STUDENT LOAN GUARANTEE FOUNDATION OF ARKANSAS, INC.

Financial Statements
September 30, 2025 and 2024

(With Independent Auditor's Report Thereon)

Student Loan Guarantee Foundation of Arkansas, Inc.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Student Loan Guarantee Foundation of Arkansas, Inc.
North Little Rock, Arkansas

Opinion

We have audited the financial statements of **Student Loan Guarantee Foundation of Arkansas, Inc.** (the Foundation), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of September 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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

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Board of Directors
Student Loan Guarantee Foundation of Arkansas, Inc

Auditor's Responsibilities for the Audit of the Financial Statements *(Continued)*

includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Landmark PLC

Little Rock, Arkansas
May 13, 2026

Financial Statements

Student Loan Guarantee Foundation of Arkansas, Inc.

Statements of Financial Position
September 30, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	$ 401,534	$ 465,008
Investments	3,774,493	4,076,840
Other receivables	-	11
Prepaid expenses	12,291	8,064
Property and equipment, net	774	3,440
Right of use asset - operating lease, net	128,959	18,170
TOTAL ASSETS	$ 4,318,051	$ 4,571,533
LIABILITIES AND NET ASSETS		
Accounts payable	$ 807	$ 937
Accrued payroll and related liabilities	31,103	27,969
Operating lease liability	128,959	18,170
TOTAL LIABILITIES	160,869	47,076
NET ASSETS	4,157,182	4,524,457
TOTAL LIABILITIES AND NET ASSETS	$ 4,318,051	$ 4,571,533

See accompanying notes to financial statements.

Student Loan Guarantee Foundation of Arkansas, Inc.

Statements of Activities
Years Ended September 30, 2025 and 2024

	2025	2024
REVENUES AND GAINS		
Investment income	$ 189,230	$ 646,198
Miscellaneous revenue	-	287
TOTAL REVENUES AND GAINS	189,230	646,485
EXPENSES		
Program services	430,012	445,176
Supporting services	126,493	121,030
TOTAL EXPENSES	556,505	566,206
(DECREASE) INCREASE IN NET ASSETS	(367,275)	80,279
NET ASSETS, BEGINNING OF YEAR	4,524,457	4,444,178
NET ASSETS, END OF YEAR	$ 4,157,182	$ 4,524,457

See accompanying notes to financial statements.

Student Loan Guarantee Foundation of Arkansas, Inc.

Statement of Functional Expenses
Year Ended September 30, 2025

	Program Services	Supporting Services	Total
Salaries and other compensation	$ 146,440	$ 62,760	$ 209,200
Employee benefits and payroll tax expense	38,790	16,624	55,414
Professional fees and services	64,718	27,736	92,454
Information technology	1,474	632	2,106
Office expenses	4,802	2,058	6,860
Depreciation and amortization	1,866	800	2,666
Occupancy expense	17,324	7,424	24,748
Travel expense	2,225	953	3,178
Conferences, conventions and meetings expense	4,807	2,060	6,867
Insurance expense	12,559	5,383	17,942
Scholarships expense	134,860	-	134,860
Other expense	147	63	210
	$ 430,012	$ 126,493	$ 556,505

See accompanying notes to financial statements.

Student Loan Guarantee Foundation of Arkansas, Inc.

Statement of Functional Expenses
Year Ended September 30, 2024

	Program Services	Supporting Services	Total
Salaries and other compensation	$ 139,328	$ 59,712	$ 199,040
Employee benefits and payroll tax expense	32,648	13,992	46,640
Professional fees and services	57,555	24,667	82,222
Information technology	1,584	679	2,263
Office expenses	442	7,042	7,484
Depreciation and amortization	2,131	913	3,044
Occupancy expense	17,214	7,377	24,591
Travel expense	1,751	750	2,501
Conferences, conventions and meetings expense	657	282	939
Insurance expense	12,414	5,320	17,734
Scholarships expense	178,760	-	178,760
Other expense	692	296	988
	$ 445,176	$ 121,030	$ 566,206

See accompanying notes to financial statements.

