



Indiana Secondary Market for Education Loans, Inc. d/b/a INvestEd

Financial Statements and Supplementary Information for the
Years Ended June 30, 2025 and 2024, and
Independent Auditor's Report

INDIANA SECONDARY MARKET FOR EDUCATION LOANS, INC. d/b/a INvestEd

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4-9
FINANCIAL STATEMENTS	
Statements of Net Position	10
Statements of Revenues, Expenses and Changes in Net Position	11
Statements of Cash Flows	12-13
Notes to Financial Statements	14-35
OTHER REPORT	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	36-37

Independent Auditor's Report

Board of Directors
Indiana Secondary Market for Education Loans, Inc.
d/b/a INvestEd

Report on the Financial Statements***Opinions***

We have audited the accompanying financial statements of the business-type activities and each major fund of Indiana Secondary Market for Education Loans, Inc. d/b/a INvestEd (INvestEd), a component unit of the State of Indiana, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise INvestEd's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of INvestEd, as of June 30, 2025 and 2024, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 audit 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2025, on our consideration of INvestEd's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of INvestEd's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering INvestEd's internal control over financial reporting and compliance.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
October 16, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

INDIANA SECONDARY MARKET FOR EDUCATION LOANS, INC. d/b/a INvestEd

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This financial discussion, analysis, and overview of Indiana Secondary Market for Education Loans, Inc. d/b/a INvestEd (INvestEd) is required supplementary information. Among other things, it provides an analytical overview of INvestEd's condensed financial information and should be read in conjunction with the financial statements and related notes that follow.

Overview of Indiana Secondary Market for Education Loans, Inc. d/b/a INvestEd

Indiana Secondary Market for Education Loans, Inc. was established pursuant to Public Law No. 154 of the 1980 Indiana General Assembly and is a public benefit corporation organized exclusively for education purposes. Indiana Secondary Market for Education Loans, Inc. is governed by a nine-member Board of Directors. Effective July 1, 2023, the governance structure changed based on House Enrolled Act 1316 as follows: five members appointed by the Governor of the State of Indiana, one member each appointed by the President Pro Tempore of the Indiana State Senate, Minority Leader of the Indiana State Senate, Speaker of the Indiana House of Representatives, and the Minority Leader of the Indiana House of Representatives with each appointment serving a four-year term.

Indiana Secondary Market for Education Loans, Inc. began operating under the d/b/a of INvestEd in November 2016 as part of an effort to make its literacy and lending services easier to access by members of the public. INvestEd serves as the State of Indiana's designated secondary market for education loans and acts as an eligible lender under the Higher Education Act, as amended. INvestEd's enabling statute was amended effective April 30, 2013, with the signing of SB 532. SB 532 permits INvestEd to become a direct lender of non-federal, post-secondary education supplemental loans for the purpose of attending both Indiana and non-Indiana colleges and universities. SB 532 also mandates that INvestEd provides financial literacy and educational tools to students, their families, and Indiana colleges and universities with respect to responsibly financing the costs of higher education.

With the change to its enabling statute, INvestEd has created tuition, parent and refinancing private loan offerings. These offerings are designed to facilitate access for all Indiana residents to educational funding at the lowest possible cost. In addition, INvestEd continues to expand its support for Indiana residents' pursuit of access to post-secondary opportunities by providing informational presentations and distributing educational materials related to education funding.

Taxable floating rate notes, tax exempt revenue bonds, private loan program cash flows and existing cash balances are the primary sources of funding for INvestEd's programs. The Health Care and Education Reconciliation Act of 2010 (HCEARA) eliminated the origination of new Federal Family Education Loan Program (FFELP) loans after June 30, 2010. This did not have an impact on the terms of existing FFELP loans. INvestEd continues to administer a program for the servicing of loans guaranteed and reinsured by the United States Department of Education (US DOED).

The State of Indiana appropriated \$75 million under Ind. Code 5-34-2-1 and assigned INvestEd as the administrator of the Indiana Career Accelerator Fund during the 2021 legislative session. The primary source of funding for the program was the American Rescue Plan Act (ARPA). Based on Federal Guidance published, which disallowed the use of ARPA funds as the principal of a revolving loan fund, a different source of funds was needed. The Corporation was able to secure a Memo of Understanding with the Commission for Higher Education to facilitate a grant of \$10 million from state funds to initially fund the program. INvestEd established and incorporated Accelerate Indiana, Inc. on August 17, 2021, for the sole purpose of facilitating the role of INvestEd as the administrator of the Indiana Career Accelerator Fund. This corporation was established to provide financial assistance awards which assisted individuals in obtaining credentials from qualified education programs. This program is currently paused due to a lack of funding, but the program continues to be administered by INvestEd and Accelerate Indiana. Income share agreement repayments and existing cash balances are the primary source of funds. Accelerate Indiana is governed by the Executive Committee of the INvestEd Board of Directors.

INDIANA SECONDARY MARKET FOR EDUCATION LOANS, INC. d/b/a INvestEd**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

INvestEd's financial statements consist of the following: the statements of net position, the statements of revenues, expenses and changes in net position, the statements of cash flows and the related notes. These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. The statements of net position present the net position of the corporation as of June 30, 2025 and 2024, and include all assets, liabilities and net position of the combination of INvestEd and Accelerate. The statements of revenues, expenses and changes in net position present the corporation's changes in net position for the years ended June 30, 2025 and 2024. The statements of cash flows provide information about the sources and uses of INvestEd's cash resources for the years ended June 30, 2025 and 2024.

INvestEd's financial statements include the operations of funds that INvestED has established to achieve its legislative purpose. The financial transactions of INvestEd are recorded in the funds that consist of a separate set of self-balancing accounts. The financial statements include two major funds: INvestED and Accelerate. The INvestEd fund was established to account for the student loan activity and the Accelerate fund was established to account for the income share agreement activity.

Condensed Financial Information (in thousands)

Statements of Net Position as of June 30,	2025	2024	2023
Cash and investments	\$ 127,738	\$ 119,103	\$ 125,860
Student loans receivable—net	114,570	112,529	115,069
Income share agreements—net	5,555	6,511	2,030
Other assets	10,043	10,458	10,124
	<u>257,906</u>	<u>248,601</u>	<u>253,083</u>
Total assets	\$ 257,906	\$ 248,601	\$ 253,083
Lines of credit	\$ 29,688	\$ 12,688	\$ 2,188
Notes and bonds payable	39,850	52,479	70,888
Refundable grant advance		399	7,009
Other liabilities	1,766	2,322	810
	<u>71,304</u>	<u>67,888</u>	<u>80,895</u>
Total liabilities	71,304	67,888	80,895
Total net position	<u>186,602</u>	<u>180,713</u>	<u>172,188</u>
Total liabilities and net position	\$ 257,906	\$ 248,601	\$ 253,083

INDIANA SECONDARY MARKET FOR EDUCATION LOANS, INC. d/b/a INvestEd

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

Condensed Financial Information (in thousands)

Results Years Ended June 30,	2025	2024	2023
Interest on student loans, including subsidy	\$ 7,024	\$ 6,682	\$ 6,043
Special allowance on student loans	695	1,125	714
Other income	196	164	535
	<u>7,915</u>	<u>7,971</u>	<u>7,292</u>
Total operating revenues			
Fees	54	52	59
Loan servicing and administration	9,032	9,149	6,209
Arbitrage rebate provision	3	32	
	<u>9,089</u>	<u>9,233</u>	<u>6,268</u>
Total operating expenses			
Net income (loss) from operations	<u>(1,174)</u>	<u>(1,262)</u>	<u>1,024</u>
Investment return	10,934	13,529	9,829
Interest expense	(3,456)	(3,589)	(3,601)
Grants expense	(475)	(6,750)	
Grant revenue	61	6,609	2,174
Debt issuance costs	(1)	(12)	(752)
	<u>7,063</u>	<u>9,787</u>	<u>7,650</u>
Net nonoperating revenues (expenses)			
Change in net position	5,889	8,525	8,674
Net Position - Beginning of year	<u>180,713</u>	<u>172,188</u>	<u>163,514</u>
Net Position - End of year	<u>\$ 186,602</u>	<u>\$ 180,713</u>	<u>\$ 172,188</u>

INDIANA SECONDARY MARKET FOR EDUCATION LOANS, INC. d/b/a INvestEd

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

Financial Analysis

Statement of Net Position

During the fiscal year ended June 30, 2025, total assets increased \$9.3 million compared to an increase in liabilities of \$3.4 million. This resulted in an increase to INvestEd's net position of \$5.9 million or 3.26%. This change in net position is due to an increase in cash and investments due to positive market conditions as well as an increase in student loans receivable due to new loan originations, offset by an increase in outstanding debt due to new borrowings on the line of credit to fund new loan originations. This compares to an increase of 4.95% in the prior fiscal year due to positive market conditions, offset by \$6.8 million in grants made.

Cash and investments increased 7.25% to \$127.7 million compared to a balance of \$119.1 million on June 30, 2024. This increase is due to earnings and appreciation of the investment portfolio.

