Consolidated Financial Statements and Report of Independent Certified Public Accountants

Access Group, Inc.

March 31, 2015 and 2014

Contents

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Report of Independent Certified Public Accountants

Board of Directors
Access Group, Inc.

We have audited the accompanying consolidated financial statements of Access Group, Inc. and its subsidiaries, which comprise the consolidated statements of financial position as of March 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Access Group, Inc. and subsidiaries as of March 31, 2015 and 2014 and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Philadelphia, Pennsylvania

July 22, 2015

ACCESS GROUP, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

March 31, 2015 and 2014

(In thousands)

Assets		**2015**		**2014**
Cash and cash equivalents	$	72,056	$	71,744
Investments, at fair value		378,079		315,161
Investments in transit		–		7,500
Restricted cash and cash equivalents		171,994		170,833
Student loans receivable, net		5,035,516		5,644,237
Accrued interest receivable		47,946		55,845
Other assets		5,557		7,108
Total assets	$	5,711,148	$	6,272,428
Liabilities and Net Assets				
Asset-backed notes, net	$	5,201,932	$	5,811,436
Other liabilities		9,784		11,930
Total liabilities		5,211,716		5,823,366
Unrestricted net assets		499,432		449,062
Total liabilities and net assets	$	5,711,148	$	6,272,428

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

ACCESS GROUP, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended March 31, 2015 and 2014

(In thousands)

	2015	2014
Operating revenues:		
Interest income	$ 142,662	$ 159,448
Interest expense	66,104	75,978
Net interest income	76,558	83,470
Less provision for loan losses	(12,000)	(16,500)
Net interest income after provision for loan losses	64,558	66,970
Other operating income	1,806	2,253
Total operating revenues	66,364	69,223
Operating expenses:		
Program expenses	18,077	17,162
Management and general expenses	5,088	6,734
Total operating expenses	23,165	23,896
Change in net assets from operations	43,199	45,327
Nonoperating revenues:		
Other interest and dividend income	5,682	4,529
Realized gain on investments, net	2,485	15,467
Change in unrealized gain on investments, net	(204)	3,597
Total nonoperating revenues	7,963	23,593
Nonoperating expenses:		
Investment expenses	792	487
Total nonoperating expenses	792	487
Change in net assets	50,370	68,433
Unrestricted net assets, beginning of year	449,062	380,629
Unrestricted net assets, end of year	$ 499,432	$ 449,062

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

ACCESS GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2015 and 2014

(In thousands)

	2015	2014
Cash flows from operating activities:		
Change in net assets	$ 50,370	$ 68,433
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net amortization of deferred costs and fees	1,709	2,181
Net amortization of note discount	1,471	1,544
Debt accretion	19,214	20,932
Accretion of interest income	(31,128)	(34,196)
Depreciation	657	759
Loss on disposal of property and equipment	–	23
Provision for loan losses	12,000	16,500
Net realized and unrealized gain on investments	(2,281)	(19,064)
Decrease (increase) in operating assets:		
Accrued interest receivable	(42,743)	(53,311)
Prepaid expenses and other current assets	(32)	229
Decrease in operating liabilities	(2,146)	(871)
Net cash provided by operating activities	7,091	3,159
Cash flows from investing activities:		
Student loan principal payments	676,782	674,051
Purchases of property and equipment	(480)	(362)
Reinvested investment dividends	(5,137)	(4,491)
Proceeds from sale of investments	43,000	64,851
Purchases of investments	(91,000)	(173,500)
Net cash provided by investing activities	623,165	560,549
Cash flows from financing activities:		
Deferred financing costs	1,406	1,801
Repayment of debt principal	(630,189)	(651,536)
Decrease (increase) in restricted cash	(1,161)	38,828
Net cash used in financing activities	(629,944)	(610,907)
Net increase (decrease) in cash and cash equivalents	312	(47,199)
Cash and cash equivalents, beginning of year	71,744	118,943
Cash and cash equivalents, end of year	$ 72,056	$ 71,744
Supplemental disclosure of cash flow information:		
Interest paid	$ 44,531	$ 52,014
Supplemental disclosures of noncash investing transactions:		
Capitalized interest income (Note 4)	$ 50,642	$ 58,568
Reinvested dividend income	5,137	4,491

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

(1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Description of Business

Access Group, Inc., incorporated in 1993, and its subsidiaries (collectively, the Company), is a Delaware nonstock corporation organized to promote access and affordability to legal and other higher education through financing and related services. The Company is a membership organization, whose members are comprised of state-operated/affiliated/supported and nonprofit American Bar Association-approved law schools located in the United States and Puerto Rico and number 196 as of March 31, 2015. The Company has received an Internal Revenue Service determination that it is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and that it is not a private foundation within the meaning of Section 509(a) of the Code because it is an organization described in Section 509(a)(2) of the Code.

The Company has established a Delaware statutory trust, Access Group Loan Reserve Trust I, as a separate legal entity for the purpose of holding in trust, funds that are pledged for the payment of loan default claims on certain private student loans.

During fiscal year 2011, the Company established a limited liability corporation, Access Funding 2010-A, LLC (2010-A), for the purpose of holding a pool of private student loan assets that are pledged for the payment of specific student loan asset-backed notes and certificates.

