

# EDUCATION TRUST BOARD OF NEW MEXICO

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## Financial Statements and Supplementary Information

June 30, 2022



**EDUCATION TRUST BOARD OF NEW MEXICO  
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**EDUCATION TRUST BOARD OF NEW MEXICO  
OFFICIAL ROSTER (UNAUDITED)  
JUNE 30, 2022**

**BOARD OF DIRECTORS**

Gary L. Gordon	Chair
Robert J. Desiderio, J.D.	Vice Chair
Dr. Jose Z. Garcia, Ph.D.	Member
Mont Green	Member
John Lawton Davis	Member

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Natalie Cordova, CPA	Executive Director
Carolyn Fittipaldi	Marketing Director
Vera Lyons	Financial Coordinator



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Education Trust Board of New Mexico and  
Mr. Brian Colón, Esq., New Mexico State Auditor  
Santa Fe, New Mexico

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Education Trust Board of New Mexico (the Board), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Board, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note A, the financial statements of the Board, are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities and the aggregate remaining fund information of the Board that is attributable to the transactions of the Board. They do not purport to, and do not, present fairly the financial position of the State of New Mexico, as of June 30, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

***Auditors' 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 auditors' report that includes our opinions. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Board'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.

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.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-14 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Directors  
Education Trust Board of New Mexico and  
Mr. Brian Colón, Esq., New Mexico State Auditor

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The schedules listed as Supplementary Information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedules listed as Supplementary Information in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information listed in the table of contents as Other Supplementary Information does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2022, on our consideration of the Education Trust Board of New Mexico's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Education Trust Board of New Mexico's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Education Trust Board of New Mexico's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
October 25, 2022

**EDUCATION TRUST BOARD OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

The following discussion and analysis provides an overview of the financial position and activities of the Education Trust Board of New Mexico (NMETB) as of and for the year ended June 30, 2022. This discussion should be read in conjunction with the accompanying financial statements and notes.

**EDUCATION TRUST BOARD OF NEW MEXICO**

NMETB operates as a self-sustaining state entity which is administratively connected to the New Mexico Department of Higher Education (NMHED). NMHED was created as a state agency in 2005 and NMSA 1978 §21-21K-4 (A) (1997) administratively attaches NMETB to NMHED. Case law holds that an administratively attached entity is a "constituent agency." Constituent agencies have the same legal status as their "parent" agency.

NMETB was established by New Mexico statute 21-21K-4 NMSA 1978 (Education Trust Act), which gives NMETB the authority to promulgate rules to carry out the Act, protect the financial integrity of the Internal Revenue Service (IRS) 529 college savings plans, and to establish and maintain the program in compliance with Section 529 of the Internal Revenue Code. NMSA 1978 §21-21K-3 and §21-21K-5 give authority to enter into contracts with investors, review fund investments, pay institutions of higher education on behalf of beneficiaries, be a party to college investment agreements and approve circumstances for pre-designation of the beneficiary, and establish a refund policy.

**FINANCIAL**

The assets of NMETB exceeded its liabilities at June 30, 2022 by approximately \$10.9 million (net position). The entire amount is considered restricted net position and may be used to meet NMETB's ongoing obligations.

The fiduciary funds had a decrease in net position of approximately \$418.8 million or 15.5% from prior year due to negative market returns and related losses.

**OVERVIEW OF FINANCIAL STATEMENTS**

This financial report is comprised of four components: 1) management's discussion and analysis (this section), 2) the basic financial statements, 3) notes to the financial statements, and 4) supplementary information.

The basic financial statements consist of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, the Statement of Fiduciary Net Position, the Statement of Changes in Fiduciary Net Position and the notes thereto. The NMETB follows enterprise and fiduciary fund accounting. The financial statements offer information about the NMETB's activities and operations.

**EDUCATION TRUST BOARD OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**OVERVIEW OF FINANCIAL STATEMENTS, continued**

The statement of net position presents information on all of NMETB's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Administrative Fund is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position reports how NMETB's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The focus of the statement of activities is on both the gross and net cost of activities.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the NMETB's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments and net changes in cash resulting from operating, noncapital financing, capital and related financing and investing activities. The statement also provides information regarding the sources and uses of cash and the change in the cash balance during the reporting period.

The enterprise activities reflect NMETB's basic services, which include the administration of Scholar's Edge and The Education Plan. These services are financed primarily through program fees and other general revenues (investment income).