Student loans receivable increased 1.81% from \$112.5 million on June 30, 2024, to \$114.6 million on June 30, 2025, compared to a 2.21% decrease in the prior fiscal year. This increase is due to the growth of originations in the private loan portfolio. As of June 30, 2025, the student loan portfolio held by INvestEd consists of 25% FFELP loans, which is made up of 95% consolidation loans and 5% Stafford and PLUS Loans. The remaining 75% are private education loans either originated or purchased by InvestEd made up of 73% tuition and 27% refinance loans.

Income Share Agreements (ISA's) originated by Accelerate decreased 14.7% from \$6.5 million on June 30, 2024, to \$5.6 million on June 30, 2025. This decrease is due to the fact the program is no longer originating new volume, and the portfolio is decreasing due to repayments.

Other assets decreased 3.97% from \$10.5 million on June 30, 2024, to \$10.0 million on June 30, 2025. This decrease is due to a decrease in the right to use asset as well as notes receivable offset by an increase in accrued interest receivable.

Capital assets consist of office furniture and equipment used in daily operations, maintenance of computer network and leasehold improvements. Depreciation is charged to operations using the straight-line method over the estimated useful lives of the related assets or the term of the lease. Capital assets increased by \$8.8 thousand as additions exceeded retirements and depreciation of capital assets at June 30, 2025, as compared to an increase of \$246.9 thousand, net of retirements, at June 30, 2024, as seen in Note 7.

Liabilities increased 5.03% from \$67.9 million at June 30, 2024, to \$71.3 million at June 30, 2025, compared to a decrease of 16.08% in the prior fiscal year. This increase is due to a net increase in the line of credit of \$17.0 million to fund new originations, offset by a decrease in notes and bonds payable of \$12.5 million. The decrease in notes and bonds payable is attributed to the monthly principal payments required based on available funds in INvestEd's trust accounts. This can be seen in further detail in Note 8.

Total net position on June 30, 2025, increased 3.26% to \$186.6 million compared to \$180.7 million at June 30, 2024. This compares to an increase of 4.95% in the prior fiscal year.

During the fiscal year ended June 30, 2024, total assets decreased \$4.5 million compared to a decrease in liabilities of \$13.0 million. This resulted in an increase to INvestEd's net position of \$8.5 million or 4.95%. This change in net position is due to a decrease in cash combined with an increase in the volume of income share agreements which is offset by a larger decrease in the refundable grant advance that was established for the benefit of Accelerate as well as a decrease in the amount of outstanding debt. This compares to an increase of 5.30% in the prior fiscal year due to positive market conditions.

INDIANA SECONDARY MARKET FOR EDUCATION LOANS, INC. d/b/a INvestEd

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

Cash and investments decreased 5.37% to \$119.1 million compared to a balance of \$125.9 million on June 30, 2023. This decrease is due to the funding of several grants by INvestED and by Accelerate of income share agreements.

Student loans receivable decreased 2.21% from \$115.1 million on June 30, 2023, to \$112.5 million on June 30, 2024, compared to a 1.94% decrease in the prior fiscal year. This decrease is largely due to the amount of loan payments, primarily FFELP loans, exceeding the origination of new loans. As of June 30, 2024, the student loan portfolio held by INvestEd consists of 30% FFELP loans, which is made up of 95% consolidation loans and 5% Stafford and PLUS Loans. The remaining 70% are private education loans either originated or purchased by InvestEd made up of 69% tuition and 31% refinance loans.

Income Share Agreements (ISA's) originated by Accelerate increased 220.74% from \$2.0 million on June 30, 2023, to \$6.5 million as of June 30, 2024. This increase was due to Accelerate issuing agreements utilizing the refundable grant advance held in the prior year, offset by increasing the allowance for loan losses due to the growth of these receivables.

Other assets increased 3.30% from \$10.1 million on June 30, 2023, to \$10.5 million at June 30, 2024. This increase is due to an increase in accrued interest receivable on student loans, as well as an increase in the right of use asset due to a new lease agreement.

Capital assets consist of office furniture and equipment used in daily operations, maintenance of computer network and leasehold improvements. Depreciation is charged to operations using the straight-line method over the estimated useful lives of the related assets or the term of the lease. Capital assets increased by \$246.9 thousand as additions exceeded retirements of capital assets at June 30, 2024, as compared to an increase of \$24.2 thousand, net of retirements, at June 30, 2023, as seen in Note 7.

Liabilities decreased 16.08% from \$80.9 million at June 30, 2023, to \$67.9 million at June 30, 2024, compared to a decrease of 7.42% in the prior fiscal year. This decrease is due to a decrease in notes and bonds payable of \$18.2 million as well as a decrease in the refundable grant advance for Accelerate Indiana in the amount of \$6.6 million offset by an increase in the line of credit of \$10.5 million. The decrease in notes and bonds payable is attributed to the monthly principal payments required based on available funds in INvestEd's trust accounts. This can be seen in further detail in Note 8.

Total net position on June 30, 2024, increased 4.95% to \$180.7 million compared to \$172.2 million at June 30, 2023. This compares to an increase of 5.60% in the prior fiscal year.

Operating Results

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Net income from operations was a loss of \$1.2 million on operating revenues of \$7.9 million in the fiscal year ended June 30, 2025, as compared to net loss from operations of \$1.3 million on operating revenues of \$8.0 million in the prior fiscal year. Total operating revenues decreased by .70% in the fiscal year ended June 30, 2025, offset by a 1.56% decrease in operating expenses. This net loss from operations was consistent with the prior year, with consistent revenues and expenses.

INDIANA SECONDARY MARKET FOR EDUCATION LOANS, INC. d/b/a INvestEd

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

Net nonoperating revenues (expenses) decreased \$2.7 million during the fiscal year ended June 30, 2025, compared to an increase of \$2.1 million in the prior fiscal year. This decrease is due to the recognized investment return on the portfolio being less than previous year combined with a decrease in Accelerate grant revenue and grant expense.

The net results were an increase in net position of \$5.9 million, a decrease of 31.0% over the prior fiscal year.

Net income from operations was a loss of \$1.3 million on operating revenues of \$8.0 million in the fiscal year ended June 30, 2024, as compared to net income from operations of \$1.0 million on operating revenues of \$7.3 million in the prior fiscal year. Total operating revenues increased 9.31% in the fiscal year ended June 30, 2024, offset by a 47.30% increase in operating expenses. This net loss from operations was due to increases in loan servicing and loan loss provisions that were partially offset by increases in interest income and special allowance on student loans.

Net nonoperating revenues (expenses) increased \$2.1 million during the fiscal year ended June 30, 2024, compared to an increase of \$19.4 in the prior fiscal year. This increase is due to an increase in the market value of the investment portfolio combined with an increase in Accelerate grant revenue offset by several grants made to the following entities: Commission for Higher Education, Center for Leadership Development, Indiana University in Indianapolis, and Purdue University in Indianapolis.

Loan Servicing and INvestEd's Loan Programs

INvestEd utilizes Pennsylvania Higher Education Assistance Agency to service its FFELP portfolio and the private loan portfolio. Knowledge Finance services the income share agreement (ISA) portfolio.

Private loan originations are processed through contractual relationships with First Merchant's Bank, Bank of Lake Mills and Campus Door Holdings, LLC. The agreement with First Merchant's Bank was terminated effective March 31, 2025. ISA agreements originate through Campus Door Holdings, LLC.

Additional contract compliance, loan servicing support and quality control functions are performed in INvestEd's Carmel, Indiana location for the student loan portfolios.

Risk Management

INvestEd utilizes a risk management tool of Failure Mode Effects Analysis (FMEA). This is a step-by-step approach for identifying all possible failures and risks that could occur. These risks are prioritized according to how serious the consequences are, how frequently they could occur, and how easily they can be detected. The purpose of this tool is to take actions to eliminate or mitigate failures and risks and to allow for continuous improvement. This process is reviewed annually by our Board of Directors and the various committees.

Requests of Information

This financial report is designed to provide a general overview of INvestEd's financial statements for all those with an interest in INvestEd. Questions concerning any of the information should be addressed to Indiana Secondary Market for Education Loans, Inc. d/b/a INvestEd, 301 Pennsylvania Parkway, Suite 360, Indianapolis, Indiana 46280.

