

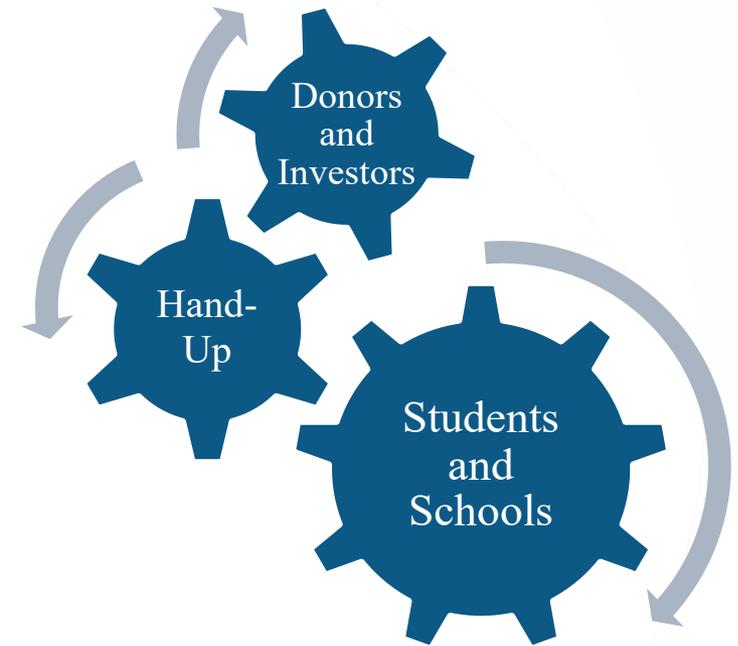
Hand-Up Financial Group

An Education Bridge Financing Platform with
Repayable Student Finance Solutions

September 2020

Discussion Items

- Themes from Higher Ed
- GAP Funding Overview
- Discussion: A Bridge Financing Platform with Repayable Student Finance Solutions (including risk mitigation with COVID-19)
- Opportunities for 2020 and beyond
- Appendix A: HU leadership bios



Themes From the Higher Education Sector

- Families and schools need more solutions to cover the full cost of attendance (especially for GAP Funding)
- Administrators and board members have wrestled with ways to address additional GAP Funding but haven't been able to find a feasible launch point.
- Schools would like to start with some small steps that can help them diversify their funding sources today and provide protection against legislative and regulatory changes in the future
- Schools acknowledge that building and managing a compliant loan/ISA program would be a significant distraction from their core mission of educating students
- Schools are looking for additional education financing solutions that will add immediate value to their students, including:
 - Increasing access
 - Reduce attrition
 - Reducing large out-of-pocket or in-school payment obligations
 - Increasing the amount of credit loads that can be taken per term (and thereby reducing the time to completion)

GAP Funding Overview

- GAP Funding Defined – The last dollars needed for someone to attend the school and program of their choice.
 - $\text{GAP Funding} = \text{Cost of Attendance} - \text{All Other Financial Aid Sources}^*$
*(includes, Merits, Grants, Scholarships, Discounts, and Federal/State Loans)
- Underserved student groups are disproportionately impacted by the lack of GAP Funding solutions. Examples include:
 - Independent, adult students
 - Minority students
 - Students from lower socioeconomic means
 - First-generation students
 - Students that receive less Merit based aid
 - Families where parents are ineligible for Federal and/or credit-based loans
- Affected students often have lower incomes, savings, FICO scores, and access to traditional financial markets than the population as a whole.