Student Loan Guarantee Foundation of Arkansas, Inc.

Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	$ (367,275)	$ 80,279
Adjustments to reconcile (decrease) increase in net assets to net cash used by operating activities:		
Depreciation and amortization	2,666	3,044
Net appreciation in fair value of investments	(304,058)	(172,727)
Changes in operating assets and liabilities:		
Other receivables	11	2,358
Prepaid expenses	(4,227)	1,697
Accounts payable	(130)	238
Accrued payroll and other liabilities	3,134	514
Net Cash Used by Operating Activities	(669,879)	(84,597)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,467,726)	(291,504)
Proceeds from maturities of certificates of deposit	150,000	275,000
Proceeds from sales and maturities of investments	2,924,131	273,590
Net Cash Provided by Investing Activities	606,405	257,086
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(63,474)	172,489
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	465,008	292,519
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 401,534	$ 465,008

SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS

At September 30, 2025, the Foundation recorded a right-of-use asset and a right-of-use liability totaling $128,959.

See accompanying notes to financial statements.

NOTE 1: NATURE OF ACTIVITIES

The Student Loan Guarantee Foundation of Arkansas, Inc. (the Foundation) was established in 1966 for the primary purpose of serving as the state designated guarantor for the Federal Family Education Loan Program (FFELP) and providing other higher education services to Arkansas students and their families, as well as the institutions that serve them.

With the passage of the Healthcare and Education Reconciliation Act of 2010 (the Act), the Foundation’s authority to guarantee new loans under FFELP ended, and beginning July 1, 2010, all new student loans were issued through Direct Loan Program created under the Act, which is administered by the United States Department of Education (ED). As a result, the Foundation discontinued all services related to the issuance of loan guarantees. Effective September 30, 2014, the Foundation transitioned substantially all activities performed with respect to the then outstanding loan portfolio to Great Lakes Higher Education Guaranty Corporation (Great Lakes), with the approval of the Secretary of the Department of Education.

During the year ended September 30, 2015, management of the Foundation developed and began implementation of “GuidEd Solutions,” a program to provide postsecondary institutions with affordable and customized education services. The Foundation offered institutions the flexibility to utilize staff and resources to focus on student success. Services provided to colleges and universities included student debt management, pre-repayment counseling, gainful employment assistance, inbound and outbound communications to assist students, education-based surveys, a student notification system and various other administrative services. As of June 30, 2019, all GuidEd Solutions services were terminated.

During the year ended September 30, 2019, the Foundation began funding completion scholarships under the newly formed "Scholarships Leading to Graduation for Arkansans" program. Scholarships are awarded to eligible individuals through participating four-year, postsecondary, non-proprietary institutions that are located in the state of Arkansas, supported by the state of Arkansas or by a nonprofit, religious or charitable organizations. To be eligible to receive a scholarship under this program, a full-time student who has faced extenuating circumstances resulting in nonattendance must be a U.S. citizen and an Arkansas resident completing their first baccalaureate degree, within 30 credit hours of degree completion and a cumulative grade point average of 2.5. At September 30, 2025 and 2024, there were seventeen and nineteen institutions participating in the program, respectively.

The management, affairs and general administration of the Foundation are vested in a five-member Board of Directors.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Foundation reports information regarding its financial position and activities in accordance with generally accepted accounting principles, which require the distinction between net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. Net assets with donor restrictions are resources that are subject to donor-imposed limitations on how or when such resources may be used. All of the Foundation's net assets are without donor restriction at September 30, 2025 and 2024.

Cash and Cash Equivalents

For purposes of presentation in the statements of cash flows, the Foundation considers all short-term investment funds and highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents.

Cash and cash equivalents include balances in demand deposit accounts maintained with financial institutions and money market mutual funds held in brokerage accounts maintained with investment banking firms. In the event of a bank or investment banking firm failure, the excess of the balance over applicable insurance limits may not be recoverable. The Foundation has not experienced any such losses in regards to these accounts and does not anticipate such losses to occur. At September 30, 2025 and 2024, cash and cash equivalents balances totaling $399,272 and $477,077, respectively, were fully insured.