FINANCIAL STATEMENTS

INDIANA SECONDARY MARKET FOR EDUCATION LOANS, INC. d/b/a INvestEd

STATEMENTS OF NET POSITION
AS OF JUNE 30, 2025 AND 2024
(In thousands)

	2025			2024		
	INvestEd	Accelerate	Total	INvestEd	Accelerate	Total
ASSETS						
CURRENT ASSETS:						
Cash and equivalents:						
Unrestricted	\$ 8,548		\$ 8,548	\$ 12,132		\$ 12,132
Restricted	1,122	\$ 1,147	2,269	1,102	\$ 737	1,839
Total cash and equivalents	9,670	1,147	10,817	13,234	737	13,971
Investments	96,072		96,072	87,802		87,802
Student loans receivable — net	9,102		9,102	10,319		10,319
Income share agreements — net		340	340		186	186
Accrued interest receivable — student loans receivable	4,838		4,838	4,691		4,691
Accrued interest receivable — cash and short-term investments	201		201	178		178
Prepays and other assets	236	1	237	289	1	290
Total current assets	120,119	1,488	121,607	116,513	924	117,437
NON-CURRENT ASSETS:						
Investments	20,849		20,849	17,330		17,330
Notes receivable	3,756		3,756	4,232		4,232
Student loans receivable — net	105,468		105,468	102,210		102,210
Income share agreements — net		5,215	5,215		6,325	6,325
Right of use assets	695		695	760		760
Other capital assets — net	316		316	307		307
Total non-current assets	131,084	5,215	136,299	124,839	6,325	131,164
TOTAL	\$ 251,203	\$ 6,703	\$ 257,906	\$ 241,352	\$ 7,249	\$ 248,601
LIABILITIES AND NET POSITION						
CURRENT LIABILITIES:						
Accounts payable and accrued expenses	\$ 752	\$ 12	\$ 764	\$ 1,313	\$ 11	\$ 1,324
Current portion of lease liability	66		66	96		96
Refundable grant advance					399	399
Accrued interest payable	101		101	144		144
Current portion of notes and bonds payable — net	7,023		7,023	10,078		10,078
Line of credit borrowings	29,688		29,688	12,688		12,688
Total current liabilities	37,630	12	37,642	24,319	410	24,729
NON-CURRENT LIABILITIES:						
Lease liability	799		799	726		726
Notes and bonds payable — net	32,827		32,827	42,401		42,401
Arbitrage rebate payable	36		36	32		32
Total non-current liabilities	33,662		33,662	43,159		43,159
Total liabilities	71,292	12	71,304	67,478	410	67,888
NET POSITION:						
Net investment in capital assets	1,011		1,011	307		307
Unrestricted	177,778		177,778	172,465		172,465
Restricted	1,122	6,691	7,813	1,102	6,839	7,941
Total net position	179,911	6,691	186,602	173,874	6,839	180,713
TOTAL	\$ 251,203	\$ 6,703	\$ 257,906	\$ 241,352	\$ 7,249	\$ 248,601

See notes to financial statements.

INDIANA SECONDARY MARKET FOR EDUCATION LOANS, INC. d/b/a INvestEd

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024
(In thousands)

	2025			2024		
	INvestEd	Accelerate	Total	INvestEd	Accelerate	Total
OPERATING REVENUES:						
Interest on student loans	\$ 6,961		\$ 6,961	\$ 6,623		\$ 6,623
U.S. Secretary of Education:						
Special allowance	695		695	1,125		1,125
Interest subsidy	63		63	59		59
Other income	163	\$ 33	196	164		164
Total operating revenues	7,882	33	7,915	7,971		7,971
OPERATING EXPENSES:						
Fees	54		54	52		52
Loan servicing and administration	5,990	242	6,232	5,811	\$ 443	6,254
Loan loss provision	2,800		2,800	1,480	1,415	2,895
Arbitrage rebate provision	3		3	32		32
Total operating expenses	8,847	242	9,089	7,375	1,858	9,233
NET INCOME (LOSS) FROM OPERATIONS	(965)	(209)	(1,174)	596	(1,858)	(1,262)
NONOPERATING REVENUES (EXPENSES):						
Investment return	10,934		10,934	13,529		13,529
Interest expense	(3,456)		(3,456)	(3,589)		(3,589)
Debt issuance costs	(1)		(1)	(12)		(12)
Grant revenue		61	61		6,609	6,609
Grants expense	(475)		(475)	(6,750)		(6,750)
Net nonoperating revenues (expenses)	7,002	61	7,063	3,178	6,609	9,787
CHANGE IN NET POSITION	6,037	(148)	5,889	3,774	4,751	8,525
NET POSITION — Beginning of year	173,874	6,839	180,713	170,100	2,088	172,188
NET POSITION — End of year	\$ 179,911	\$ 6,691	\$ 186,602	\$ 173,874	\$ 6,839	\$ 180,713

See notes to financial statements.

INDIANA SECONDARY MARKET FOR EDUCATION LOANS, INC. d/b/a INvestEd

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024
(In thousands)

	2025			2024		
	INvestEd	Accelerate	Total	INvestEd	Accelerate	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Student loan interest received, net of special allowance payments	\$ 7,572		\$ 7,572	\$ 7,800		\$ 7,800
Payments (issuance) of student loans	(21,071)	\$ 191	(20,880)	(20,827)	\$ (6,022)	(26,849)
Principal receipts on education loans	19,009	786	19,795	24,033	274	24,307
Payments of notes receivable	476		476	266		266
Cash received for other operating activities	196		196	164		164
Cash payments for employees and vendors	(9,036)	(567)	(9,603)	(6,989)	(637)	(7,626)
Net cash provided (used) by operating activities	(2,854)	410	(2,444)	4,447	(6,385)	(1,938)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Maturity of certificates of deposit	200		200			
Proceeds from sale of investments	17,285		17,285	23,049		23,049
Purchases of investments	(24,455)		(24,455)	(15,796)		(15,796)
Dividends and interest received, net of expenses	4,539		4,539	3,198		3,198
Net cash provided (used) by investing activities	(2,431)		(2,431)	10,451		10,451
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Repayment of notes	(7,134)		(7,134)	(12,101)		(12,101)
Repayment of bonds, net	(5,316)		(5,316)	(6,102)		(6,102)
Net borrowings on line of credit	17,000		17,000	10,500		10,500
Interest paid on bonds	(2,285)		(2,285)	(3,379)		(3,379)
Grants expense	(475)		(475)	(6,750)		(6,750)
Net cash provided (used) by noncapital financing activities	1,790		1,790	(17,832)		(17,832)
CASH FLOWS FROM CAPITAL ACTIVITIES:						
Purchase of capital assets, net	(69)		(69)	(277)		(277)
Net cash used by capital activities	(69)		(69)	(277)		(277)
CHANGE IN CASH AND EQUIVALENTS	(3,564)	410	(3,154)	(3,211)	(6,385)	(9,596)
CASH AND EQUIVALENTS — Beginning of year	13,234	737	13,971	16,445	7,122	23,567
CASH AND EQUIVALENTS — End of year	<u>\$ 9,670</u>	<u>\$ 1,147</u>	<u>\$ 10,817</u>	<u>\$ 13,234</u>	<u>\$ 737</u>	<u>\$ 13,971</u>

See notes to financial statements.

INDIANA SECONDARY MARKET FOR EDUCATION LOANS, INC. d/b/a INvestEd

STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024
(In thousands)

	2025			2024		
	INvestEd	Accelerate	Total	INvestEd	Accelerate	Total
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:						
Income (loss) from operations	\$ (965)	\$ (209)	\$ (1,174)	\$ 596	\$ (1,858)	\$ (1,262)
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:						
Depreciation and amortization expense	(121)		(121)	(59)		(59)
Provision for allowance for loan losses, net of write-offs and recoveries	1,634	(22)	1,612	303	1,266	1,569
Debt related expenses	1		1	12		12
Interest on student loans recapitalized	(1,880)		(1,880)	(1,758)		(1,758)
Change in assets and liabilities:						
(Increase) decrease in student loans receivable	(1,794)	977	(817)	3,995	(5,747)	(1,752)
Increase in accrued interest receivable	(147)		(147)	(7)		(7)
Decrease in notes receivable	476		476	266		266
(Increase) decrease in prepaids and other assets	119		119	(458)	(1)	(459)
Increase in arbitrage rebate payable	4		4	32		32
Increase (decrease) in other liabilities	(181)	(336)	(517)	1,525	(45)	1,480
Net cash provided (used) by operating activities	<u>\$ (2,854)</u>	<u>\$ 410</u>	<u>\$ (2,444)</u>	<u>\$ 4,447</u>	<u>\$ (6,385)</u>	<u>\$ (1,938)</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business - Indiana Secondary Market for Education Loans, Inc., d/b/a INvestEd (INvestEd) is an Indiana public benefit corporation formed to purchase and originate student loans under the Federal Family Education Loan Program (FFELP) provided for by the Higher Education Act (the Act), as well as private tuition, parent and refinance student loans. Private loans are not insured or guaranteed by the state or federal government. Effective March 30, 2010, the Health Care and Education Reconciliation Act of 2010 prohibited origination of any new loans after June 2010 under FFELP. Outstanding debts payable, as specified in the resolutions authorizing the related sale of the debts, are not payable by funds received from taxation and are not debts of the State of Indiana or any of its political subdivisions. INvestEd is a discreetly presented proprietary component unit of the State of Indiana. Indiana Secondary Market for Education Loans, Inc. began doing business as (d/b/a) INvestEd in November 2016.

