Serving New Mexico for 38 Years

2019 ANNUAL REPORT
Who We Are

We help New Mexico’s students plan, prepare, and pay for college

The New Mexico Educational Assistance Foundation (NMEAF) is a private non-profit 501(c)(3) organization established by the New Mexico State Legislature in 1981.

Our Mission

Promote the public welfare and prosperity of the people of New Mexico by stimulating the availability of financial assistance for post-secondary education so as to give greater higher education opportunity.

-NM Statutes Annotated – Article 21A, Educational Assistance Act

We believe the future welfare and prosperity of NM depends on the level of education attainment of its citizens.

Our History

◆ We were founded in 1981 by the New Mexico State Legislature to promote and support post-secondary education.
◆ We are a member of College Connect NM which partnerships with New Mexico’s public colleges and universities and 32 state-wide non-profit organizations to provide educational outreach events and services for FAFSA information, college applications, scholarships, and special events.
◆ We've serviced and collected federal student loans for over 38 years providing services to more than 340,000 borrowers with $2.9 Billion student loans.
◆ We provide debt collection services to U.S. Department of Education’s Federal Family Education Loan Program (FFELP) Guarantee Agencies.
◆ We operate a collection services business, 180 Resolutions, that provides account receivable management and debt collection services to private businesses, schools, medical and dental offices, and healthcare organizations.

Our Expertise

◆ We have a seasoned educational outreach team that works with New Mexico's colleges and universities to promote post-secondary education.
◆ For more than 38 years we have successfully collected on federal student loans.
◆ We specialize in debt collection communication services.
◆ We understand the unique life situation of the student borrower and have specialized methods to prevent loan delinquency and default.
◆ We have an experienced collections team with average tenure of 12 years.
◆ We utilize the latest technology, tools, and communication methods including: customer call center, skip-tracing, emails, postal mail, text-messaging, and websites.
◆ Our facilities, team, and systems adhere to the highest security standards in safeguarding the personal information of our clients and borrowers.

NMEAF Executive Officers

Michael Nemelka
President,
Chief Executive Officer

Brad Allpass
Vice President, Finance,
Chief Financial Officer

Grace Tackman
Assistant Vice President,
Human Resources

Estevan Martinez
Assistant Vice President,
Information Technology
How We Help New Mexico

Serving New Mexico Since 1981

340,000 Student Loan Borrowers Serviced
$2.9+ Billion in Student Loans
$62+ Million in Savings Through our Benefit Programs
$8.6+ Million in Savings Through NMEAF Loan Forgiveness programs
$939,000+ Scholarships & Endowments Awarded
$1.17+ Million NMEAF Private Student Loans Since 2015
78 Employees with an Average Tenure of 12 Years

Promoting Higher Education to New Mexico’s High School Students

Community Outreach

We partner with educational institutions and non-profit organizations across New Mexico in the FAFSA & College Application Completion Process. This collaborative assists high school counselors across New Mexico and particularly focuses on higher education access and funding for first-generation and low-income students and their families.

We organize, facilitate and host FAFSA trainings, workshops and events, and provide educational assistance and materials.

Scholarships

Each year NMEAF funds a variety of scholarships for New Mexico high school seniors pursuing higher education. We funded 29 scholarships totaling $18,000 in fiscal year 2019. These scholarships were issued through partner programs with College Connect NM for FAFSA completions, the Albuquerque Hispano Chamber of Commerce and the New Mexico Education Council.
New Mexico Student Loan Program

Our program administers student loans, provides low-cost fixed-rate private education loans to undergraduate and graduate students attending school in New Mexico and residents of our state attending school outside NM. We also provide several programs where students save money when they repay their loans and incentivize needed professionals to stay and work in NM.

Our experienced communications center team helps hundreds of thousands of New Mexicans find the best solutions to repay their student loans. Our team counsel’s students on the best federal repayment programs for their individual situation and helps students avoid delinquency and default.

Borrower Benefits Programs

NMEAF sponsors Borrower Benefit programs lowering interest rates and reducing the cost of repaying student loans. The total cost savings to New Mexico’s student loan borrowers since inception is approximately $62+ million. The loan reduction programs reward students with interest rate and principal balance reductions.

Instant Savings
Borrowers receive a 0.50% interest rate reduction when their loans enter repayment.

4,376 PARTICIPANTS = $510,719 SAVINGS

Easy Pay
Borrowers who have their monthly payments automatically deducted receive a 0.25% interest rate reduction.

3,548 PARTICIPANTS = $126,640 SAVINGS

Pot of Gold
Borrowers earn a 5.0% reduction on their principal balance when they make their initial 48 monthly payments on time.

25 PARTICIPANTS = $13,361 SAVINGS

Fiscal Year 2019

21,788 Borrowers

70,762 Federal Student Loans Serviced

$367.3 Million Federal Student Loans

$0.9 Million in Borrower Savings

23 Private Loans Totaling $234,642

4,376 participants = $510,719 savings
3,548 participants = $126,640 savings
25 participants = $13,361 savings
New Mexico Professionals Programs

We recognize New Mexico’s shortage of vital professional services. To address this, NMEAF sponsors programs rewarding students for working full-time in New Mexico as teachers, nurses, and medical doctors. These essential professionals who agree to remain in and work in New Mexico pay 0% interest on their Federal Stafford loans, and receive interest rate reductions of 1.25% on their Federal Consolidation loans held by NMEAF.