During fiscal year 2013, the Company utilized a limited liability corporation, Access Funding ABCP-I, LLC (ABCP-I), for the purpose of holding a pool of federally-guaranteed student loan assets that are pledged for the payment of specific student loan asset-backed notes held by the U.S. Department of Education (DOE). During fiscal year 2013, the Company established a limited liability corporation, Access Funding 2013-1, LLC (2013-1), for the purpose of refinancing the pool of federally-guaranteed student loan assets held in ABCP-I. These assets are pledged for the payment of specific student loan asset-backed notes. The refinancing of the asset-backed notes was completed in March 2013 and the related assets and liabilities were transferred from ABCP-I to 2013-1. As of March 31, 2014, ABCP-I is inactive and has no assets or liabilities.

During fiscal year 2015, the Company formed AGI Funding Corporation as a separate legal entity for the purpose of supporting the educational and charitable activities of its sole Member (Access Group, Inc.) by engaging in the following activities: (1) managing and otherwise overseeing certain investment assets of the Company, (2) providing operating funds to the Company, and (3) providing funding to certain other tax-exempt public charities as may be directed by the Company. The Company received notice that AGI Funding Corporation is recognized as a tax-exempt entity under Section 501(c)(3) of the Code as of September 19, 2014. This entity has no assets or liabilities to date.

The consolidated financial statements include Access Group, Inc., Access Group Loan Reserve Trust I, 2010-A, 2013-1 and AGI Funding Corporation.

(Continued)

(1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

(b) Basis of Accounting and Principles of Consolidation

The consolidated financial statements of the Company are reported on the accrual basis of accounting. In accordance with ASC 958-810, the Company consolidates all entities for which it has control and an economic interest. All intercompany accounts have been eliminated.

(c) Basis of Presentation

The Company follows the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred.

Income and expenses related to the Company's investments are classified on the consolidated statements of activities as nonoperating revenues and expenses. Income and expenses from all other business activities are classified as operating revenues and expenses.

Financial reporting standards require that net assets and revenues, expenses, gains, and losses be classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Company and changes therein are classified and reported as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of directors or may otherwise be limited by contractual agreements with outside parties.

Temporarily restricted - Net assets whose use is subject to donor-imposed stipulations that can be fulfilled by actions of the Company pursuant to those stipulations or that expire by the passage of time.

Permanently restricted - Net assets subject to donor-imposed stipulations that the net assets be maintained permanently by the Company.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are generally reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations, if any, that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets.

The Company has no temporarily or permanently donor-imposed restricted net assets.

(d) Income Taxes

The Company is a nonprofit corporation that qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986. In addition, the Company has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code of 1986.

(Continued)

(1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Company accounts for uncertainties in income taxes based on a threshold of "more-likely than-not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Company has no uncertain tax positions meeting the threshold. The Company remains subject to federal, state and local income tax examinations for the year ending March 31, 2012 to the present.

(e) Cash and Cash Equivalents

Cash and cash equivalents consist of checking accounts, cash management accounts, money market funds, and other operating accounts invested in securities with maturities of less than 180 days (with the exception of money market mutual funds, whose underlying investments may contain maximum maturities of 397 days). Cash pledged as collateral for notes payable (as described in Note 10) is excluded from cash and cash equivalents and is included in restricted cash and cash equivalents on the consolidated statements of financial position.

(f) Investments

The Company carries investments at fair value. Interest and dividends from investments, as well as realized and unrealized gains and losses, are recorded as nonoperating revenue in the statements of activities. Investments may include investments in funds managed by others, which from time to time include cash or cash equivalents waiting to be reinvested. For investments in funds, the Company utilizes the investment's net asset value (NAV) per share as a practical expedient for determining fair value.

The Company records investment transactions on their trade dates. Investments in transit include amounts physically sent to investment funds on March 28, 2014 and March 31, 2014 for investment purchases with a trade date of April 1, 2014.

(g) Student Loans

The Company records student loan receivables that it has the intent and ability to hold for the foreseeable future or until maturity or payoff on its consolidated statement of financial position at outstanding principal adjusted for any charge-offs, the allowance for loan losses, any deferred fees or costs on originated loans, and any unamortized premiums or discounts. Once a decision has been made to sell loans not previously classified as held-for-sale, such loans are transferred into the held-for-sale classification and carried at the lower of cost, consisting of principal and deferred costs, or fair value. At the time of transfer into the held-for-sale classification, any amount by which cost exceeds fair value is accounted for as a valuation adjustment on the consolidated statements of activities.

Additional information on the carrying value of student loan receivables may be found in Note 4. For additional information related to the Company's accounting policies for loans securitized in the 2010-A securitization refer to Note 5.

(Continued)

(1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The allowance for loan losses is maintained at a level the Company believes is sufficient to absorb probable credit losses inherent in the student loan portfolio. The allowance is determined based on estimates of the probable future net credit losses and a provision is charged against earnings to maintain the allowance for loan losses at that level. The Company's net credit losses include the principal amount of loans charged off, plus accrued interest, less current period recoveries. The Company's policy is to charge off delinquent private loans by the end of the month in which the account becomes 180 days contractually past due. The Company records current period recoveries on loans previously charged off in the allowance for loan losses.

(h) Deferred Costs

Deferred costs consist of origination and lender fees paid to the DOE on federally guaranteed student loans originated by the Company, premiums paid in the acquisition of student loans, and certain origination expenses incurred to originate student loans. The Company utilizes the interest method to amortize deferred costs as an adjustment to net interest income, taking into account actual loan prepayments. Additionally, the Company has financing expenses incurred in issuing debt, which are deferred and amortized over the life of the applicable debt.