INvestEd established and incorporated Accelerate Indiana, Inc. (Accelerate) on August 17, 2021, for the sole purpose of facilitating the role of INvestEd in serving as the administrator of the Indiana Career Accelerator Fund as described in Ind. Code 5-34-2-1. This corporation was established to provide financial assistance awards to assist individuals in obtaining credentials from qualified education programs. Accelerate is a blended component unit of INvestEd and does not prepare its own financial statements.

Basis of Presentation and Accounting - INvestEd's financial statements have been prepared on the basis of the governmental enterprise fund concept which pertains to financial activities that operate similarly to a private business enterprise. The assets of certain funds are restricted pursuant to bond or note issuances.

INvestEd's funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles.

INvestEd's financial statements include the operations of funds that INvestEd has established to achieve its purposes under powers granted to it. The financial transactions of INvestEd are recorded in the funds which consist of a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses, as appropriate. INvestEd's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which financial activity is controlled.

Each of the funds described below is considered a major fund.

INvestED – The fund was established to account for the student loan activity.

Accelerate – The fund was established to account for the income share agreement activity.

Use of Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates which are particularly susceptible to change in the near-term relate to the determination of the allowance for loan losses, fair value measurements, and future maturities of notes payable.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

New Accounting Pronouncement - In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in financial statements prepared using the economic resources measurement focus for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This standard was implemented July 1, 2024. No cumulative effect adjustment to net position was required upon adoption of this Statement.

Student Loans Receivable - Student loans consist of federally insured FFELP student loans and private student loans. Private student loans consist of both tuition, parent and refinancing loan programs. Student loans receivable is stated at the principal amounts outstanding adjusted for an estimated allowance for loan losses.

Interest on student loans is accrued based upon the actual principal amount outstanding. The U.S. Secretary of Education makes quarterly interest subsidy payments for FFELP loans until the student is required, under the provisions of the Act, to begin repayment. Repayment must begin generally within six months after the student completes their course of study, leaves school, or ceases to carry at least one-half the normal full-time academic load as determined by the participating institution. Depending on the options selected, repayment may begin prior to completing school.

The United States Department of Education (US DOED) provides a special allowance to lenders participating in the FFELP program. For FFELP loans first disbursed prior to January 1, 2000, the special allowance amount is the result of applying a percentage, based upon the average bond equivalent rates of 91-day United States Treasury bills, to the average daily unpaid principal balance and capitalized interest of student loans held by INvestEd. For FFELP loans first disbursed from January 1, 2000, through June 30, 2006, the special allowance amount is the result of applying a percentage, based upon the average bond equivalent rates of the three-month financial Commercial Paper rate, to the average daily unpaid principal balance and capitalized interest of FFELP loans held by INvestEd. If a special allowance amount is a negative number on a FFELP loan first disbursed prior to April 1, 2006, special allowance will not be paid for that FFELP loan type for that quarter. If a special allowance amount is a negative number on a FFELP loan first disbursed after April 1, 2006, the lender must remit the excess interest ("negative SAP") to the US DOED. The special allowance amount for a FFELP loan first disbursed on or after October 1, 2007 has additional provisions for lenders qualified as an eligible not-for-profit holder. Those eligible as not-for-profit lenders earn a 15-basis point higher yield. The special allowance is accrued as earned. Effective April 1, 2012, the index used to calculate special allowance for FFELP loans disbursed after January 1, 2000, is based on one-month LIBOR. Effective July 1, 2023, the index used to calculate special allowance for FFELP loans will be 30-day average SOFR plus a tenor spread adjustment of .11448.

Income Share Agreements - Income share agreements are financial assistance awards made available to assist eligible awardees in obtaining credentials from qualified education programs through eligible institutions. Income share agreements are stated at the principal amounts outstanding adjusted for an estimated allowance for losses.

Income share agreements do not bear interest nor do the repayment obligation ever exceed the principal amount awarded. Repayment must begin generally within six months after the awardee separates, withdraws or graduates from the education program.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

1. **DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Cash and Equivalents - Cash and equivalents may consist of money market funds and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - Investments consist of corporate bonds, common stocks, exchange traded funds, government obligations, mutual fund shares and money market shares, and hedge funds. Investments are carried at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction, based on available market prices of the investments or similar investments. INvestEd has an investment policy, approved by the Indiana Finance Authority, for all funds held outside the existing trust. INvestEd is restricted to investments that meet the rating requirements per the indenture of trust for all funds held within the trust.

Interest income is recorded on an accrual basis, and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method. Changes in the fair value of investments are included in the statements of revenues, expenses and changes in net position.

Allowance for Student Loan Losses - Guarantees on federally insured student loans originated after October 1, 1993, but before July 1, 2006, provide for a reduced recovery of 98% of loan principal and accrued interest on FFELP loans which default. Guarantees on FFELP loans originated after July 1, 2006, provide for a reduced recovery of 97% of loan principal and accrued interest on loans which default. Accordingly, INvestEd provides for an allowance for the estimated loss associated with the portion not recoverable.

INvestEd evaluates the adequacy of the allowance for loan losses on its private loan portfolio separately from federally insured FFELP loans. Several factors are considered including the following: origination volume, delinquency status, type of credit and any trends from industry data. As the portfolio ages, historical trends and experience will be evaluated as well. INvestEd considers a private loan to be in default when it reaches 120 days delinquent or greater.

The allowance is increased by a provision charged to operations and reduced for losses actually incurred and is included in the financial statements as a reduction of student loans receivable. INvestEd utilizes a national collection agency or an Indiana law firm specializing in collections to attempt collection on charged off accounts. The amount attributable to recoveries remains in the allowance.

In completing the analysis of the adequacy of the allowance for loan losses, past collection experience, delinquency trends, size of the portfolio, economic conditions, document deficiencies, and other factors are considered. Significant changes in these factors could impact on the allowance and provision for loan losses. Accordingly, the evaluation of the allowance for loan losses is inherently subjective as it requires material estimates that may be subject to change.

Allowance for Income Share Loan Losses - Accelerate evaluates the adequacy of the allowance for loan losses based on several factors including the following: origination volume, delinquency status and any trends from industry data. As the portfolio ages, historical trends and experience will be evaluated as well. The income share agreement is considered to be in default when an awardee is twelve months delinquent. The allowance is increased by a provision charged to operations and reduced for losses actually incurred and is included in the financial statements as a reduction of income share agreements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Notes Receivable - Notes receivable consist of three promissory notes related to various income share programs. Interest income on these promissory notes has not yet been accrued as the loans have been placed on non-accrual status due to the uncertainty of the timing of the future payments which are dependent upon the cash flows from the programs' underlying student contracts. The promissory notes will be restored to an accrual status once cash flow payments can be reasonably estimated.

Notes receivable is stated at unpaid balances, less an allowance for credit losses (doubtful loans). Notes receivable is considered past due when payments are not made in accordance with contractual terms. INvestEd provides for losses on notes receivable using the allowance method. The allowance for credit losses is maintained at an amount management considers adequate to cover inherent losses at the statement of net position date. INvestEd adheres to an internal review system and loss allowance methodology to provide for the detection of problem receivables and an adequate allowance to cover credit losses.

INvestEd reviews notes receivable on an annual basis to provide an adequate allowance. The allowance is based on collection experience and other circumstances which may affect the ability of the programs to meet their obligations. Notes receivable is considered impaired if full principal payments are not received in accordance with contractual terms. It is INvestEd's policy to charge off uncollectible notes receivable when management determines the amount will not be collected.

INvestEd evaluates credit exposure using a credit quality indicator based on payment activity. If payments have not been made in accordance with contractual terms, the notes would be rated as "Nonperforming". The credit quality indicator is updated on an annual basis.

Right of Use Asset and Lease Liability - INvestEd determines if an arrangement is a lease at inception. A lease asset is recognized for its right to use the underlying leased asset and a lease liability for the corresponding obligation to make lease payments. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The present value is calculated using the rate implicit in the lease. If the rate is not readily determinable from the lease, INvestEd will estimate an applicable incremental borrowing rate. Right-of-use assets also include any lease payments made and exclude lease incentives. No right-of-use asset or lease liability is recognized for any leases with payments under \$5,000 annually, as they have been determined to be insignificant to the financial statements.

Capital Assets - Capital assets consist of office furniture, equipment and leasehold improvements recorded at cost. Depreciation is charged to operations using the straight-line method over the estimated useful lives of the related assets or the term of the lease, which is 3 to 7 years depending on the asset class.

Discounts and Premiums on Notes Payable and Debt Issuance Costs - Discounts and premiums on notes payable are amortized using the interest method over the notes issued. Debt issuance costs are recorded as expense when incurred.