**Teachers for Tomorrow**
- 192 PARTICIPANTS = $83,760 SAVINGS

This program is designed to make teacher education programs more accessible and help recruit and retain quality teachers. Educators employed by a public or nonprofit elementary or secondary schools are eligible for this program.

**Nurses for New Mexico**
- 119 PARTICIPANTS = $52,832 SAVINGS

This program is designed to recruit and retain nurses. Licensed Practical Nurses and Registered Nurses qualify for this benefit when they are employed full-time in New Mexico at a public or private facility.

**MDs for New Mexico**
- 51 PARTICIPANTS = $121,144 SAVINGS

To address the medical professional shortage in New Mexico, NMEAF offers interest rate reduction programs for medical doctors who practice in New Mexico.

---

**Private Student Loans**

Since 2015, NMEAF issues no-fee, low, fixed interest rate private student loans to help New Mexico’s students fund college degree programs at New Mexico’s public and private universities and for residents attending schools out of state. This program only issues loans to students who we believe will be successful in repayment and we only offer fixed interest rate loans and have several benefits for students including interest rate reductions and multiple repayment options.

**FY19**
- 23 Loans = $234,642
## NMEAF Financial Highlights

### CONDENSED BALANCE SHEET (UNAUDITED*) JUNE 30, 2019

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>June 30, 2019</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td>$65,567,057</td>
<td>$68,549,649</td>
</tr>
<tr>
<td>Student Loans Receivable, net and Accrued Revenue</td>
<td>390,170,991</td>
<td>455,824,327</td>
</tr>
<tr>
<td>Derivative Instrument</td>
<td>1,398,693</td>
<td>1,571,935</td>
</tr>
<tr>
<td>Property and Equipment, net</td>
<td>4,695,710</td>
<td>4,865,864</td>
</tr>
<tr>
<td>Other Assets</td>
<td>714,547</td>
<td>573,294</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$462,546,998</strong></td>
<td><strong>$531,385,069</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND FUND BALANCES</th>
<th>June 30, 2019</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds/Notes Payable and Accrued Expenses</td>
<td>$356,238,900</td>
<td>$424,743,284</td>
</tr>
<tr>
<td>Accounts Payable and Accrued Liabilities</td>
<td>1,242,700</td>
<td>1,136,422</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>621,526</td>
<td>651,456</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>358,103,126</strong></td>
<td><strong>426,531,162</strong></td>
</tr>
<tr>
<td>Fund Balances</td>
<td>104,443,872</td>
<td>104,853,907</td>
</tr>
<tr>
<td><strong>Total Liabilities and Fund Balances</strong></td>
<td><strong>$462,546,998</strong></td>
<td><strong>$531,385,069</strong></td>
</tr>
</tbody>
</table>

### CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2019 (UNAUDITED*)

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>June 30, 2019</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$24,781,780</strong></td>
<td><strong>$20,403,649</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>June 30, 2019</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Expense on Bonds and Notes Payable</td>
<td>12,827,730</td>
<td>11,152,801</td>
</tr>
<tr>
<td>Salaries and Employee Benefits</td>
<td>6,188,275</td>
<td>6,735,906</td>
</tr>
<tr>
<td>Student Loan Related Costs</td>
<td>2,794,092</td>
<td>3,543,437</td>
</tr>
<tr>
<td>Trustee Fees and Debt Issuance Costs</td>
<td>256,282</td>
<td>268,016</td>
</tr>
<tr>
<td>Other General and Administrative</td>
<td>2,482,461</td>
<td>2,608,969</td>
</tr>
<tr>
<td>Depreciation, Amortization and Provision for Losses</td>
<td>570,567</td>
<td>614,720</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>25,119,407</strong></td>
<td><strong>24,923,849</strong></td>
</tr>
<tr>
<td>Excess of Revenue Over Expenses</td>
<td>$(337,627)</td>
<td>$(4,520,200)</td>
</tr>
<tr>
<td>Loss on Equity Method Investment</td>
<td>$(72,408)</td>
<td>-</td>
</tr>
<tr>
<td>Change in Net Position</td>
<td>$(410,035)</td>
<td>$(4,520,200)</td>
</tr>
<tr>
<td>Net Position, Beginning of Year</td>
<td>104,853,907</td>
<td>109,374,107</td>
</tr>
<tr>
<td><strong>Net Position, End of Year</strong></td>
<td><strong>$104,443,872</strong></td>
<td><strong>$104,853,907</strong></td>
</tr>
</tbody>
</table>

* Audited financial statements are available by request or may be viewed at www.NMEAF.org
Our Funding
NMEAF does not receive state tax appropriations or other state support. We pay for our operations and programs from revenue created from our lending, servicing, and program administration activities. All revenue received above operating expenses is used to promote our public service mission.

“An investment in knowledge pays the best interest.” – Benjamin Franklin
Some of the best financial and educational professionals in New Mexico serve on our volunteer board of directors to help guide NMEAF’s mission and future vision.

Board of Directors

Dr. Dan Salzwedel
Chair
Term: 2018-2022
Director
S and S Enterprises

Gavin Gillette
Vice Chair
Term: 2016-2020
SVP- Administration
First Financial Credit Union

Alexander Heubeck
Term: 2019-2023
Senior Relationship Manager
Bank of the West

Pauline Garcia
Term: 2017-2021
Board Member
CNM Community College

Tim Eichenberg
Ex Officio Member
New Mexico State Treasurer

www.NMEAF.org