Fiduciary fund financial statements present information about the status of Scholar's Edge and The Education Plan fiduciary activities of NMETB. The financial statements are accompanied by notes that are essential to a full understanding of the financial information in this report.

**FINANCIAL ANALYSIS - ENTERPRISE ACTIVITIES**

*Net Position.* Assets of enterprise activities exceeded enterprise activities liabilities by approximately \$10.9 million at June 30, 2022. The following table summarizes NMETB's summarized assets, liabilities, and net position as of June 30:

**EDUCATION TRUST BOARD OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**FINANCIAL ANALYSIS - ENTERPRISE ACTIVITIES, continued**

**Summarized Assets, Liabilities and Net Position**

(in thousands)	2022	2021
<b>ASSETS</b>		
Current and Other Assets	\$ 11,199	\$ 11,101
Noncurrent Assets	241	-
Total Assets	11,440	11,101
<b>LIABILITIES</b>		
Current Liabilities	320	227
Noncurrent Liabilities	213	-
Total Liabilities	533	227
<b>NET POSITION</b>		
Restricted	10,907	10,874
Total Net Position	\$ 10,907	\$ 10,874

**EDUCATION TRUST BOARD OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**FINANCIAL ANALYSIS - ENTERPRISE ACTIVITIES, continued**

*Changes in Net Position:* Total revenues for the year ended June 30, 2022 were approximately \$2.8 million compared with expenses of approximately \$2.8 million. Program revenues remained relatively flat from fiscal year 2021 to fiscal year 2022. The following table summarizes NMETB's changes in net position for the years ended June 30:

**Changes in Net Position - For the Year Ended**

(in thousands)	2022	2021
<b>REVENUES</b>		
Program Revenues	\$ 2,790	\$ 2,780
Total Program Revenues	2,790	2,780
<b>GENERAL REVENUES</b>		
Investment Income	15	16
Total General Revenues	15	16
Total Revenues	2,805	2,796
<b>EXPENSES</b>		
Administration of Educational Savings Plan	2,772	2,727
Total Expenses	2,772	2,727
<b>CHANGE IN NET POSITION</b>	33	69
Net Position - Beginning of Year	10,874	10,805
<b>NET POSITION - END OF YEAR</b>	\$ 10,907	\$ 10,874

**EDUCATION TRUST BOARD OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**FIDUCIARY FUNDS BACKGROUND INFORMATION**

*Scholar's Edge (Advisor Sold) and The Education Plan (Direct Sold).* Scholar's Edge and The Education Plan (Plans) were established by NMETB. The Plans are maintained by the State of New Mexico and are administered by NMETB, which serves as trustee of the Education Trust of New Mexico (Trust). NMETB has the authority to appoint a Program Manager, adopt rules and regulations to implement and administer the Plans and Trust, and establish investment policies for the Trust. Both Plans are accounted for as fiduciary private trust funds.

For The Education Plan, Ascensus College Savings Recordkeeping Services, LLC, the Program Manager, and its affiliates (Ascensus), have overall responsibility for the day-to-day operations, including investment advisory, recordkeeping and administrative services, and marketing.

For Scholar's Edge, Ascensus College Savings Recordkeeping Services, LLC, serves as the Program Manager, and is responsible for the day-to-day operations of the Plan. Principal Global Investors, LLC (PGI or Principal), by delegation from Ascensus, serves as the investment advisor to the Plan and provides investment management and marketing services to the Plan. Principal Funds Distributor, Inc. (PFD) serves as the distributor of the Plan.

The Plans are a savings vehicle for higher education expenses under Section 529 of the U.S. Internal Revenue Code of 1986, as amended (Section 529). The Plans are comprised of a variety of different investment portfolios. These portfolios offer different asset allocation mixes to investors based on their needs, time frames, and risk tolerances.

**EDUCATION TRUST BOARD OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**FINANCIAL ANALYSIS - SCHOLAR'S EDGE**

Scholar's Edge condensed statements of fiduciary net position as of June 30 are as follows:

(in thousands)	2022	2021
<b>ASSETS</b>		
Investments, at Fair Value	\$ 1,663,094	\$ 2,005,343
Cash and Cash Equivalents	7,657	7,050
Receivables and Other Assets	7	8
Total Assets	1,670,758	2,012,401
<b>LIABILITIES</b>		
Payables and other Liabilities	1,616	1,877
Total Liabilities	1,616	1,877
<b>NET POSITION HELD IN TRUST FOR INDIVIDUALS</b>	<b>\$ 1,669,142</b>	<b>\$ 2,010,524</b>

The investments of the Portfolios decreased by approximately \$342 million from 2021 to 2022 mainly due to net decrease in fair value of investments. 2021 net shareholder redemptions were approximately \$101 million; and 2022 net shareholder redemptions were approximately \$132 million.