(i) Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. Depreciation on property and equipment is calculated on the straight-line method over the useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or estimated useful life of the asset. The Company also capitalizes costs incurred to develop major new software systems. The estimated useful lives of property and equipment currently in use are as follows:

Furniture	10 years
Office equipment	5 years
Computer hardware and electronic equipment	3 years
Major software systems	5 -7 years
Other computer software	3 years

Expenditures and betterments that enhance property values are capitalized, while maintenance and repairs are expensed when incurred.

(j) Revenue Recognition

Loan fees assessed on private loans are recorded as deferred income and recognized as an adjustment to interest income over the life of the loans. Loan origination fees received for origination activities performed in conjunction with a bank for loans subsequently purchased by the Company are also recorded as deferred income and recognized as an adjustment to interest income over the life of the loans to the extent the Company ultimately takes title to the loans. The Company utilizes the interest method to amortize deferred income, taking into account actual loan prepayments. Registration, service fee, and trust administration revenue is recognized when the related services are performed.

(Continued)

(1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

(k) Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services based on benefits derived.

(l) Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(m) Loans Securitized

The Company's securitizations that do not meet the accounting requirements for a sale in accordance with ASC 860-10-40-5 are accounted for as secured borrowings and the transferred assets are consolidated in the Company's financial statements. These transactions are referred to as on-balance sheet securitizations. The Company's on-balance sheet securitization transactions are collateralized by certain of its student loans, which are recorded in student loans receivable, and by accrued interest on the student loans and restricted cash and cash equivalents.

(2) - RESTRICTED CASH AND CASH EQUIVALENTS

Pledged funds created from the issuance of notes secured by student loans (as described in Note 10), repayments of student loans by borrowers, and receipts of subsidy payments from the DOE are used for the payment of principal and interest on notes, for the payment of loan fees and administrative costs, and for the purchase and origination of additional loans. In addition, certain funds are held in a Delaware statutory trust (as described in Note 1a) and are pledged for the payment of loan default claims on certain private student loans.

Restricted cash and cash equivalents are invested in high-quality, short-term financial instruments.

Restricted cash and cash equivalents consist of the following at March 31, 2015 and 2014 (in thousands):

	2015	2014
Accounts pledged to financings	$ 171,914	$ 170,706
Accounts pledged to pay default claims	80	127
Total	$ 171,994	$ 170,833

(3) - INVESTMENTS

Investment balances by category, at fair value, consist of the following at March 31, 2015 and 2014 (in thousands):

	2015	2014
U.S. Equity Funds	$ 76,930	$ 65,056
Fixed Income Funds	37,292	63,500
Global Equity Funds	16,071	–
Global Equity Funds, excluding U.S. Equities	79,128	58,808
Hedge Funds	75,674	49,201
Emerging Market Equity Funds	55,022	48,101
Real Asset Funds	37,962	30,495
Total	$ 378,079	$ 315,161

(4) - STUDENT LOANS

The Company's loan portfolio includes both Federal Family Education Loan Program (FFELP) loans originated for the Company's own account and private loans which the Company originated for a bank and subsequently purchased under various agreements. The Company suspended loan origination activities during the year ended March 31, 2009. All of the student loans and related accrued interest have been pledged under the related notes payable.

Interest incurred when the borrowers are in school is recorded as interest income and accrued interest receivable. When the borrowers enter repayment, the accrued interest receivable is added to the loan principal, reducing the accrued interest receivable. The allowance for loan losses is described in Note 6.

Net student loans receivable, at carrying value, consist of the following at March 31, 2015 and 2014 (in thousands):

	2015	2014
FFELP loans	$ 3,496,666	$ 3,895,882
Private loans	1,580,573	1,784,380
Student loans receivable, gross	5,077,239	5,680,262
(Less) plus deferred income and costs:		
Deferred origination income	(7,444)	(8,930)
Premiums paid for student loans	5,866	7,084
Deferred loan fees	(21,497)	(26,887)
Deferred origination costs	39,225	46,592
Less allowance for loan losses	(57,873)	(53,884)
Student loans receivable, net	$ 5,035,516	$ 5,644,237

(5) - 2010-A ON-BALANCE SHEET SECURITIZATION

On June 7, 2010, the Company completed a securitization collateralized by student loans, which was accounted for as a financing. Because the securitization was not treated as a sale, the related assets were recorded at their carrying amount in student loans receivable as of that date in the amount of $546.8 million, with associated debt of $551.2 million.

Loans

The Company applied ASC 310-30, *Accounting for Certain Loans or Debt Securities Acquired in a Transfer*, to these securitized loans. These loans have no associated allowance for loan losses. The Company estimates the amount and timing of expected principal and interest, and treats the loans as a single pool of assets. Individual accounts are not added to or removed from the pool once established. The Company determined the excess of the loan pool's contractually required payments over cash flows expected at the time of the transaction as an amount that should not be accreted (nonaccretable difference). The remaining amount, representing the excess of the cash flows expected to be collected over the carrying value of the transferred loans, is accreted into income over the remaining estimated life of the pool (accretable yield).