Investments

The Foundation records purchases of investment securities at cost on the transaction trade date. Thereafter, securities are reported at fair value on the statements of financial position. Changes in fair values are recorded in the period in which they occur. Realized gains and losses on sales of securities are recognized on the transaction trade dates. Dividend income is recorded on the ex-dividend date and interest income is accrued as it is earned. Investment income or loss presented on the statements of activities includes dividends and interest, as well as realized and unrealized gains and losses, and is net of external investment expenses.

Property and Equipment

The Foundation's furniture, equipment and software are recorded at historical cost. Major improvements are capitalized, while normal maintenance and repairs are expensed in the period incurred. Depreciation or amortization (as applicable) is computed using the straight-line method over the estimated useful lives of the assets which range from three to ten years.

Property and equipment at September 30, 2025 and 2024, is presented on the statements of financial position, net of accumulated depreciation and amortization totaling $54,105 and $51,439, respectively.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Scholarships
Institutions participating in the Foundation's scholarship program identify and select eligible students to receive scholarships. Scholarships are recorded as expenses in the statements of activities at the same time they are paid by the Foundation.

Income Taxes
The Foundation is classified as a private foundation under Section 509(a) of the Internal Revenue Code and is generally exempt from federal income taxation under Section 501(c)(3). Accounting standards require management of the Foundation to evaluate tax positions and recognize a tax liability (or asset) if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management of the Foundation has analyzed the tax positions taken and has concluded that as of September 30, 2025 and 2024, there are no uncertain positions taken or expected to be taken that would require the recognition of a liability (or asset) or disclosure in the financial statements. The Foundation may be subject to audit by the Internal Revenue Service; however, there are currently no audits for any tax periods in progress.

Functional Expenses
The Foundation allocates its expenses on a functional basis between its program and supporting services. Expenses that can be identified with specific program or supporting services are recorded directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated to program and supporting services based on estimates of time worked.

Expenses associated with certain activities and functions necessary for the support of programs provided by the Foundation are considered supporting services expenses. Supporting services include costs associated with general and administrative functions of the Foundation.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 3: FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant 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 the Foundation has the ability to access at the measurement date.

NOTE 3: FAIR VALUE MEASUREMENTS (Continued)

Level 2 Inputs to the valuation methodology include the following:

- 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
- 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2025 and 2024:

Corporate debt obligations are valued using industry accepted pricing models, such as the present value of the expected stream of cash flows, adjusted for credit rating, credit loss assumptions and other factors.

U.S. treasury securities are valued using pricing models maximizing the use of observable inputs for similar securities.

Certificates of deposit are valued using pricing models such as the present value of the stream of expected cash flows adjusted for interest rates and other factors.

Common stock and mutual funds are valued at the closing price reported on the active market in which the individual securities are traded.

Exchange traded funds are valued based on the closing price as reported by the fund. The funds are priced continuously throughout the day but are required to publish their net asset value at market close based on the value of the underlying securities.

Preferred stocks are valued using industry accepted pricing models, such as the present value of the expected stream of cash flows and dividend growth.

Real estate investment trusts are valued using assessment of factors such as income, assets and market performance.

NOTE 3: FAIR VALUE MEASUREMENTS (Continued)

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement:

	September 30, 2025			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Corporate debt obligations				
A-	$ 336,046	$ -	$ 336,046	$ -
BBB	742,177	-	742,177	-
BBB-	153,943	-	153,943	-
Total corporate debt obligations	1,232,166	-	1,232,166	-
U.S. treasury securities	347,574	-	347,574	-
Certificates of deposit	99,589	-	99,589	-
Common stock	1,009,310	1,009,310	-	-
Exchange-traded funds	158,116	158,116	-	-
Mutual funds	188,182	188,182	-	-
Preferred stock	670,232	-	670,232	-
Real estate investment trusts	69,324	-	69,324	-
	$ 3,774,493	$ 1,355,608	$ 2,418,885	$ -