Refundable Grant Advance - The grant of \$10,000,000 received from the State of Indiana to fund Accelerate Indiana is reported as a refundable liability to the extent the funds are not used for eligible expenses. The amount of eligible expenses incurred during fiscal year 2025 were \$61,000. The remaining \$338,000 was returned as of June 30, 2025, per the terms of the agreement. As of June 30, 2024, the amount of eligible expenses incurred was \$6,609,000 with a remainder balance of \$399,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Net Position - \$177,778,000 and \$172,465,000 of INvestEd's net position and all related revenues were unrestricted on June 30, 2025 and 2024, respectively. INvestEd does, however, maintain other arrangements which limit the use of assets. At June 30, 2025 and 2024, INvestEd's restricted net position of \$1,122,000 and \$1,102,000 respectively, reflect debt reserve requirements (see Note 8); \$6,691,000 and \$6,839,000, respectively, are restricted for income share arrangements (see Note 5); and \$1,011,000 and \$307,000, respectively, reflect amounts invested in capital assets including right-of-use assets (see Note 7 and 10). When both restricted and unrestricted resources are available for use, it is INvestEd's policy to use restricted resources first, then unrestricted resources as they are needed.

Loan Income and Related Expenses - Interest and special allowance on student loans are recognized as income in the period earned, and servicing costs are charged to expense as incurred. Income share agreements will earn income from the Indiana Department of Revenue based on the incremental tax increase in the earnings of an awardee. This will be recognized as income in the period earned and servicing costs are charged to expense as incurred.

Servicing Fees - As of June 30, 2025, Pennsylvania Higher Education Assistance Agency services INvestEd's FFELP student loan portfolio and private tuition, parent and refinance loan portfolios. Knowledge Finance services the income share agreement portfolio. Servicing fee expense amounts are included in operating expenses in the statements of revenues, expenses and changes in net position.

Risk Management - INvestEd is exposed to various risks of loss related to property loss, torts, errors and omissions, cyber risk and employee injuries. Coverage for these various risks of loss is obtained through commercial insurance. There has been no significant reduction in insurance coverage from the prior year for all categories of risk. Commercial insurance is purchased in an amount that is sufficient to cover INvestEd's risk of loss. INvestEd will record an estimated loss from a claim as an expense and a liability if it meets the following requirements: (1) information available indicates that it is probable that an asset has been impaired, or a liability has been incurred at the date of the financial statements and (2) the amount of the loss can be reasonably estimated.

Operating Revenues and Expenses - The loan issuances are the principal source of the operating funds. INvestEd derives operating revenue from interest earned on student loans, administrative fee income, the U.S. Secretary of Education, and note receivable interest income. INvestEd's expenses primarily consist of interest on debt arrangements, loan servicing and administration, and payroll expense.

Nonoperating Revenues and Expenses - A grant from the Commission for Higher Education is the primary source of operating funds for Accelerate as of June 30, 2025. This grant expired and all remaining grant funds were returned on June 30, 2025. INvestEd paid grants to third parties during the year ended June 30, 2025.

Income Taxes - INvestEd and Accelerate are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for income taxes has been included in the financial statements. In addition, INvestEd and Accelerate have been determined by the Internal Revenue Service not to be private foundations within the meaning of Section 509(a) of the Internal Revenue Code. Additionally, INvestEd and Accelerate meet the criteria required for classification as an affiliate of a government unit, and therefore, are not required to file federal or state information returns. On April 8, 2025 the Governor of the State of Indiana issued Executive Order 25-43 compelling certain organizations to file Federal Form 990. As a result, INvestEd in the process of completing and filing the Federal Form 990 to comply with this executive order, even though the filing is not required by the IRS, as INvestEd was granted an exemption from the Internal Revenue Service on April 2, 2010.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Subsequent Events – Management has evaluated the financial statements for subsequent events occurring through October 16, 2025, the date the financial statements were available to be issued.

2. DEPOSITS AND INVESTMENTS

Cash Deposits with Financial Institutions

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized or collateralized with securities held by the pledging financial institution. Deposits held in the six demand deposit accounts are carried at cost and are insured up to \$250,000 per financial institution.

The carrying amount of demand deposits was \$5,116,000 and bank balances were \$5,359,000 at June 30, 2025. INvestEd's maximum risk was \$5,109,000 at June 30, 2025.

Investments

The investment policy for INvestEd allows for investing in a portfolio balanced between equity and fixed income securities. The permissible investments are detailed in the investment policy. Trust accounts are invested in accordance with trust indentures executed by INvestEd. Accelerate funds are governed by the investment policy of the State of Indiana. Excerpts from the investment policy are as follows:

(a) Investment Policy:

- **Scope of this Investment Policy**

The statement of investment policy reflects the investment policy, objectives, and constraints for INvestEd assets that are not encumbered by trust or otherwise.

- **Long Range Goals**

In order to meet its needs, the investment strategy of the invested assets is to emphasize a balanced return of current income and modest growth of principal consistent with the preservation of the purchasing power of the Fund. By investing in a portfolio balanced between equity and fixed income securities the Board is willing to accept fluctuations to the principal value of the portfolio in order to provide an opportunity for higher long-term returns. The Board understands that short to intermediate-term results may be negative.

- **Investments**

In order to provide the Investment Fund Manager(s) the freedom to invest within the guidelines of this policy statement, the following security classifications are permissible and suitable investment.

1. **Equity Securities:** Publicly traded common and preferred stocks, American Depositary Receipts (ADRs), convertible preferred stocks and convertible debentures. Equity securities may be chosen from the NYSE, regional Exchanges and the National Over-the-Counter Market. All assets must have readily ascertainable market values and be fully liquid and marketable. The equity portfolio is limited to a maximum of 5% at cost and 10% at market (of total account value) of the securities of any one issuer with the exception of exchange traded funds or mutual funds. Broad industry diversification must be maintained.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

2. DEPOSITS AND INVESTMENTS (CONTINUED)

The portfolio may also invest in equity mutual funds or exchange traded funds, without limitation on the percentage weight in the portfolio.

2. *Fixed Income*: The individually managed portfolio shall be comprised of high-quality issues. All individually held Corporate Bonds must be rated no lower than Moody's or Standard & Poor's rating Baa/BBB - to be purchased or retained. The portfolio is restricted to a maximum of 5% at cost and 10% at market (of total account value) of the securities of any one issuer, with the exception of U.S. Government and Agency securities which have no limit.

The portfolio may also invest in fixed income mutual funds or exchange traded funds, without limitation on the percentage weight in the portfolio.

Investment in mutual funds shall be the chosen vehicle for exposure to high yield (below investment grade) fixed income securities should they be included in the portfolio.

The portfolio's average maturity should range from 1-7 years.

3. *Cash and Equivalents*: Cash reserves may consist of individual fixed income securities such as Commercial Paper, U.S. Treasury Bills, and other similar instruments, with less than one year to maturity and/or money market funds. Cash reserves should be free from risk and have instant liquidity. Short-term instruments of maturities less than one year in U.S. Government or U.S. Agencies are not restricted in the size of the position.

4. *Non-Traditional Assets*: Non-Traditional Assets includes SEC registered mutual funds and exchange traded funds that invest in asset classes and/or strategies outside of traditional long only equity and fixed income securities portfolios. These investment classes include, but are not limited to: convertible securities, convertible arbitrage, long/short equity, commodities, precious metals, real estate investment trusts, foreign bonds and senior bank loans. Permitted holdings include open and/or closed-end mutual funds and exchange traded funds.

The Investment Advisor assists the Investment Committee in balancing the total Fund within the following established strategic allocation parameters:

<u>Investment Class</u>	<u>Target</u>	<u>Allowable Range</u>
Equities	50%	30% - 70%
Fixed income	30%	20% - 70%
Cash and equivalents	0%	0% - 20%
Non-traditional assets	20%	0% - 30%

• ***Performance Review and Evaluation***

Performance reports generated by the Investment Advisor shall be compiled at least quarterly and communicated to the Investment Committee for review. The purpose of these reports shall be to review and evaluate both the Investment Advisor and the Investment Fund Managers. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines as set forth in this policy. The Investment Committee intends to evaluate the portfolio(s) over at least a five to seven-year period, but reserve the right to terminate a fund manager for any reason including the following:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

2. DEPOSITS AND INVESTMENTS (CONTINUED)

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of the investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment fund management organization.

Investment Fund Managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results. The Investment Advisor's performance shall also be reviewed regularly. Due diligence reports from the Investment Advisor are expected annually or when deemed appropriate by Investment Advisor, Directors or Investment Committee.

The objective of monitoring is not to set in opposition one Investment Fund Manager or program against another, but rather to ensure prudent management of the Fund and compliance with this policy. It is of primary importance that the guidelines are adhered to and the objectives be met. The Investment Committee shall review the investment management consultant's performance on a full market cycle (five years).

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investments.