Significant increases in actual or expected future cash flows are recognized prospectively, through an upward adjustment of the accretable yield, over the loan pool's remaining life. Under ASC 310-30, rather than lowering the estimated yield if the collection estimates are not received or projected to be received, the carrying value of the loans would be written down to maintain the then-current yield and would be shown as a reduction in interest income in the consolidated statements of activities with a corresponding valuation allowance offsetting student loan receivables, net, on the consolidated statements of financial position.

The following table details information about the loans that are accounted for in accordance with ASC 310-30 at the date of transfer, June 7, 2010, (in thousands):

Contractually required principal and interest at transfer	$ 1,092,544
Contractual cash flows not expected to be collected (nonaccretable difference)	184,781
Expected cash flows at transfer	907,763
Interest component of expected cash flows (accretable discount)	360,942
Carrying value of transferred loans accounted for under ASC 310-30	$ 546,821

(5) - 2010-A ON-BALANCE SHEET SECURITIZATION - Continued

The following table shows the balances of loans that are accounted for in accordance with ASC 310-30, for the years ended March 31, 2015 and 2014 (in thousands):

	2015	2014
Outstanding principal balance	$ 477,897	$ 535,070
Carrying amount	379,260	419,781

The carrying amounts of $379.3 million and $419.8 million for the periods ended March 31, 2015 and 2014 are included within the balance of student loans receivable on the consolidated statements of financial position.

The following table presents changes in the accretable discount on the transferred loans, for which the Company applies ASC 310-30, for the years ended March 31, 2015 and 2014 (in thousands):

	2015	2014
Balance, beginning of the year	$ 214,402	$ 248,598
Accretion	(31,128)	(34,196)
Balance, end of the year	$ 183,274	$ 214,402

Debt

The 2010-A securitization resulted in asset-backed floating rate notes (Class A notes) with a par value of $463.5 million which were sold for $453.0 million and the membership interest certificates (Class R certificates) with a par value of $100 which were sold for $98.2 million, for total proceeds of $551.2 million.

The Class A notes were recorded at $453.0 million, reflecting the face value of the notes and a $10.5 million discount. The Company records interest expense on the Class A notes using the effective interest method.

The Class R certificates represent an interest in the residual cash flows of the securitized assets, are subordinated to the Class A notes, and were initially recorded at $98.2 million. These Class R certificates do not bear any contractual interest. The amount by which the expected payout of the Class R certificates exceeds the carrying amount is accounted for as an adjustment to yield (interest expense). As the projected cash flows change over the life of the student loans and, therefore, the amount of the expected repayment of the debt changes, the Company will adjust the interest expense recognized in the current period and prospectively, consistent with a change in estimate.

(Continued)

(5) - 2010-A ON-BALANCE SHEET SECURITIZATION - Continued

The following table presents changes in the carrying value of the Class R certificates, for the years ended March 31, 2015 and 2014 (in thousands):

	2015	2014
Balance, beginning of the year	$ 164,985	$ 160,697
Debt accretion	19,214	20,932
Distributions	(31,045)	(16,644)
Balance, end of the year	$ 153,154	$ 164,985

(6) - ALLOWANCE FOR LOAN LOSSES

The methodology for measuring the appropriate level of the allowance consists of several elements. The Company regularly performs a migration analysis of delinquent and current accounts. A migration analysis is a technique used to estimate the likelihood that a loan receivable will progress through the various delinquency stages and ultimately charge off. In determining the allowance for loan losses, past collection experience, delinquency trends, size of the portfolio, economic conditions, and other factors are considered. Significant changes in these factors could impact the allowance and provision for loan losses. The evaluation of the allowance for loan losses is inherently subjective as it requires material estimates that may be subject to change. The Company evaluates its allowance for loan losses for the FFELP student loan portfolio, which is federally guaranteed at no less than 97% of principal and interest, and for its private student loan portfolio. The federal guarantee is dependent upon the Company's compliance with specified FFELP requirements.

The student loan portfolio is disaggregated to a level of portfolio segment. A portfolio segment is defined as the level at which an entity develops and documents a systematic methodology to determine its allowance for credit losses. Management has determined that the following student loan portfolios meet the definition of a portfolio segment:

- FFELP student loan portfolio
- Private student loan portfolio

The private loans included in the 2010-A on-balance sheet securitization, as described in Note 5, do not require an allowance for loan losses. Delinquency on the 2010-A balances past due 30+ days was 3.26% and 3.18% as of March 31, 2015 and 2014, respectively.

(6) - ALLOWANCE FOR LOAN LOSSES - Continued

A summary of changes in the allowance for loan losses for the years ended March 31, 2015 and 2014 follows (in thousands):

	2015		
	FFELP	Private	Consolidated
Balance, beginning of year	$ 2,327	$ 51,557	$ 53,884
Provision for loan losses	1,527	10,473	12,000
Charge-offs (includes accrued interest):			
Gross charge-offs	(1,743)	(19,975)	(21,718)
Recoveries	–	13,707	13,707
Net charge-offs	(1,743)	(6,268)	(8,011)
Balance, end of year	$ 2,111	$ 55,762	$ 57,873

	2014		
	FFELP	Private	Consolidated
Balance, beginning of year	$ 2,600	$ 52,186	$ 54,786
Provision for loan losses	1,527	14,973	16,500
Charge-offs (includes accrued interest):			
Gross charge-offs	(1,800)	(29,136)	(30,936)
Recoveries	–	13,534	13,534
Net charge-offs	(1,800)	(15,602)	(17,402)
Balance, end of year	$ 2,327	$ 51,557	$ 53,884