The liabilities consisted of program fees, marketing and advertising and accounting and auditing expenses incurred but not yet paid as of June 30.

**EDUCATION TRUST BOARD OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**FINANCIAL ANALYSIS - SCHOLAR'S EDGE, continued**

Scholar's Edge condensed statements of changes in fiduciary net position for the years ended June 30 are as follows:

(in thousands)	2022	2021
<b>ADDITIONS</b>		
Subscriptions	\$ 131,161	\$ 133,880
Investment Income:		
Net (Decrease) Increase in Fair Value of Investments	(229,018)	256,833
Dividend Income and Interest	29,961	25,784
Less: Expenses	(10,559)	(10,895)
Net Investment Income	(209,616)	271,722
Total Additions	(78,455)	405,602
<b>DEDUCTIONS</b>		
Redemptions	(262,927)	(235,042)
<b>CHANGE IN NET POSITION HELD IN TRUST FOR INDIVIDUALS</b>	(341,382)	170,560
Net Position Held in Trust for Individuals - Beginning of Year	2,010,524	1,839,964
<b>NET POSITION HELD IN TRUST FOR INDIVIDUALS - END OF YEAR</b>	\$ 1,669,142	\$ 2,010,524

Investment income is comprised of dividend and interest income; expenses are primarily management, distribution, and administrative fees.

Change in net position held in trust for individuals decreased from prior year primarily due to unfavorable market conditions decreasing overall fair value of investments.

**EDUCATION TRUST BOARD OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**FINANCIAL ANALYSIS - THE EDUCATION PLAN**

The Education Plan condensed statements of fiduciary net position as of June 30 are as follows:

(in thousands)	2022	2021
<b>ASSETS</b>		
Investments, at Fair Value	\$ 606,034	\$ 682,938
Cash and Cash Equivalents	1,438	1,949
Total Assets	607,472	684,887
<b>LIABILITIES</b>		
Payables and other Liabilities	51	56
Total Liabilities	51	56
<b>NET POSITION HELD IN TRUST FOR INDIVIDUALS</b>	<b>\$ 607,421</b>	<b>\$ 684,831</b>

The investments of the Portfolios decreased by approximately \$77 million from 2021 to 2022 mainly due to market depreciation.

The liabilities consisted of program fees, marketing and advertising and accounting and auditing expenses incurred but not yet paid as of June 30.

**EDUCATION TRUST BOARD OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**FINANCIAL ANALYSIS - THE EDUCATION PLAN, continued**

The Education Plan condensed statements of changes in fiduciary net position for the years ended June 30 are as follows:

(in thousands)	2022	2021
<b>ADDITIONS</b>		
Subscriptions	\$ 64,923	\$ 65,582
Investment Income:		
Net Increase in Fair Value of Investments	(77,733)	93,632
Dividend Income and Interest	13,155	11,574
Less: Expenses	(664)	(630)
Net Investment Income	(65,242)	104,576
Total Additions	(319)	170,158
<b>DEDUCTIONS</b>		
Redemptions	(77,091)	(65,717)
<b>CHANGE IN NET POSITION HELD IN TRUST FOR INDIVIDUALS</b>	(77,410)	104,441
Net Position Held in Trust for Individuals - Beginning of Year	684,831	580,390
<b>NET POSITION HELD IN TRUST FOR INDIVIDUALS - END OF YEAR</b>	\$ 607,421	\$ 684,831

Investment income is comprised of dividend and interest income; expenses are primarily management and administrative fees.

Shareholder redemptions in 2021 and 2022 were approximately \$.13 million and \$12.2 million, respectively.

Change in net position held in trust for individuals decreased from prior year primarily due to unfavorable market conditions decreasing overall fair value of investments.

**EDUCATION TRUST BOARD OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**BUDGET**

NMETB adopts an annual budget for the Administrative Fund based upon the recommendation of program staff. NMETB's budget is established through an annual budget adjustment request, subject to the review of the New Mexico Department of Finance and Administration (DFA) and the New Mexico Legislative Finance Committee (LFC). NMETB is not included in the General Appropriations Act (GAA) and does not receive state general fund appropriations. Cash balances remaining at the end of the year do not revert to the New Mexico State General Fund.