As of June 30, 2025 and 2024, INvestEd had the following investments and cash equivalents and maturities:

2025 Investment Type	Fair Value (In thousands)	Maturities (In Years)			
		< 1	1-5	6-10	> 10
Fixed income investments:					
U.S. Treasury notes	\$ 12,413	\$ 1,844	\$ 7,918	\$ 2,651	
Corporate bonds	9,797	1,283	5,782	2,732	
Government agency bonds	71				\$ 71
Municipal bonds	1,920	647	650	382	241
Mutual fund bond funds	8,360	8,360			
Exchange traded funds	16,391	16,391			
Equity mutual funds	53,009	53,009			
Common stocks	14,538	14,538			
Hedge funds	422				422
	<u>\$ 116,921</u>	<u>\$ 96,072</u>	<u>\$ 14,350</u>	<u>\$ 5,765</u>	<u>\$ 734</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024
2. DEPOSITS AND INVESTMENTS (CONTINUED)

2024 Investment Type	Fair Value (In thousands)	Maturities (In Years)			
		< 1	1-5	6-10	> 10
Money market fund shares	\$ 8,406	\$ 8,406			
Certificates of deposit	198	198			
Fixed income investments:					
U.S. Treasury notes	7,280	897	\$ 5,321	\$ 1,062	
Corporate bonds	9,785	1,172	5,974	2,639	
Government agency bonds	145		50	8	\$ 87
Municipal bonds	1,981	424	1,439	118	
Mutual fund bond funds	7,504	7,504			
Exchange traded funds	17,675	17,675			
Equity mutual funds	45,194	45,194			
Common stocks	14,738	14,738			
Hedge funds	632				632
	<u>\$ 113,538</u>	<u>\$ 96,208</u>	<u>\$ 12,784</u>	<u>\$ 3,827</u>	<u>\$ 719</u>

Custodial Credit Risk

Custodial credit risk is the risk INvestEd will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party if the counterparty fails. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of INvestEd, and are held by either the counterparty or the counterparty's trust department or agent but not in INvestEd's name. INvestEd has no custodial credit risk on investments.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

2. DEPOSITS AND INVESTMENTS (CONTINUED)**Credit Risk**

The following table provides information on the credit ratings associated with INvestEd's investments and cash equivalents as of June 30, 2025:

Investment Type	Fair Value (in thousands)	Moody's	S&P
Government agency bonds	\$ 71	NR	NR
U.S. Treasury notes	11,963	AA1	NR
U.S. Treasury notes	450	NR	NR
Corporate bonds	139	AAA	AA+
Corporate bonds	248	AA2	AA-
Corporate bonds	199	AA2	A+
Corporate bonds	174	AA3	AA-
Corporate bonds	246	AA3	A
Corporate bonds	388	AA3	A+
Corporate bonds	334	A1	A+
Corporate bonds	644	A1	A
Corporate bonds	306	A1	A-
Corporate bonds	141	A1	AA-
Corporate bonds	295	A1	BBB+
Corporate bonds	728	A2	A
Corporate bonds	298	A2	BBB+
Corporate bonds	1,045	A3	A-
Corporate bonds	497	A3	BBB+
Corporate bonds	1,002	BAA1	BBB+
Corporate bonds	843	BAA1	BBB
Corporate bonds	98	BAA2	BBB+
Corporate bonds	1,911	BAA2	BBB
Corporate bonds	261	BAA3	BBB
Municipal bonds	148	AAA	AAA
Municipal bonds	78	AAA	AA+
Municipal bonds	79	AA1	AAA
Municipal bonds	209	AA1	AA+
Municipal bonds	50	AA1	--
Municipal bonds	262	AA2	AA
Municipal bonds	125	AA3	AA-
Municipal bonds	102	A1	A+
Municipal bonds	242	--	AA+
Municipal bonds	377	--	AA
Municipal bonds	48	--	AA-
Municipal bonds	200	--	--
	<hr/>		
	24,201		
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

2. DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer.

The following shows investments in issuers that represent 5% or more of the total investments at June 30, 2025:

Fidelity International Index Fund	5.13%
United States Treasuries	10.68%
William Blair Large Cap Growth	6.63%

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. At June 30, 2025, there was no foreign currency risk exposure.

3. FAIR VALUE MEASUREMENTS

INvestEd has categorized its assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that INvestEd has the ability to access.

Level 2 - Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, INvestEd makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

Following is a description of the valuation methodologies used by INvestEd for assets that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at June 30, 2025 and 2024.

Mutual Fund Shares and Money Market Fund Shares: Valued at the daily closing price as reported by each fund. These funds are required to publish net asset value (NAV) and to transact at that price. These funds are deemed to be actively traded.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

3. FAIR VALUE MEASUREMENTS (CONTINUED)

Certificates of Deposit: Valued by discounting cash flows based on interest rates of similar instruments with similar credit ratings and duration.

Common Stocks, Exchange Traded Funds, and Government Obligations: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Hedge Funds: Valued at net asset value (NAV), as provided by the fund manager. NAV is used as a practical expedient to estimate fair value and is based on the fair value of the underlying investments less liabilities. The practical expedient would not be used if it is determined to be probable that the fund would sell the investment for an amount different than the reported NAV. When NAV is used to estimate fair value, these funds are not classified in the fair value hierarchy.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of INvestEd's assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2025 and 2024 (in thousands):

	2025	Level 1	Level 2	Total	Measured at NAV
ASSETS:					
Fixed Income Investments:					
US Treasury notes		\$ 12,413		\$ 12,413	
Corporate bonds			\$ 9,797	9,797	
Government agency		71		71	
Municipal bonds		1,920		1,920	
Mutual fund bond funds		8,360		8,360	
Exchange Traded Funds		16,391		16,391	
Equity Mutual Funds		53,009		53,009	
Common Stocks		14,538		14,538	
Hedge Funds					\$ 422
Total Assets at Fair Value		\$ 106,702	\$ 9,797	\$ 116,499	\$ 422

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024
3. FAIR VALUE MEASUREMENTS (CONTINUED)

2024	Level 1	Level 2	Total	Measured at NAV
ASSETS:				
Money market fund shares	\$ 8,406		\$ 8,406	
Certificates of deposit	198		198	
Fixed Income Investments:				
US Treasury notes	7,280		7,280	
Corporate bonds		\$ 9,785	9,785	
Government agency	145		145	
Municipal bonds	1,981		1,981	
Mutual fund bond funds	7,504		7,504	
Exchange Traded Funds	17,675		17,675	
Equity Mutual Funds	45,194		45,194	
Common Stocks	14,738		14,738	
Hedge Funds				\$ 632
Total Assets at Fair Value	<u>\$ 103,121</u>	<u>\$ 9,785</u>	<u>\$ 112,906</u>	<u>\$ 632</u>

Fair Value of Investments in Entities that Use NAV

The following table summarizes investments measured at fair value based on the NAV per share as of June 30, 2025 and 2024:

Instrument	Fair Value (In thousands)		Unfunded Commitments (In thousands)	Redemption Frequency (if currently eligible)	Redemption Notice Period
	2025	2024			
Hedge fund (a)	<u>\$422</u>	<u>\$632</u>	\$152	Not allowed during 10 yr. investment term	N/A

- (a) Investment fund employs a research-driven, bottom-up investment process that involves extensive qualitative and quantitative analysis that incorporates international relationships and expertise across capital structures, industries and geographies. The fund's underlying strategies include the use of mezzanine and equity financing in lower middle market companies.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

4. STUDENT LOANS RECEIVABLE - NET

Student loans receivable consists of FFELP loans made under the Act and are carried at their unpaid principal balance net of an allowance for loan losses plus unamortized purchase discounts. FFELP loans earn interest at various rates ranging from 6.80% to 8.71%, depending upon the type of FFELP loan and the date the FFELP loan was made. Substantially all of the principal and accrued interest on FFELP loans is insured by certain guarantee agencies which are reinsured by the federal government. At June 30, 2025 and 2024, the majority of INvestEd's FFELP loans were guaranteed by the Pennsylvania Higher Education Assistance Agency (62% as of June 30, 2025), California Student Aid Commission/EDFund (18% as of June 30, 2025), and Educational Credit Management Corporation (15% as of June 30, 2025).

Student loans receivable also consist of private loans either originated or purchased under one of INvestEd's tuition, parent and refinance loan programs. Private loans are carried at their unpaid principal balance net of an allowance for loan losses. Private tuition and parent loans earn interest at various rates ranging from 4.61% to 12.45%, depending on the type of private loan and date the loan was made. Private refinance loans earn interest at various rates ranging from 5.36% to 12.38% depending upon the term of the loan and the date the loan was made. Private loans are not subject to any federal guarantees.

A portfolio of FFELP loans was sold in June 2013 and this sale agreement includes certain recourse provisions where INvestEd is required to repurchase FFELP loans that have inaccuracies that materially and adversely affect the value of the FFELP loan. The recourse provision is in effect through the life of the FFELP loans. INvestEd has 60 days to cure any identified issue prior to being required to repurchase the FFELP loan. INvestEd has recorded an estimated recourse liability which is included as a component of the allowance for loan losses.

