



Test well. Do good.

Effective study tools and real-time student performance data to ensure success on the bar exam

2016 ANNUAL BENEFIT REPORT



Summary

Esqyr is the first and only public benefit corporation focused on delivering cost-effective study tools built from previously tested materials. Test prep often sends students further into debt, while failing to offer study tools students need at a price they can afford. By donating profits to tackle student debt, Esqyr helps students "test well and do good."

Student debt continues to increase year after year. Educational costs – including the test prep used to pass a licensure exam – put students at an enormous disadvantage at the very moment they are set to begin their career. Student debt again reached historic highs in 2016, and is on pace to reach \$2 trillion by 2022 – a 700% increase since 2003.¹

However, insofar as legal education is concerned, there is hope that things are changing for the better. Under legal education reforms proposed by the American Bar Association, schools would be better positioned to ensure student success and reduce student debt.² These proposed rules would have required that at a portion of graduates pass the bar – if they did not, a school's accreditation would be put at risk. Esqyr is well-positioned to assist schools better ensure student success if such reforms are made.

The Esqyr Team



Chris Henjum, President

Chris graduated from the University of Minnesota Law School and the Humphrey School of Public Affairs in 2010. Following graduation, Chris experienced first-hand how exorbitant test prep costs hurt student finances—and their futures.



Michael Wilson, Lead Software Engineer

Michael graduated from the University of Wisconsin-Madison and has been involved in other successful startups. He now works for Axon. Michael joined Esqyr to create tools that help students succeed at a price they can afford.



Anthony Chester, Chief Content Creator and Director of Sales

Anthony graduated from Michigan State University College of Law and currently works as an attorney at a consumer protection law firm, where he represents individuals in debt collections cases. Anthony's passion to protect consumers and individuals from unfair practices led him to join Esqyr.

¹ <http://www.demos.org/blog/4/24/14/reflecting-1-trillion-student-debt-and-why-were-headed-2-trillion>

² <http://abovethelaw.com/2016/10/aba-finally-adopts-tougher-bar-passage-standards-for-accreditation-well-almost/>

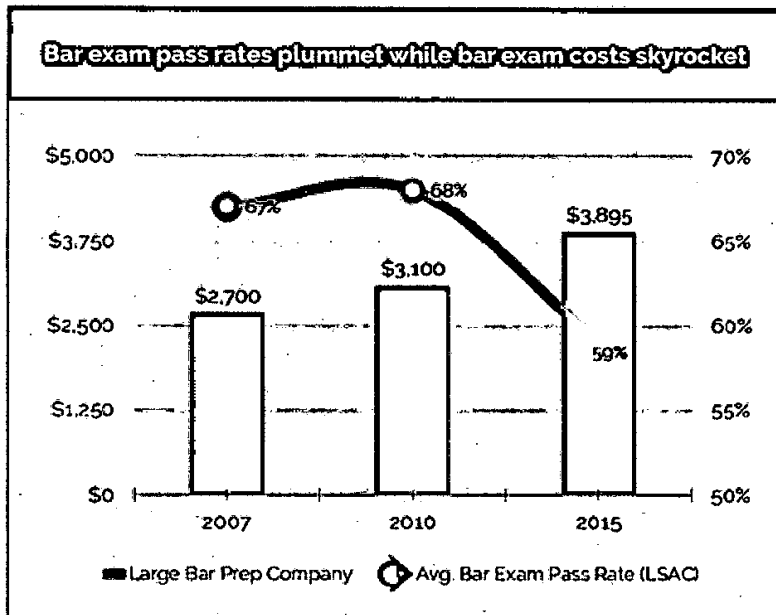
The Student Debt Crisis

Esqyr has a long-term vision to provide cost-effective study tools to students preparing for licensure in their desired profession. Esqyr launched with tools for bar exam preparation, because of that industry's notoriously high costs.

Among test prep companies, bar exam prep services are the most egregious contributors to student debt – charging up to \$4,000 for a bundled package of materials. And prices are on the rise: one bar exam prep company increased its prices 175% over the past 10 years – 75% faster than public law school tuition.³

In fact, law students are the *only* students who have a private loan named after their licensure test – and it was an open question until recently whether this loan could be canceled in bankruptcy.⁴ Lenders are more than willing to profit off of students who are at the mercy of a broken test prep market for the bar exam, and large bar exam prep companies continue to reap the benefits.

While rising tuition costs are caused by a complex mix of factors, there are few defensible reasons why the cost of test prep products – which are often needed to obtain a license or credential prior to working – continue to increase year after year:



In addition to being expensive, the test prep bundles offer little flexibility or customization, often forcing students to buy extra resources they may not need. The result has not been better outcomes for students (see chart above).

³ Archive.org and news reports of prices for the "big two" bar prep companies.

⁴ <http://www.wsi.com/articles/judge-says-bankrupt-law-grads-can-cancel-bar-loans-1458941328>.
<https://www.wellsfargo.com/student/graduate-loans/bar-exam/>

Esqyr makes a difference because it gives students the freedom to choose the study tools that work for them, at a fraction of the cost of other services.