Fund balance of approximately \$3.2 million was budgeted as a source of funds, thus, administrative Fund revenues of approximately \$2.8 million were not directly budgeted. Actual expenditures of approximately \$2.8 million were less than budgeted expenditures of approximately \$3.2 million.

**PROGRAM MANAGEMENT**

Ascensus serves as the program manager for Scholar's Edge and The Education Plan. Ascensus is the largest provider of 529 recordkeeping and administrative services in the country.

**ECONOMIC OUTLOOK**

NMETB's economic outlook is closely related to the activities and status of the public investment markets. NMETB's Administrative Fund is dependent upon the automatic fee deposit that is made every month, as a percentage of the net position that resides in the two 529 savings plans: Scholar's Edge and The Education Plan. NMETB operates as a self-sustaining state entity and has three full-time equivalent employees. The State of New Mexico does not appropriate to NMETB any budgeted amounts. Beginning in early 2020, governments and central banks reacted to the COVID-19 pandemic with monetary interventions designed to stabilize economic conditions. In addition, treatments to prevent the illness or reduce the severity of the illness were rapidly developed and released. As a result of these developments world markets substantially recovered during fiscal year 2021. The fiduciary funds had an increase in net position during the fiscal year mainly due to the increase in the fair market value of investments. Nevertheless, the duration and extent of the impact of the COVID-19 outbreak, as well as the continued effectiveness of government and central bank responses, remains unclear at this time.

**EDUCATION TRUST BOARD OF NEW MEXICO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**CONTACTING MANAGEMENT**

This financial report is designed to provide members of NMETB and others with a general overview of NMETB's Administrative and fiduciary funds. If you have questions about this report contact the Executive Director at the following address:

Education Trust Board of New Mexico  
1516 Paseo de Peralta  
Santa Fe, NM 87501

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

	11250 Administrative Fund
<b>ASSETS</b>	
<b>CURRENT</b>	
Investment in State General Fund Investment Pool	\$ 689,474
Investment in Local Government Investment Pool	10,372,905
Accounts Receivable	136,865
	11,199,244
TOTAL CURRENT	11,199,244
<b>NONCURRENT</b>	
Lease Asset, Net of Amortization of \$40,219	241,312
	241,312
TOTAL NONCURRENT	241,312
TOTAL ASSETS	11,440,556
<b>LIABILITIES</b>	
<b>CURRENT</b>	
Accounts Payable	234,353
Accrued Expenses and Compensated Absences	50,374
Lease Liability, Short-Term Portion	35,211
	319,938
TOTAL CURRENT	319,938
<b>NONCURRENT</b>	
Lease Liability	213,341
	213,341
TOTAL NONCURRENT	213,341
TOTAL LIABILITIES	533,279
<b>NET POSITION</b>	
Restricted for Administrative Purposes	10,907,277
	\$ 10,907,277
TOTAL NET POSITION	\$ 10,907,277

See auditor's report and accompanying notes to financial statements

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	11250 Administrative Fund
<b>OPERATING REVENUES</b>	
Program Revenue	\$ 1,255,770
Marketing Gross Roots	1,534,369
	2,790,139
<b>OPERATING EXPENSES</b>	
Administrative and Other Expenses	2,763,613
	2,763,613
TOTAL OPERATING EXPENSES	2,763,613
OPERATING INCOME	26,526
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment Income, Net of Expenses	15,303
Lease Interest Expense	(8,446)
	6,857
TOTAL NON-OPERATING REVENUES (EXPENSES)	6,857
CHANGE IN NET POSITION	33,383
Net Position, Beginning of Year	10,873,894
	10,873,894
NET POSITION, END OF YEAR	\$ 10,907,277

See auditor's report and accompanying notes to financial statements

**EDUCATION TRUST BOARD OF NEW MEXICO  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022**

	11250 Administrative Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash from grants and contracts	\$ 2,813,127
Cash paid to employees	(326,767)
Cash paid to suppliers	(2,339,266)
	147,094
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	20,739
Investment expenses	(5,436)
	15,303
<b>CASH PROVIDED BY INVESTING ACTIVITIES</b>	
<b>CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Lease payments	(32,979)
Interest expense	(8,446)
	(41,425)
<b>CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	120,972
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	10,941,407
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 11,062,379