Student loans receivable - net as of June 30, 2025 and 2024, consisted of the following:

	2025	2024
	(In thousands)	
Federal Family Education Loan Program	\$ 28,811	\$ 34,500
Private loan programs	90,810	81,446
Less – allowance for loan losses	<u>(5,051)</u>	<u>(3,417)</u>
End of year	<u>\$114,570</u>	<u>\$112,529</u>
Current portion	<u>\$ 9,102</u>	<u>\$ 10,319</u>
Long-term portion	<u>\$105,468</u>	<u>\$102,210</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

4. STUDENT LOANS RECEIVABLE - NET (CONTINUED)

The activity for the allowance for loan losses for the years ended June 30, 2025 and 2024, is as follows:

	2025	2024
	(In thousands)	
Beginning of year	\$ 3,417	\$ 3,114
Provision for loan losses	2,800	1,480
Recoveries	167	52
Write-offs of loans	<u>(1,333)</u>	<u>(1,229)</u>
End of year	<u><u>\$ 5,051</u></u>	<u><u>\$ 3,417</u></u>

5. INCOME SHARE AGREEMENTS - NET

Income share agreements consist of agreements originated under the Indiana Career Accelerator fund. Income share agreements are carried at their unpaid principal balance net of an allowance for losses. No interest is accrued on income share agreements. Income share agreements are not subject to any federal guarantees.

	2025	2024
	(In thousands)	
Income share agreements	\$ 7,161	\$ 8,139
Less – allowance for loan losses	<u>(1,606)</u>	<u>(1,628)</u>
End of year	<u><u>\$ 5,555</u></u>	<u><u>\$ 6,511</u></u>
Current portion	<u><u>\$ 340</u></u>	<u><u>\$ 186</u></u>
Long-term portion	<u><u>\$ 5,215</u></u>	<u><u>\$ 6,325</u></u>

The activity for the allowance for loan losses for the year ended June 30, 2025 and 2024, is as follows:

	2025	2024
	(In thousands)	
Beginning of year	\$1,628	\$ 362
Provision for loan losses		1,415
Write-offs of loans	<u>(22)</u>	<u>(149)</u>
End of year	<u><u>\$1,606</u></u>	<u><u>\$1,628</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

6. NOTES RECEIVABLE

Effective September 30, 2018, INvestEd entered into a senior note purchase agreement with Back A Boiler - ISA Fund, LLC (Fund I) for a commitment of \$1,000,000. As a noteholder in the agreement, INvestEd had funded \$965,000 as of June 30, 2019. The remaining unfunded commitment was waived during fiscal year 2019. InvestEd has received returned capital in the amount of \$827,600 as of June 30, 2025.

Effective October 26, 2018, INvestEd entered into a senior note purchase agreement with Back A Boiler - ISA Fund II, LLC (Fund II) for a commitment of \$3,000,000. As a noteholder in the agreement INvestEd has fully funded the commitment as of June 30, 2025. InvestEd has received interest payments in the amount of \$771,746 and returned capital in the amount of \$262,005 as of June 30, 2025.

These note agreements call for quarterly payments based on available cash flows of the funds as defined in the agreement with an anticipated starting date for those payments of 36 months from issuance. Fund I calls for an expected and maximum interest rate of 4% and a final maturity date of the date all accrued interest and principal have been paid or September 30, 2031. Fund II calls for an expected and maximum interest rate of 4.5% and a final maturity date of the date all accrued interest and principal have been paid or the 12th anniversary of the last capital call under the agreement.

Effective July 9, 2020, INvestEd entered into an agreement with Stride Fund 1, LLC for a commitment of \$1,000,000 to invest in Qualified Income Share Agreements. As an investor in this agreement INvestEd has fully funded the commitment as of June 30, 2025. INvestEd has received returned capital in the amount of \$118,891 as of June 30, 2025.

This agreement calls for distributions to the extent cash is available as follows: first a return of capital in proportion to capital contribution amounts, and second a preferred return of 8%. This return is cumulative to the extent not distributed in any given year. The termination date of this agreement is June 30, 2030.

7. CAPITAL ASSETS

Capital assets activity for the years ended June 30, 2025 and 2024, (in thousands) were as follows:

	2024	Additions	Retirements	2025
Depreciable capital assets:				
Furniture and equipment	\$ 472	\$ 68	\$ 10	\$ 530
Leasehold improvements	42			42
Total depreciable capital assets	514	68	10	572
Less accumulated depreciation	207	54	5	256
Net depreciable capital assets	<u>\$ 307</u>	<u>\$ 14</u>	<u>\$ 5</u>	<u>\$ 316</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024
7. CAPITAL ASSETS (CONTINUED)

	2023	Additions	Retirements	2024
Depreciable capital assets:				
Furniture and equipment	\$ 351	\$ 236	\$ 115	\$ 472
Leasehold improvements	112	41	111	42
Total depreciable capital assets	463	277	226	514
Less accumulated depreciation	403	29	225	207
Net depreciable capital assets	<u>\$ 60</u>	<u>\$ 248</u>	<u>\$ 1</u>	<u>\$ 307</u>

8. NOTES AND BONDS PAYABLE AND LINES OF CREDIT

Notes payable and bonds payable as of June 30, 2025 and 2024 consisted of Floating Rate Notes (FRNs) and tax-exempt student loan revenue bonds. Effective June 2020 a margin line of credit with Fidelity was established. This line was paid in full but remains open as of June 30, 2025. Effective June 15, 2023, a line of credit was established with Old National Bank (ONB). The following table displays the activity in notes payable and bonds for the years ended June 30, 2025 and 2024 (in thousands):

	2024	Additions	Reductions	2025	Due in 1 Year
Notes and bonds payable, net	\$ 52,479	\$ 0	\$ (12,629)	\$ 39,850	\$ 7,023
ONB line of credit	12,688	20,000	(3,000)	29,688	
	<u>\$ 65,167</u>	<u>\$ 20,000</u>	<u>\$ (15,629)</u>	<u>\$ 69,538</u>	<u>\$ 7,023</u>
	2023	Additions	Reductions	2024	Due in 1 Year
Notes and bonds payable, net	\$ 70,888	\$ 0	\$ (18,409)	\$ 52,479	\$ 10,078
ONB line of credit	2,188	11,500	(1,000)	12,688	
	<u>\$ 73,076</u>	<u>\$ 11,500</u>	<u>\$ (19,409)</u>	<u>\$ 65,167</u>	<u>\$ 10,078</u>

Notes and bonds payable at June 30, 2025 include \$21,852,000 of taxable LIBOR FRNs less an unamortized bond discount of \$37,000 and \$17,485,000 of tax-exempt student loan revenue bonds plus an unamortized premium bond discount of \$550,000. Notes and bonds payable at June 30, 2024 include \$28,987,000 of taxable LIBOR FRNs less an unamortized bond discount of \$53,000 and \$22,800,000 of tax-exempt student loan revenue bonds plus an unamortized premium bond discount of \$745,000. The FRNs mature on February 25, 2044. Interest on the FRNs ranged from 4.43% to 5.46% and 5.41% to 5.95% during the years ended June 30, 2025 and 2024, respectively. The interest rate will be based on one-month term SOFR plus a spread of 0.11448% on a set determination date which is the second business day immediately preceding each Distribution Date. Interest is paid on the Distribution Date which is the 25th of each calendar month or the next succeeding business day. These notes payable are limited obligations of INvestEd and are payable from and collateralized by the student loans, revenues, and recoveries of principal and all amounts held in any account established under the note documents. Principal payments are required to be made monthly based on available funds, less required fees and transfers as stipulated in the note documents.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

8. NOTES AND BONDS PAYABLE AND LINES OF CREDIT (CONTINUED)

Tax-exempt student loan revenue bonds were issued December 15, 2022, in the amount of \$28,890,000 plus a bond premium of \$1,109,000. The bonds mature between June 1, 2024 and June 1, 2039. Interest on the bonds is fixed at 5% for the serial bonds and 4.50% for a super sinker bond. Interest is paid semi-annually on June 1 and December 1. These bonds payable are limited obligations of INvestEd and are payable from and collateralized by the student loans, revenues, and recoveries of principal and all amounts held in any account established under the bond documents.

The margin line of credit had borrowings of \$0 at June 30, 2025 and 2024, respectively. The interest rate on the margin line ranged from 4.50% to 7.25% and is based on the Fidelity Advisor Base Lending Rate utilizing the index of the federal funds rate. The margin line of credit is secured by investments and had availability of \$7,052,012 as of June 30, 2025. Borrowings are due on demand.

A line of credit was established effective June 15, 2023, with Old National Bank with an available amount of \$34,000,000. The line had net borrowings of \$17,000,000 during June 30, 2025 with an ending balance of \$29,688,000 as of June 30, 2025. This line of credit was due to mature June 15, 2025, however an amendment was signed extending the due date to September 15, 2025. The interest rate on the line as of June 30, 2025, was 6.164% and is based on 1 month CME SOFR plus a spread of 1.85%. Interest is paid on the first day of each month or the next succeeding business day. This line of credit is collateralized by the private student loan portfolio established under the line documents.