Higher Ed Cost, Aid and GAP Funding - The Math

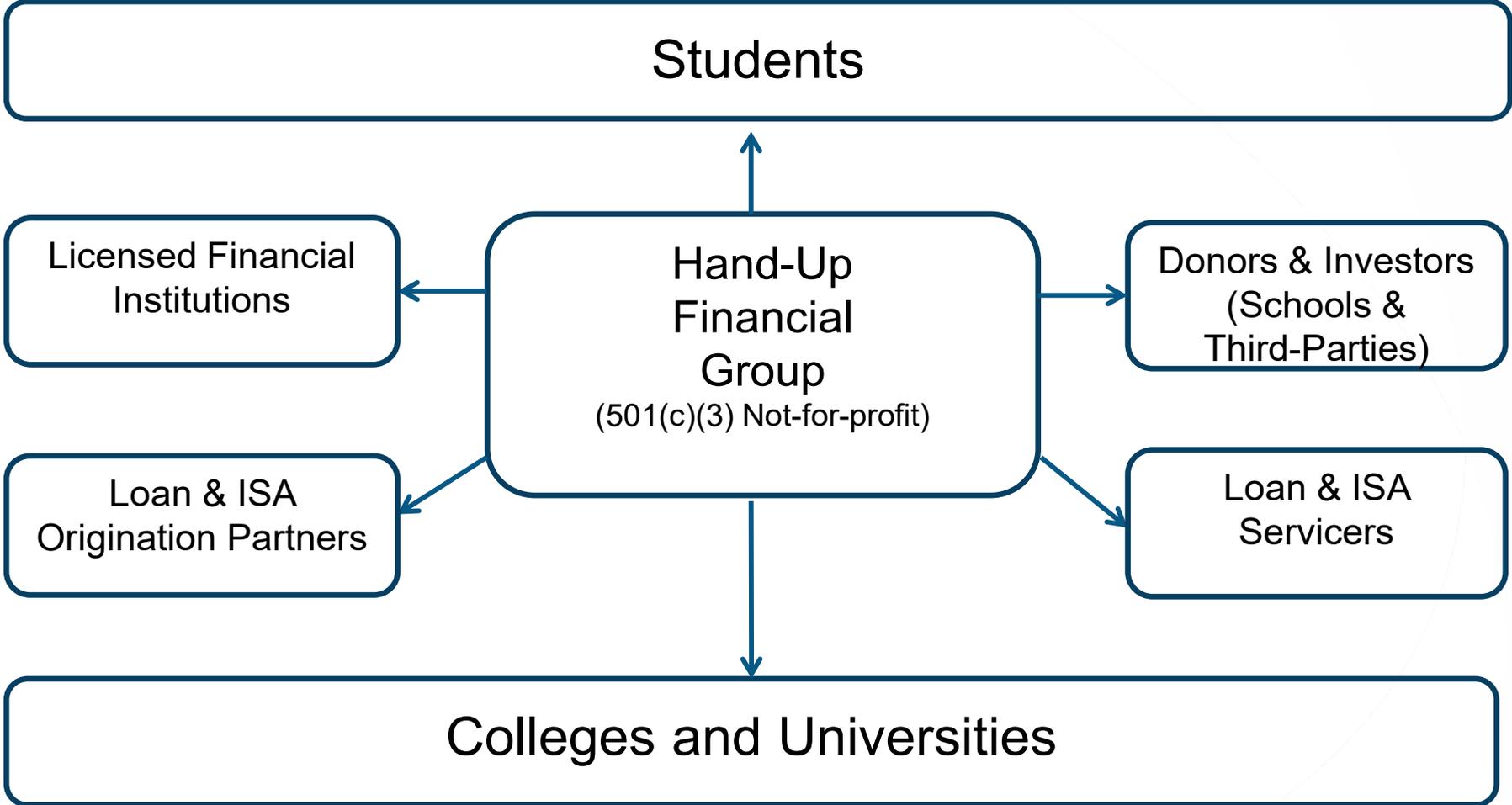
Student Example		
	Range	Median
Cost of Attendance (Gross Price)*	<u>\$35-45K</u>	<u>\$ 40,000</u>
Merit, Scholarships and Institutional Grants (Discounts)	<u>(\$10-30K)</u>	<u>\$ (20,000)</u>
Net Price	\$5-35K	\$ 20,000
Federal Student Aid (Grants and Loans)	<u>\$10-19K</u>	<u>\$ (14,500)</u>
Remaining Student Balance	<u><u>\$0-25K</u></u>	<u><u>\$ 5,500</u></u>

*This amount includes tuition, fees, books, room & board, and other necessary expenses

- For some students this remaining balance can be easily resolved by parental support (including PLUS loans) or other means, but for many this remaining balance will become a barrier to the pursuit of their dreams.
- Hand-Up levels the playing field for these underserved students with uniquely designed repayable solutions that are comparable to those offered to credit-tested parents and grad students by the federal government aid programs.

