4)	-	2	3	(14)
Net cash provided by (used in) operating activities	$ 5,455	$ 106,247	$ 92,353	$ 66,362	$ (34,304)	$ 924	$ 39,873	$ 72,815	$ 349,725

2020

Reconciliation of operating (loss) income to net cash provided by (used in) operating activities:	FRN of 2008	Issue I Total	Issue J Total	Issue K Total	Issue L Total	ABS of 2018	ABS of 2020	Trusteed Bond Funds
Operating (loss) income	$ (287)	$ 5,410	$ (3,005)	$ 7,230	$ (2,748)	$ (534)	$ (4,074)	$ 1,992
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities:								
Provision for doubtful education loan notes receivable	21	1,050	264	(1,503)	4,100	(239)	2,187	5,880
Costs of bond issuance	-	-	-	-	(43)	5	2,072	2,034
Bond interest expense	933	15,884	13,367	10,055	19,920	5,537	168	65,864
Changes in assets and liabilities:								
Education loan notes receivable	6,893	100,956	74,141	46,238	(197,683)	34,482	1,818	66,845
Interest receivable on education loan notes	139	3,987	2,604	13	(7,355)	(49)	(393)	(1,054)
Accounts payable and accrued expenses	(7)	4	41	(65)	(106)	12	274	153
Prepaid expenses and other assets	-	(19)	-	10	(8)	-	(25)	(42)
Net cash provided by (used in) operating activities	$ 7,692	$ 127,272	$ 87,412	$ 61,978	$ (183,923)	$ 39,214	$ 2,027	$ 141,672