(Continued)

(6) - ALLOWANCE FOR LOAN LOSSES - Continued

Student Loan Status and Delinquencies

The following tables show outstanding balances of FFELP and Private student loan portfolio segments, including accrued interest, by repayment and delinquency status at March 31, 2015 and 2014 (in thousands):

	FFELP March 31, 2015			FFELP March 31, 2014		
	Outstanding balance	**% of repayment loans**	**% of total**	**Outstanding balance**	**% of repayment loans**	**% of total**
In school and grace * (a) (b)	$ 1,116		0.0%	$ 4,488		0.1%
Deferment (c)	160,301		4.5	207,117		5.3
Forbearance (d)	228,041		6.5	327,838		8.3
Repayment: (e)						
Current	2,949,630	93.7%		3,153,161	92.6%	
Delinquent 30-59 days	61,157	1.9		71,989	2.1	
Delinquent 60-89 days	36,052	1.1		46,548	1.4	
Delinquent 90 days or greater	102,765	3.3		133,042	3.9	
Total in repayment	3,149,604	100.0%	89.0	3,404,740	100.0%	86.3
Total	$ 3,539,062		100.0%	$ 3,944,183		100.0%

* Includes Special Allowance Payments (SAP) and Interest Subsidy Payments (ISP)

(a) In School - Borrower is currently enrolled in school on at least a half-time basis.

(b) In Grace - The period between separation from school (whether by graduation or otherwise) and entry into repayment. This period has a duration of six months for FFELP loans.

(c) Deferment - This category identifies FFELP loans which would otherwise be in repayment but are not due to events associated with the borrower that FFELP servicing guidelines identify as qualifying for a mandatory period of no payments being required.

(d) Forbearance - These are periods during which no payments are required on loans which would otherwise be in repayment and are granted at the lender's discretion. Reasons for forbearance include medical and dental residency programs, economic hardship (generally for no more than 36 months during the lifetime of the loan), and re-enrollment in school on at least a half-time basis if the period of separation lasted longer than the grace period for the loans.

(6) - ALLOWANCE FOR LOAN LOSSES - Continued

(e) Days Delinquent - If a required payment is not made by a payment due date, this counter is incremented by one day for each day that has elapsed from the earliest payment due date for which any portion of the required payment remains unpaid (e.g., if a borrower failed to make the required $100 payment on or before May 1 and then made a $75 payment on June 6, the loan would remain 36 days delinquent because there is still a $25 payment amount owed for May 1, along with a $100 payment due for June 1). At approximately 270 days delinquent, claims are filed with the applicable guarantee agency for payment of the insured amount and collection activity ceases even though the delinquency counter continues. Once payment is received from the guarantor, the remaining loan balance (which is 3% or less of the claim amount) is written off against the Company's loan loss reserve.

	Private March 31, 2015			Private March 31, 2014		
	Outstanding balance	**% of repayment loans**	**% of total**	**Outstanding balance**	**% of repayment loans**	**% of total**
In school and grace (a) (b)	$ 5,013		0.4%	$ 8,664		0.6%
Forbearance (c)	19,348		1.6	29,679		2.2
Repayment: (d)						
Current	1,140,943	96.4		1,289,685	96.7%	
Delinquent 30-59 days	18,479	1.6		19,845	1.5	
Delinquent 60-89 days	7,099	0.6		7,347	0.5	
Delinquent 90 days or greater	15,981	1.4		16,923	1.3	
Total in repayment	1,182,502	100.0%	98.0	1,333,800	100.0%	97.2
Total	$ 1,206,863		100.0%	$ 1,372,143		100.0%

(a) In School - Borrower is currently enrolled in school on at least a half-time basis.

(b) In Grace - The period between separation from school (whether by graduation or otherwise) and entry into repayment. This period has a duration of nine months for Private loans.

(c) Forbearance - These are periods during which no payments are required on loans which would otherwise be in repayment and are granted at the lender's discretion. Reasons for forbearance include medical and dental residency programs, economic hardship (generally for no more than 12 months during the lifetime of the loan), and re-enrollment in school on at least a half-time basis if the period of separation lasted longer than the grace period for the loans.

(d) Days Delinquent - If a required payment is not made by a payment due date, this counter is incremented by one day for each day that has elapsed from the earliest payment due date for which any portion of the required payment remains unpaid (e.g., if a borrower failed to make the required $100 payment on or before May 1 and then made a $75 payment on June 1, the loan would remain 36 days delinquent because there is still a $25 payment amount owed for May 1, along with a $100 payment due for June 1).

(Continued)

(6) - ALLOWANCE FOR LOAN LOSSES - Continued

In fiscal year 2013, the Company adopted Accounting Standards Update No. 2011-02, *A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring*, that clarifies when a loan restructuring constitutes a Troubled Debt Restructuring (TDR). To assist student loan borrowers who are experiencing temporary financial difficulties and are willing to resume making payments, the Company may modify the terms of loans up to 12 months over the life of the loan. The use of forbearance is contemplated at the origination of an education loan and is included in the credit agreement with the borrower. When in forbearance, the education loan continues to accrue interest. When forbearance ceases, unpaid interest is capitalized and added to principal outstanding, and the borrower's required payments are recalculated at an amount sufficient to pay off the loan, plus the additional accrued and capitalized interest, at the original stated interest rate by the original maturity date. There is no forgiveness of principal or interest in forbearance, nor is there a reduction in the interest rate or extension of the maturity date. In addition, in light of the length of the term of the typical education loan, the Company does not view the temporary reprieve granted to borrowers in forbearance to be significant. For these reasons, the Company has concluded that its education loans in forbearance do not constitute a TDR.