The Esqyr Social Mission

Esqyr formed as a public benefit corporation on July 30, 2015 to assert our strong commitment to serve students, rather than just the bottom line.

As stated in our Articles of Incorporation, Esqyr's public benefit is twofold:

"First, giving a proportion of its profits to students to reduce or prevent debt related to educational costs, and/or second, to give a portion of its profits to organizations seeking to reduce student debt through systematic educational reforms."

Because the amount of profit donated impacts the price of our products, Esqyr balances two considerations: 1) delivering affordable, student-friendly products, and 2) donating profits to tackle student debt. Specifically, Esqyr donates accounts to students who face challenges paying back student debt and will donate profits to organizations working on student debt issues.

Annual Progress Toward Social Mission

With regard to the period covered by this report, January 1, 2016 to December 31, 2016, Esqyr pursued the specific benefit purpose stated in its Articles of Incorporation in the following ways:

Targeting Students with Challenges Repaying Student Debt

In user testing, Esqyr offered its study tools for free to current law students and targeted user testing to those students who will face the most challenges after graduation repaying student debt. For example, one student planned to work on an American Indian reservation in northern Minnesota, while another wanted to do criminal defense work for the state. These students benefitted from having access to real, previously tested materials.

As Esqyr expands to serve additional law schools, it will donate accounts to students who will face the most challenges repaying student debt.

Donations Planned for Legal Education Reform Organization

Esqyr sought out organizations working to reform legal education in ways that will prevent student debt. Esqyr chose Law School Transparency ("LST") as its 2016 donation recipient, and released a press release regarding these plans.

Specifically, Esqyr plans to donate 15% of its profits to LST on all sales to individual students (direct sales to law schools will not contribute to this donation). This donation is likely to be at least \$1,000, which will go directly to advocacy efforts by LST to improve legal education.

Public Education and Outreach

Esqyr grew its following on social media significantly. For example, in 2015, Esqyr's Tweets received just over 26,000 views. For 2016, however, Esqyr's Twitter audience grew by nearly 400% to nearly 129,000 views.

On both Twitter and Facebook, Esqyr posts routinely on student debt, financial literacy, or higher education reform. For its work, Esqyr was recently invited to guest-post for Bar Exam Toolbox and recorded a podcast on public benefit corporations, student debt, and entrepreneurship.

Due to its aggressive outreach, Esqyr was featured in Minnesota Business Magazine twice in the first three months following its August launch. Esqyr was also featured as the Startup Most Likely to Succeed for 2017 in the Education sector. As Esqyr's profile has risen, so has its ability to spread information related to student debt and education reform.

Continued Organization of Small Companies for Student Benefit

The current test prep market is dominated by a few large, well-known players who offer expensive prep packages, and many smaller companies who offer one-off services or products (tutoring, flashcards, databases of state-specific materials, etc.). It is very difficult for students to find these one-off services or products, which likely leads many to sign up for services they can barely afford.

By organizing these smaller companies' offerings into one centralized resource, Esqyr greatly benefits students. By providing students with options – at thousands less than they would pay elsewhere – Esqyr helps students avoid student debt.

Reaching Out to Law Schools to Offer Better, More Affordable Tools

As noted above, law schools face increasing scrutiny from the American Bar Association regarding their student bar exam passage rates. To fill this need, Esqyr created a dashboard to allow law schools to receive real-time data on student performance and progress. This dashboard does not add to the cost of the study tools.

The social impact of this tool is clear: with Esqyr's affordable study tools offering bar prep materials that students – and increasingly, schools – need, students no longer need to take out more loans to fund their bar exam prep. Schools, on the other hand, can ensure better student performance while saving students money.

Esqyr worked with an advertising agency – Triangle Park Creative – to market materials to law schools. Triangle Park Creative assists "enterprises working toward a more fair and sustainable world." In its first month of outreach, Esqyr secured its first sale to a law school.

Plans for the Future

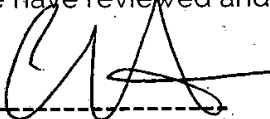
To date, Esqyr has made substantial strides to help students to "test well and do good." In the coming year, the company will expand the features of its study tools and law school dashboard, and offer additional materials a la carte at an affordable price.

However, there were circumstances that hindered Esqyr's ability to pursue its specific benefit purpose in 2016. Specifically, Esqyr pushed back its advertising and customer acquisition efforts in order to better align marketing with the bar prep sales cycle. Once Esqyr began marketing its study tools and making sales (in August), a pledger agreement was signed with LST, Esqyr will be donating to LST in 2017.

Esqyr will also continue donating accounts to students in 2017, as part of sales to law schools.

Certification by the Board of Directors


The undersigned, being all the directors of Esqyr, hereby acknowledge and certify that we have reviewed and approved the enclosed Annual Report.

 3.9.17

Chris Henjum
President, Esqyr, SBC

SUBMISSION:

I, the undersigned, certify that I am the President of this public benefit corporation. I further certify that I have signed this document no more than 30 days before the document is delivered to the secretary of state for filing, and that this document is current when signed. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.

 3.9.17

Chris Henjum, President
Esqyr, SBC



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Steve Simon

Steve Simon
Secretary of State