	September 30, 2024			
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Corporate debt obligations				
A	$ 99,874	$ -	$ 99,874	$ -
A-	480,575	-	480,575	-
BBB	443,259	-	443,259	-
Total corporate debt obligations	1,023,708	-	1,023,708	-
U.S. treasury securities	494,209	-	494,209	-
Certificates of deposit	249,473	-	249,473	-
Common stock	1,146,621	1,146,621	-	-
Exchange-traded funds	152,828	152,828	-	-
Mutual funds	182,011	182,011	-	-
Preferred stock	740,661	-	740,661	-
Real estate investment trusts	87,329	-	87,329	-
	$ 4,076,840	$ 1,481,460	$ 2,595,380	$ -

NOTE 4: RETIREMENT PLANS

For the benefit of its employees, the Foundation maintains the Student Loan Guarantee Foundation of Arkansas Defined Contribution Retirement Plan (the Plan). The Plan is a qualified money purchase pension plan, as authorized under Internal Revenue Code Section 401(a). The Plan covers substantially all employees who are at least twenty-one years of age and who have completed a minimum of one year of employment with the Foundation. The Foundation is required to contribute eight percent of each participant's compensation. During the years ended September 30, 2025 and 2024, the Foundation's retirement expense totaled approximately $14,400 and $13,900, respectively. In addition, the Foundation also sponsors a 403(b) plan to which employees may make salary deferrals.

NOTE 5: LEASE COMMITMENTS

The Foundation has an operating lease for the lease of the office space. For this lease, the Foundation records a right-of-use asset which represents the Foundation's right to use the underlying asset during the lease term and a lease liability that represents the Foundation's obligation to make payments arising from the lease. Right-of-use assets and liabilities are recognized at the commencement date based on the net present value of fixed payments over the lease term. As a practical expedient, the Foundation uses a risk-free discount rate for a period comparable with that of the lease term in determining the present value of lease payments. Operating fixed lease expense is recognized on a straight-line basis over the lease term. The Foundation's leases includes fixed rental payments. Operating expenses for the leasing activity of the Foundation for each of the years ended September 30, 2025 and 2024, was approximately $24,000, and is included in occupancy expense on the statements of functional expenses. The aggregate future lease payments as of September 30, 2025, for the year ended September 30, 2026, and continuing each year through 2030 are $25,164 and for the year ended September 30, 2031 is $18,873.

The present value for operating leases as of September 30, is as follows:

	2025	2024
Total lease payments	$ 144,693	$ 18,322
Less interest expense	(15,734)	(152)
Present value of lease liabilities	$ 128,959	$ 18,170

The Foundation's weighted average remaining lease term and discount rate for the Foundation's operating lease as of September 30, is as follows:

	2025	2024
Weighted average in years	6	1
Discount rate	4.0%	2.5%

Student Loan Guarantee Foundation of Arkansas, Inc.

Notes to Financial Statements
September 30, 2025 and 2024

NOTE 6: COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

Effective March 4, 2003, the Foundation's Board of Directors established the Student Loan Guarantee Foundation of Arkansas Catastrophic Severance Pay Plan, which was amended and restated July 24, 2012. This plan is an unfunded welfare benefit plan under the Employee Retirement Income Security Act of 1974, as amended, and is designed to provide eligible employees with severance pay in the event that his or her employment is involuntarily terminated as a result of a "catastrophic event," as defined in the plan. As of September 30, 2025 and 2024, no events meeting the definition of a catastrophic event had occurred, and there were no amounts payable under the plan.

NOTE 7: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation monitors its liquidity so that it is able to meet its operating needs and contractual commitments. The Foundation has the following financial assets that could readily be made available within one year of the statements of financial position to fund expenses without limitations:

	2025	2024
Cash and cash equivalents	$ 401,534	$ 465,008
Investments at fair value	3,774,493	4,076,840
Other receivables	-	11
Total financial assets available to meet cash needs for general expenditures within one year	$ 4,176,027	$ 4,541,859

NOTE 8: SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 13, 2026, the date the financial statements were available to be issued.