(7) - PROPERTY AND EQUIPMENT

Property and equipment (included in other assets on the consolidated statements of financial position) consists of the following at March 31, 2015 and 2014 (in thousands):

	2015	2014
Computer software	$ 4,248	$ 3,960
Computer hardware and electronic equipment	1,029	959
Furniture and fixtures	552	429
Leasehold improvements	336	336
Office equipment	31	32
	6,196	5,716
Accumulated depreciation	(4,731)	(4,074)
Total property and equipment, net	$ 1,465	$ 1,642

(8) - EMPLOYEE BENEFIT PLAN

The Company maintains a defined contribution pension plan (the Plan) covering employees who have at least one year of service. The Plan is funded through individually owned assets, such as annuities and mutual funds. Contributions made to the Plan by the Company are equal to 6% of each participant's regular salary up to applicable statutory limits, with an additional matching of up to 2% of the participant's regular salary. The Company's contribution to the Plan totaled $0.3 million for each of the years ended March 31, 2015 and 2014. Employees must meet certain eligibility requirements to participate in the Plan. Participants are fully and immediately vested.

(9) - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table details the carrying value and fair value of the Company's financial instruments at March 31, 2015 and 2014 (in thousands):

	2015		2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Cash and cash equivalents	$ 72,056	$ 72,056	$ 71,744	$ 71,744
Investments	378,079	378,079	315,161	315,161
Restricted cash and cash equivalents	171,994	171,994	170,833	170,833
Student loans receivable, net	5,035,516	5,423,016	5,644,237	6,085,244
Accrued interest receivable	47,946	47,946	55,845	55,845
Financial liabilities:				
Asset-backed notes, net	5,201,932	4,870,336	5,811,436	5,466,118
Accrued interest payable	4,427	4,427	4,791	4,791

The Company uses estimates of fair value in applying various accounting standards for its financial statements. The estimated fair values have been determined by the Company using available market information and other valuation methodologies as described below.

Cash and cash equivalents, restricted cash, accrued interest receivable, *and accrued interest payable* - Due to the short-term nature of these instruments, carrying value approximates fair value. These are Level 2 valuations.

Investments - If available, fair values of investments are determined using quoted prices in active markets for identical investments (Level 1 valuation). For those investments without a readily determined fair value, the Company utilizes the investment's NAV per share as a practical expedient for determining fair value (a Level 2 or 3 valuation). The Company determines the level of these investments based upon the ability to redeem an investment at NAV at the measurement date (or the "near-term," which the Company determined to be within 90 days of the measurement date). Investments that can be redeemed at NAV within the near-term are determined to be Level 2 valuations, while all others are considered Level 3 valuations. Transfers between levels are deemed to have occurred at the beginning of the year and transfers out of Level 3 and into Level 2 result from a release of the redemption period to less than 90 days of the measurement date.

Student loans receivable - The fair value of the student loans receivable was determined based on an internal evaluation of current market price for similar assets, assumptions for prepayment speed, default rates, cost of funds, and collection rates, and the resulting present value of discounted cash flow. As such, these are Level 3 valuations.

Asset-backed notes, *net* - The fair value of the notes was determined based on current market prices for similarly structured debt and discounted cash flow analyses. As such, these are Level 3 valuations.

(Continued)

(9) - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The Company determines fair value using valuation techniques that are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions.

These two types of inputs create the following fair value hierarchy:

Level 1 Quoted prices for identical instruments in active markets.

Level 2 Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose inputs are observable or whose primary values are observable.

Level 3 Instruments whose primary value drivers are unobservable.

The position in the fair value hierarchy for an asset or liability is based on the lowest level input that is significant to the fair value measurement.

Items Measured at Fair Value on a Recurring Basis

The following tables present the Company's financial assets that are measured at fair value on a recurring basis for each of these hierarchy levels at March 31, 2015 and 2014 (in thousands). The Company does not have any financial liabilities that are measured at fair value on a recurring basis.

	2015			
Assets:	**Level 1**	**Level 2**	**Level 3**	**Total**
U.S. Equity Funds	$ 76,930	$ –	$ –	$ 76,930
Fixed Income Funds	37,292	–	–	37,292
Global Equity Funds	–	16,071	–	16,071
Global Equity Funds, excl. U.S. Equities	41,084	38,044	–	79,128
Hedge Funds	–	–	75,674	75,674
Emerging Market Equity Funds	50,217	4,805	–	55,022
Real Asset Funds	29,798	–	8,164	37,962
Total investments	235,321	58,920	83,838	378,079
Total assets	$ 235,321	$ 58,920	$ 83,838	$ 378,079

(Continued)

(9) - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

	2014			
Assets:	Level 1	Level 2	Level 3	Total
U.S. Equity Funds	$ 65,056	$ –	$ –	$ 65,056
Fixed Income Funds	63,500	–	–	63,500
Global Equity Funds, excl. U.S. Equities	38,171	3,497	17,140	58,808
Hedge Funds	–	–	49,201	49,201
Emerging Market Equity Funds	43,005	5,096	–	48,101
Real Asset Funds	30,495	–	–	30,495
Total investments	240,227	8,593	66,341	315,161
Total assets	$ 240,227	$ 8,593	$ 66,341	$ 315,161

The following table summarizes the change in the value of the Company's Level 3 investments for the year ended March 31, 2015.