Discussion:
A Bridge Financing Platform
with Repayable Student Finance
Solutions

Hand Up Financial Group Platform Partners



Stewardship That Meets the Needs of All

- **Students** – To get a higher education, virtually all students and families need well-designed and well-executed financing solutions, delivered at affordable price points, regardless of their credit score or background
- **Schools** – To avoid intrusive government regulations, institutions need alternative funding to supplement Federal funding, at comparable prices and approval rates, while avoiding becoming a lender themselves
- **Supporters/Investors** – To provide high social impact investment with positive financial returns, donors and investors need a safe and trusted place to deploy capital, in a program that is compliant with federal and state lending laws, and that provides a tremendous societal benefit to students and the schools of their choice.

Hand Up is the only entity that can bring students, schools and investors together in a way that meets these common goals

Enabling Platform: Hand-Up Financial Group

Hand Up Financial Group (HU) is a unique non-profit educational finance platform designed to provide GAP Funding solutions to institutions and mission-focused investors to meet the diverse needs of students

- Allows schools to start small with a school funded loan program, gain an understanding of how to improve repayment rates, and gather the insight needed to attract third party investors
- Over time these loan programs can be scaled and could include many different investor-funded options including income sharing agreements
- Allows for the structural complexity and compliance requirements of a loan program to be managed outside of a school by HU, thereby enabling the school to focus on what they do best: educating students

Sources of Tuition and Fees

Today's Funding Model

Primary Funding:

Merit Based Aid
Federal and State Grants
Federal Student/Parent Loans
Military/Veterans Benefits
Institutional Need/Endowed Aid
Parental Co-signed Loans
Lumpsum Cash Payments
Small Payment Plans

Unfunded
Discounts
&
Large
Payment
Plans

Tomorrow's Funding Model

Primary Funding:

Merit Based Aid
Federal and State Grants
Federal Student/Parent Loans
Military/Veterans Benefits
Institutional Need/Endowed Aid
Parental Co-signed Loans
Lumpsum Cash Payments
Small Payment Plans

**Hand-Up
GAP Funding**

Unfunded
Discounts

Benefits of Hand-Up GAP Funding Program

Twenty years of building and managing school guaranteed loan programs has shown that when schools have comprehensive GAP Funding solutions, it can move the needle in all of the following areas:

1. Increases in Enrollments
2. Decreases in “No-Show” Students
3. Decreases in Attrition
4. Ability for more online students to attend Full-Time
5. Decreases in Unfunded Discounts
6. Increase in Cash Flows (immediately and over time)

How Does the Hand-Up Model Work?

- HU offers students and schools unique products and terms not found anywhere else in the private student finance marketplace
- HU's non-profit status allows it to offer products and services that are as economical as federal loans to students, but with better customer service solutions
- HU utilizes best-in-class third party origination partners that make the application process for students and schools simple and efficient
- HU has a highly qualified management team and utilizes seasoned servicing partners to build a compliance environment that could not be replicated at individual schools in a cost-effective manner.
- HU's capital structures allow for multiple sources of capital working in synergy to address differing risk tolerances and investment objectives

Hand-Up Financial Group: Impact Example

\$100,000 Investment in Students

Hand-Up Financial Group (HU)

10-30 Students
Get GAP Funding
(Attend School /
Program of Choice)

10-30 Students
Served by Schools
(Benefits from \$175-500K
in additional Revenue)

Students:

- Maintain freedom of choice
- Receive education
- Impact others with that education
- Repay loans / Pay-It-Forward

Schools:

- Reach more students
- Deliver educational investment
- Cover loan losses
- Use excess cash flows to serve students (\$95K-425K in Yr. 1)

This Cycle Can Continue in Perpetuity:

Money is invested, repaid, reinvested, withdrawn, replaced, and re-cycled...Indefinitely!