See auditor's report and accompanying notes to financial statements

**EDUCATION TRUST BOARD OF NEW MEXICO  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022**

**RECONCILIATION OF OPERATING INCOME TO  
NET CASH USED BY OPERATING ACTIVITIES**

Operating Income	\$ 26,526
Adjustments to reconcile operating income to net cash used by operating activities:	
Changes in assets and liabilities:	
Accounts receivable	22,988
Amortization of Lease Asset	40,219
Accounts payable	45,841
Accrued expenses	11,520
	<hr/>
Total adjustments	120,568
	<hr/>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 147,094</b>
	<hr/> <hr/>

See auditor's report and accompanying notes to financial statements

**EDUCATION TRUST BOARD OF NEW MEXICO  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2022**

	<u>Private-Purpose Trust Funds</u>
<b>ASSETS</b>	
Investments, at Fair Value (Scholar's Edge Cost \$1,712,751,945; The Education Plan Cost \$627,419,345)	\$ 2,269,128,330
Cash and Cash Equivalents	9,094,736
Accrued Income	<u>7,666</u>
 TOTAL ASSETS	 <u>2,278,230,732</u>
 <b>LIABILITIES</b>	
Program Fees	304,109
Marketing and Advertising	1,225,733
Accounting and Auditing	<u>136,865</u>
 TOTAL LIABILITIES	 <u>1,666,707</u>
 <b>NET POSITION HELD IN TRUST FOR INDIVIDUALS</b>	 <u><u>\$ 2,276,564,025</u></u>

See auditor's report and accompanying notes to financial statements

**EDUCATION TRUST BOARD OF NEW MEXICO  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2022**

	<u>Private-Purpose Trust Funds</u>
<b>ADDITIONS</b>	
Subscriptions	\$ 196,083,899
Investment Income	
Net Decrease in Fair Value of Investments	(306,751,212)
Dividends	43,099,706
Interest	16,683
Less: Expenses:	
Distribution Fees	3,780,844
Management Fees	1,844,599
State Administrative Fees	332,275
Other Reimbursement	<u>5,266,218</u>
NET INVESTMENT INCOME	<u>(274,858,759)</u>
TOTAL ADDITIONS	(78,774,860)
<b>DEDUCTIONS</b>	
Redemptions	<u>(340,016,965)</u>
<b>CHANGE IN NET POSITION HELD IN TRUST FOR INDIVIDUALS</b>	(418,791,825)
Net Position Held in Trust for Individuals, Beginning of Year	<u>2,695,355,850</u>
<b>NET POSITION HELD IN TRUST FOR INDIVIDUALS, END OF YEAR</b>	<u><u>\$ 2,276,564,025</u></u>

See auditor's report and accompanying notes to financial statements

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE A - ORGANIZATION AND BACKGROUND**

The Education Trust Board of New Mexico (NMETB) operates as a self-sustaining state entity which is administratively connected to the New Mexico Department of Higher Education (NMHED). NMHED was created as a state agency in 2005 and NMSA 1978 §21-21K-4 (A) (1997) administratively attaches NMETB to NMHED. Case law holds that an administratively attached entity is a "constituent agency." Constituent agencies have the same legal status as their "parent" agency. NMETB does not have any component units.

NMETB was established by New Mexico statute 21-21K-4 NMSA 1978 (Education Trust Act) gives NMETB the authority to promulgate rules to carry out the Act; protect the financial integrity of the IRS 529 college savings plans; and preserve program benefits and ensure appropriate use of tax benefits. NMSA 1978 sections 21-21K-3 and 21-21K-5 gives authority to enter into contract with investors, review investments, and pay institutions of higher education on behalf of beneficiaries, be a party to college investment agreements and approve circumstances for predesignation of the beneficiary, and establish a refund policy.

NMETB is the governing body for New Mexico's IRS section 529 college savings plans and their administration. Members are appointed by the Governor, Senate Pro Tem, and Speaker of the House of Representatives. The NMETB is responsible for making rules and regulations for the development and implementation of the Education Trust Act.

NMETB's financial statements include the statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows of the Administrative Fund, and the fiduciary funds statements of financial position and change in financial position. They are not intended to present the financial position or changes in financial position of the State of New Mexico. However, the funds are part of the primary government of the State of New Mexico, and their financial data is included with the financial data of the State of New Mexico.