	Hedge Funds	Global Equity Funds, excluding U.S. Equities	Real Asset Funds	Total
Balance as of March 31, 2014	$ 49,201	$ 17,140	$ –	$ 66,341
Transfer to Level 2	–	(17,140)	–	(17,140)
Purchases	26,000	–	8,000	34,000
Net unrealized gains	473	–	164	637
Balance as of March 31, 2015	$ 75,674	$ –	$ 8,164	$ 83,838

One $17.1 million investment was transferred from Level 3 to Level 2 since the soft lock-up period has expired and the investment is now redeemable monthly with a 10-day notice.

(Continued)

(9) - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

As of March 31, 2015, the Company had $142.8 million of investments determined to be Level 2 or 3 valuations. The fair values of these investments are based upon the investments' NAV. As of March 31, 2015, the fair value of investments valued using NAV was:

	2015		
	Level 2	**Level 3**	**Total**
Multi-Strategy Hedge Funds (a)	$ –	$ 28,990	$ 28,990
Equity Long/Short Hedge Funds (b)	–	28,912	28,912
Global Emerging Market and Opportunity Hedge Funds (c)	–	17,772	17,772
Emerging Market Equity Funds (d)	4,805	–	4,805
Global Equity Funds (e)	16,071	–	16,071
Global Equity Funds, excluding U.S. Equities (f)	38,044	–	38,044
Real Asset Funds (g)	–	8,164	8,164
	$ 58,920	$ 83,838	$ 142,758

(a) The Multi-Strategy Hedge Fund class consists of four hedge funds that utilize multiple strategies to achieve long-term capital appreciation. The redemption and lock-up periods vary by fund and are as follows:

- Fund A (Fair value of $8.1 million as of March 31, 2015) – This fund is redeemable every 2 years on the investment anniversary, with a 90-day notice. All of the $8.1 million investment is redeemable in December 2016.

- Fund B ($5.6 million) – This fund had an initial 24-month lock-up period and as of March 31, 2015, there were 5 months remaining. After the lock-up period, the investment is redeemable annually with 60-day notice, and the next available redemption date is December 2015.

- Fund C ($9.4 million) – This fund is redeemable every 2 years on the investment anniversary with a 90-day notice, except for investments deemed not marketable by the fund's investment manager. As of March 31, 2015, approximately $0.2 million of the investment has been designated as non-marketable. The next available redemption date is August 2015.

- Fund D ($5.9 million) – This fund is redeemable quarterly with a 90-day notice. The maximum quarterly redemption is 25% of the investment balance. The next available redemption date is September 2015.

(9) - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

(b) The Equity Long/Short Hedge Fund class consists of four hedge funds that invest in both long and short stocks. The redemption and lock-up periods vary by fund and are as follows:

- Fund E ($7.2 million) – This fund has an initial lock-up period of 12 months. As of March 31, 2015, the remaining lock-up period was 2 months. After the lock-up period, the investment is redeemable each calendar quarter, with a 60-day notice. The next available redemption date is September 30, 2015.

- Fund F ($9.3 million) – This fund is redeemable every 2 years on the investment anniversary with a 65-day notice. The next available redemption date is October 2015.

- Fund G ($5.1 million) – This fund is redeemable every 3 years on the investment anniversary with a 60-day notice. The next available redemption date is March 2017.

- Fund H ($7.3 million) – This fund's lock-up period has expired. The investment is redeemable each calendar quarter, with a 60-day notice. The next available redemption date is June 30, 2015.

(c) The Global Emerging Market and Opportunity Hedge Fund class consists of two hedge funds that invest in emerging market funds and corporate credit markets. The redemption and lock-up periods vary by fund and are as follows:

- Fund I ($9.0 million) – As of March 31, 2015, the lock-up period has expired; 50% of the investment is redeemable twice a year on the investment anniversary with a 90-day notice. The next available redemption date is December 2016.

- Fund J ($8.8 million) – As of March 31, 2015, the lock-up period has expired; the investment is redeemable twice a year, in June and December, with a 60-day notice. The next available redemption date is June 2015.

(d) The Emerging Market Equity Fund consists of one fund that invests in emerging market stocks. The fund is redeemable monthly with a 30-day notice.

(e) The Global Equity Fund consists of one fund that invests in global equities. This investment is redeemable monthly with a 6 business day notice.

(f) The Global Equity Fund, excluding U.S. Equities class, consists of two funds that invest in equities outside of the United States. The redemption and lock-up periods vary by fund and are as follows:

- Fund L ($30.1 million) – As of March 31, 2015, the lock-up period has expired. The investment is redeemable monthly with a 10-day notice.

- Fund M ($7.9 million) – This fund is redeemable monthly with a 6-day notice.

(Continued)

(9) - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

(g) The Real Asset Fund consists of one fund that invests in fixed income securities within the United States. This fund has an initial lock-up period of 12 months. As of March 31, 2015, the remaining lock-up period was 8 months. After the lock-up period, 25% of the investment is redeemable each calendar quarter, with a 60-day notice. Withdrawals in excess of 25% will be distributed in stages over four successive calendar quarters. Capital withdrawn prior to the first anniversary of the investment is subject to a 3% withdrawal penalty. The next available redemption date is March 31, 2016.