Opportunities

- Hand-Up Financial Group will offer new financing programs for 2020/2021. This will include the following:
 - Institutional sponsored loans where the school is paid over the life of the loan based on the student's repayments.
 - Investor funded loans where the source of capital is provided by one or more social impact investors and repaid to these investors over the life of the loan, with a guarantee by the school.
 - ISA programs where the school and/or social impact investors are paid overtime based on the students post graduation earnings.
- Help schools achieve better outcomes: reaching more students; reducing families' 2020 financial anxieties; improving completion rates and repayment rates.
- For socially minded investors, that want to support students at their choice of institutions, the ability to pilot loan programs using their own capital.

Discussion
&
Questions?

Appendix A:
Key Hand-Up Board and
Management Bios

Board and Management Bios: Don King



Don King
Founder, Chairman & CEO -HU
Managing Partner- KCG

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Don King is a Big-4 CPA who began his career in public accounting, where he worked primarily on Real Estate, Energy, and Higher Education clients. His Hand-Up Financial Group, Inc. (HU) and King Consulting Group, LLC (KCG) both leverage teams that have over 100 years of Higher Ed experience in a variety of Institutional Finance/Accounting, Legal and Student Finance roles.

Don previously served in a variety of roles in the post-secondary education industry. He has held executive level finance positions focused on operational and financial oversight of multi-state and multi-national educational institutions. He also served as an external auditor and executive recruiter.

Don has two decades of experience in the GAP Funding Industry with particular expertise in building and managing programs through partnerships with schools, third-party servicers and sources of capital. His team also has experience analyzing millions of federal and private student loan records for hundreds of thousands of students.

Don serves on the Regional Board of HOPE International, a global faith-based nonprofit focused on addressing both physical and spiritual poverty through microenterprise loans and development.

Don holds a Bachelor's degree in Business Administration, with a concentration in Accounting, Summa Cum Laude, from the College of William & Mary.

Board and Management Bios: Mike Brase



Mike Brase
Board Member - HU
Senior Managing Director - KCG

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Mike Brase began his career as a Big-4 CPA in public accounting, where he worked primarily on Financial Services, Manufacturing and Governmental/Non-Profit clients. He has spent the last 20+ years leading and advising management within the health care and education service sectors.

Mike previously served in a variety of roles in the post-secondary education industry, including Vice President of Finance with responsibilities over accounting, budget/forecast, student accounts, receivable management, collections, key regulatory measure oversight, cash forecasting and business analytics. His teams have provided support to operations on such things as pricing decisions, maximizing sources of funding, analysis on the impact of anticipated scholarship programs, acquisition integrations and monthly insight on financial results.

Mike has led many large-scale change efforts in his Finance roles including working with cross functional teams to implement new business models, company-wide and functional performance metrics, system conversions, business reengineering and process improvements – all with significant return on investment.

Mike serves on the strategic advisory team for The Leadership Institute (TLI), an international ministry that focuses on training generations of leaders through the integration of spiritual formation and leadership development.

Mike holds a Bachelor's degree in Business Economics from the University of California, Santa Barbara.

Board and Management Bios: Will Calhoun



William Calhoun
Board Member - HU
Senior Managing Director - KCG

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William Calhoun brings a rich history in post-secondary education and publicly-traded companies as he assists clients with revenue growth, risk mitigation, and regulatory compliance. William helps Cicero clients accomplish these objectives by bringing a creative consumer focus, unique experience in this space, and dedication to the needs of our clients' students and customers. These characteristics have allowed William to develop and coordinate growth, compliance and risk-mitigation strategies across admissions, education, career services, marketing, accreditation and licensing, and internal education departments.

Career Highlights:

- **Developed and rigorously managed overall strategy in investigations by Senate Health, Education, Labor & Pensions Committee, Consumer Financial Protection Bureau, individual state attorneys general, the Securities & Exchange Commission, various Offices of the Inspector General, federal and state education departments, and by the Department of Justice;**
- **Law clerk to the United States Court of Appeals for the Sixth Circuit and editor-in-chief of the BRIGHAM YOUNG UNIVERSITY LAW REVIEW;**
- **University and departmental honors graduate of Brigham Young University, where he was also a two-time ITCA Academic All-America, First Team tennis player, and magna cum laude graduate of J. Rueben Clark Law School.**