A new line of credit was established effective September 5, 2025, with Old National Bank with an available amount of \$45,000,000. The line of credit is due to mature on November 15, 2027. The interest rate on the line of credit is based on Term SOFR plus a spread of 1.85%. Interest is paid in arrears on the 30th day of each month. The line of credit is collateralized by the private student loan portfolio established under the line documents.

The FRNs allow for remedies in the case there is an event of default. An event of default can be (i) default in the due and punctual payment of the principal of any of the FRNs when due and payable on the related stated maturity date; (ii) default in the due and punctual payment of interest distribution amount on any of the notes when due and such default shall continue for a period of five business days; (iii) default in the performance or observance of any other of the covenants, agreements or conditions on the part of INvestEd to be kept, observed and performed contained in the indenture or in the FRNs, and, if such default is capable of being cured, the continuation of such default for a period of 90 days after written notice thereof by the trustee to the authorized representative of INvestEd; or (iv) the occurrence of an event of bankruptcy. In no event shall the failure to pay principal of the FRNs (except failure to pay principal of the FRNs on the stated maturity date) be an event of default. Although the interest shortfall amount may be used for administrative purposes to track any unpaid and overdue interest on the FRNs, any failure to pay interest on the FRNs when due under the indenture as described in (ii) above shall be an event of default under the indenture.

Upon an acceleration of the FRNs in accordance with the provisions of the indenture due to the occurrence of an event of default, the trustee may take possession of the trust estate. Furthermore, the trustee shall take possession of the trust estate at the written direction of the registered owners representing not less than a majority in aggregate principal of the FRNs outstanding at the time, upon an acceleration of the FRNs in accordance with the provisions of the indenture due to an event of default.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

8. NOTES AND BONDS PAYABLE AND LINES OF CREDIT (CONTINUED)

The following table displays estimated future debt maturities and interest payments for FRN notes payable at June 30, 2025 (in thousands), based on INvestEd's best estimate of expected available future cash flows as stipulated in the note documents:

Year Ending, June 30,	Principal	Interest	Total
2026	\$ 3,879	\$ 855	\$ 4,734
2027	3,605	668	4,273
2028	3,299	516	3,815
2029	2,758	394	3,152
2030	2,119	295	2,414
2031-2035	5,410	610	6,020
2036-2040	782	24	806
Total	<u>21,852</u>	<u>3,362</u>	<u>25,214</u>
Discount	<u>(37)</u>		<u>(37)</u>
Notes payable, net	<u>\$ 21,815</u>	<u>\$ 3,362</u>	<u>\$ 25,177</u>

Significant changes in the estimated available future cash flows could impact the reported future debt maturities and interest payments. Accordingly, the estimated future debt maturities and interest payments are inherently subjective as it requires material estimates that may be subject to change.

Notes payable are secured by (a) the proceeds derived from the sale of the notes, (b) eligible loans, and (c) certain accounts established by the respective note resolutions, including monies and securities therein. The respective note resolutions establish the following special trust accounts for each series, unless otherwise indicated:

Collection Fund - This fund is used to account for all revenues received by INvestEd with respect to the FFELP loans. The funds are used for the following distributions: (a) department reserve funds for payments to the US DOED, (b) estimated program expenses, (c) principal and interest payments, and (d) transfers to reinstate balance of Debt Service Reserve Fund.

Reserve Funds - These funds may either be used to maintain a minimum reserve requirement or to be paid to the US DOED for required funds due based on the FFELP loans.

The revenue bonds payable allow for remedies in the case there is an event of default. An event of default can be (i) default in the due and punctual payment of the principal of or interest on any of the Senior Bonds when due; (ii) default in the performance or observance of any other of the covenants, agreements or conditions on the part of INvestEd to be kept, observed and performed contained in the indenture or in the Bonds, and, if such default is capable of being cured, the continuation of such default for a period of 90 days after written notice thereof by the trustee to the authorized representative of INvestEd; or (iii) the occurrence of an event of bankruptcy. Upon the happening and the continuance of any event of default, the trustee may in the case of event of default upon written direction of 100% of the Registered Owners may take possession of the trust estate.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

8. NOTES AND BONDS PAYABLE AND LINES OF CREDIT (CONTINUED)

The following table displays estimated future debt maturities and interest payments for revenue bonds payable at June 30, 2025 (in thousands), based on INvestEd's best estimate of expected available future cash flows as stipulated in the bond documents:

Year Ending, June 30,	Principal	Interest	Total
2026	\$ 3,000	\$ 858	\$ 3,858
2027	3,500	706	4,206
2028	3,100	533	3,633
2029	2,725	380	3,105
2030	2,450	245	2,695
2031-2035	2,520	156	2,676
2036-2040	190	33	223
Total	<u>17,485</u>	<u>2,911</u>	<u>20,396</u>
Premium	<u>550</u>		<u>550</u>
 Bond Payable, Net	 <u>\$ 18,035</u>	 <u>\$ 2,911</u>	 <u>\$20,946</u>

Significant changes in the estimated available future cash flows could impact the reported future debt maturities and interest payments. Accordingly, the estimated future debt maturities and interest payments are inherently subjective as it requires material estimates that may be subject to change.

Bonds payable are secured by (a) the proceeds derived from the sale of the bonds, (b) eligible loans, and (c) certain accounts established by the respective bond resolutions, including monies and securities therein.

The respective bond resolutions establish the following special trust accounts for each series, unless otherwise indicated:

Student Loan Fund – This fund was established from proceeds of the bonds and shall be used during the acquisition period as set forth in the indenture to make, acquire, finance or refinance eligible loans.

Revenue Fund - This fund is used to account for all revenues received by INvestEd with respect to the financed eligible loans. The funds are used for the following distributions: (a) rebate or excess earnings, (b) estimated program expenses, (c) principal and interest payments, and (d) transfers to reinstate balance of Debt Service Reserve Fund.

Reserve Funds - These funds may either be used to maintain a minimum reserve requirement or for the payment of principal and interest on the bonds.

9. RETIREMENT PLANS

INvestEd established the Indiana Secondary Market 401(k) Retirement Plan (Plan) in July 2002. Effective March 16, 2012, this Plan was merged into the EmPower Retirement Savings Plan as part of the contract with Human Capital Concepts, LLC. The Plan is a "Safe Harbor 401(k) Plan" as described in the Code. All employees 18 or older are eligible to participate on the first day of the month following their hire date.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

9. RETIREMENT PLANS (CONTINUED)

INvestEd makes a safe-harbor matching contribution equal to 100% of the first 6% that each participant contributes to the Plan. INvestEd also may make a discretionary profit-sharing contribution to the Plan for participants who are employed at the end of the Plan year. Participants are 100% vested in INvestEd's contributions after one year of service. INvestEd's contributions to the Plan during fiscal years 2025 and 2024 were approximately \$98,000 and \$92,000, respectively.

10. COMMITMENTS

INvestEd leases office space under the terms of a long-term non-cancellable lease. Lease payments have an escalating fee schedule of approximately 2%. One lease had a term which ended effective July 2024. A new building lease was entered into with terms ending June 2033.

At June 30, 2025 and 2024, total right-of-use assets and lease liabilities, including classification in the statements of net position, were as follows (in thousands):

	2025	2024
Lease assets:		
Right of use asset	\$784	\$784
Accumulated amortization	<u>(89)</u>	<u>(24)</u>
Right of use asset, net	<u>\$695</u>	<u>\$760</u>
Lease liabilities:		
Current portion	\$ 66	\$96
Non-current portion	<u>799</u>	<u>726</u>
Total	<u>\$865</u>	<u>\$822</u>
Total lease costs:		
Amortization of right of use asset	\$ 65	\$129
Interest on lease liabilities	<u>48</u>	<u>22</u>
Total	<u>\$113</u>	<u>\$151</u>

Future minimum required payments under this lease at June 30, 2025, were as follows:

Year Ending June 30,	Rental Payments (in Thousands)
2026	\$ 155
2027	159
2028	163
2029	166
2030	170
Thereafter	<u>320</u>
	<u>\$ 1,133</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

11. CONTINGENCIES

INvestEd is subject to various legal proceedings and claims which arise primarily in the ordinary course of conducting its business. In management's opinion, the ultimate resolution of such matters will not have a material adverse effect on INvestEd's net position or its changes in net position.

12. SUBSEQUENT EVENTS

On July 25, 2025, INvestEd entered into an agreement to return the funds received from the Indiana Commission of Higher Education used to fund Accelerate's Income Share Agreements. Funds are expected to be returned as follows as of June 30:

Year Ending June 30,	Payments (in Thousands)
2026	\$2,500
2027	2,500
2028	2,500
2029	<u>1,686</u>
	<u>\$9,186</u>

OTHER REPORT

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

Board of Directors
Indiana Secondary Market for Education Loans, Inc.
d/b/a INvestEd

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of Indiana Secondary Market for Education Loans, Inc. d/b/a INvestEd (INvestEd), a component unit of the State of Indiana, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise INvestEd's basic financial statements, and have issued our report thereon dated October 16, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
October 16, 2025