(10) - ASSET-BACKED NOTES

Long-Term Debt Offerings

The Company has issued debt through numerous public and private offerings to obtain permanent financing for the student loans originated or acquired under a credit facility and to purchase student loans originated by the Company on behalf of a bank. The student loan asset-backed notes issued are limited obligations of the Company, payable solely from the trust estates created under the indentures of trust. The following table summarizes, by type of notes, the amounts outstanding and interest rates at March 31, 2015 and 2014 (in thousands):

	Outstanding at March 31, 2015	**Interest rates at March 31, 2015**	**Outstanding at March 31, 2014**	**Interest rates at March 31, 2014**
Auction rate notes:				
Interest bearing due 2033 - 2040 (1)	$ 802,650	0.00% - 1.77%	$ 816,050	1.65% - 1.74%
Floating rate notes:				
LIBOR & T-Bill based due 2014 - 2044	4,246,128	0.29% - 3.76%	4,830,401	0.27% - 3.74%
Class R certificates:				
Due 2044 (2)	153,154	N/A	164,985	N/A
Total	$ 5,201,932		$ 5,811,436	

(1) Auctions failed in February 2008 and continue to fail; interest is based on contractual terms related to applicable LIBOR bill rates.

(2) Certificates represent an interest in the residual cash flows of the 2010-A securitized assets and do not bear any contractual interest. Refer to Note 5 for the Company's accounting policy related to these certificates.

(Continued)

(10) - ASSET-BACKED NOTES - Continued

At March 31, 2015, the Company had outstanding debt with the following maturities (in thousands):

Fiscal Year of Maturity	Stated Maturity *
2016	$ 356,858
2017	33,127
2018	35,876
2019	121,284
2020	10,520
2021 - 2044	4,597,770
	$ 5,155,435

* The stated maturity does not include unamortized bond discount of $55.9 million and accumulated debt accretion of $9.4 million.

The maturity date shown is the legal final maturity date.

The pledged funds created from all issues of notes are recorded as restricted cash and cash equivalents on the consolidated statements of financial position. The Company is subject to certain covenants under the indentures, and management believes it is in compliance with these covenants at March 31, 2015. These financings were recorded by the Company as secured borrowings with the pledge of collateral.

The Company issued $398.8 million in student loan asset-backed notes in March 2013 in order to refinance the then-outstanding Straight A loans. The Issuer of the notes was the newly formed “Access Funding 2013-1 LLC.” The Company acted as Sponsor and Administrator for the transaction. The net proceeds were used (1) to refinance student loans in the amount of $390.0 million and (2) to create pledged funds held by the trustee as Reserve Account Funds of $1.7 million. The Reserve Account Funds can be used to pay interest on the notes, note fees, and administrative allowances. The Company also made a $5.2 million equity contribution in the form of cash to the LLC in order to increase the overcollateralization of the asset-backed notes.

(11) - COMMITMENTS AND CONTINGENCIES

Operating Leases

In May 2005, the Company commenced a 10-year noncancelable operating lease for its headquarters in Wilmington, Delaware. During the year ended March 31, 2013, the Company closed the Wilmington location and relocated its headquarters to a leased facility in West Chester, Pennsylvania. The West Chester lease commenced in November 2012 and has a 10 ½ year term, with one 5-year renewal option.

The Wilmington location was vacated in February 2013, at which time the Company recorded a $1.9 million reserve in accordance with ASC 420-10, *Exit or Disposal Cost Obligations*, to account for the fair value of the remaining contractual lease payments through May 2015.

In March 2014, the Company re-evaluated the fair value of the vacated lease liability and recorded an additional $1.1 million reserve. Both the initial reserve recorded in 2013 and additional reserve recorded in 2014 were recorded as rent expense within operating expenses within the consolidated statements of activities.

In September 2013, the Company commenced a one-year operating lease for temporary office space in Washington, D.C. as part of the Company's Advocacy and Research initiatives. The lease ended in August 2014. In September, 2014, the Company commenced an eleven-year noncancelable operating lease for its Washington, D.C. office.

Future minimum operating lease payments for the West Chester, Wilmington and Washington, D.C. offices as of March 31, 2015 are as follows (in thousands):

Year Ended March 31:	
2016	$ 894
2017	760
2018	773
2019	786
2020	800
2021 - 2024	3,647
Total	$ 7,660

Total operating lease expense, including reserves for the Wilmington lease, was $0.6 million and $2.4 million, respectively, for the years ended March 31, 2015 and 2014.

(12) - LITIGATION

From time to time, the Company may be a defendant in legal proceedings arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, activities, or liquidity.

(13) - RELATED PARTIES

The Company has several board members who serve in various capacities at educational institutions where the Company conducted its student lending business and provides other mission-related products and services.

The Company serves as trust administrator for four unconsolidated subsidiary trusts. During 2015 and 2014, the Company received $0.6 million and $0.7 million, respectively, in administrative fees from these trusts in accordance with the respective trust agreements. These fees are included in other operating income within the consolidated statements of activities.

(14) - SUBSEQUENT EVENTS

The Company evaluated subsequent events through July 22, 2015, the date which the consolidated financial statements were available to be issued. There were no subsequent events that required recognition or disclosure.