NMETB's Administrative Fund is an enterprise fund used to account for the administrative operations of the NMETB. Scholar's Edge and The Education Plan College Savings Program (Plans) are NMETB's fiduciary funds used to account for New Mexico's IRS section 529 college savings plans. The Plans are maintained and administered by the Board, which serves as trustee of the Education Trust of New Mexico (Trust). The Board has the authority to appoint a program manager, adopt rules and regulations to implement and administer the Plans, and establish investment policies.

The Plans are a savings vehicle for higher education expenses under Section 529 of the U.S. Internal Revenue Code of 1986, as amended (Section 529). The Plans are comprised of 55 different investment portfolios (Portfolios).

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE A - ORGANIZATION AND BACKGROUND (continued)**

College Savings Plans' assets can be used for qualified educational expenses including tuition and fees, certain room and board expenses, books, and required supplies and equipment at any accredited post-secondary school that is eligible to participate in federal student financial aid programs. This includes most public or private universities, graduate schools, community colleges, and vocational schools. Assets in the Plans are subject to investment risk and are not guaranteed by the state.

Ascensus College Savings Recordkeeping Services, LLC (Ascensus), serves as the program manager for Scholar's Edge and The Education Plan.

*Scholar's Edge Plan.* Currently, there are eleven Scholar's Edge Year of Enrollment Portfolios, which are designed to correspond with the expected date of enrollment. The asset allocation mix of the options, adjusts over time, and become progressively more conservative as the target date of enrollment approaches. Scholar's Edge also offers four static target risk asset allocation Portfolios as well as sixteen individual Portfolios.

*The Education Plan.* Currently, there are eleven, Year of Enrollment Options, which are designed to correspond with the expected date of enrollment. The asset allocation mix of the options, adjust over time, and become progressively more conservative as the target date of enrollment approaches. The Education Plan also offers four passive static asset allocation Portfolios, four active static asset allocation Portfolios and five individual Portfolios.

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE A - ORGANIZATION AND BACKGROUND (continued)**

*Investment Portfolios.* Scholar's Edge and The Education Plan offer various investment portfolios to accommodate the needs of participants. Investment portfolios of each plan are as follows:

*Scholar's Edge Portfolios:*

- Scholar's Edge 2040-2041 Portfolio
- Scholar's Edge 2038-2039 Portfolio
- Scholar's Edge 2036-2037 Portfolio
- Scholar's Edge 2034-2035 Portfolio
- Scholar's Edge 2032-2033 Portfolio
- Scholar's Edge 2030-2031 Portfolio
- Scholar's Edge 2028-2029 Portfolio
- Scholar's Edge 2026-2027 Portfolio
- Scholar's Edge 2024-2025 Portfolio
- Scholar's Edge 2022-2023 Portfolio
- Scholar's Edge Today Portfolio
- Scholar's Edge Aggressive Portfolio
- Scholar's Edge Moderate Portfolio
- Scholar's Edge Conservative Portfolio
- Scholar's Edge Fixed Income Portfolio
- Scholar's Edge Capital Preservation Portfolio
- Principal Short-Term Income Portfolio
- Principal Income Portfolio
- iShares Core U.S. Aggregate Bond Portfolio
- MainStay MacKay High Yield Corp Bond Portfolio
- Vanguard Total International Bond Portfolio
- iShares S&P 500 Stock Index Portfolio
- Principal Blue Chip Portfolio
- Principal Equity Income Portfolio
- Vanguard Mid Cap Index Portfolio
- iShares Small Cap Index Portfolio
- Vanguard Total World Stock Portfolio
- Principal Diversified International Portfolio
- Principal International Small Company Portfolio
- JPMorgan Emerging Markets Equity Portfolio
- Principal Real Estate Securities Portfolio

*The Education Plan Portfolios:*

- 2040-2041 Portfolio
- 2038-2039 Portfolio
- 2036-2037 Portfolio
- 2034-2035 Portfolio
- 2032-2033 Portfolio
- 2030-2031 Portfolio
- 2028-2029 Portfolio
- 2026-2027 Portfolio
- 2024-2025 Portfolio
- 2022-2023 Portfolio
- Enrollment Portfolio
- 100% Equity Index Portfolio
- 75% Equity Index Portfolio
- 50% Equity Index Portfolio
- 25% Equity Index Portfolio
- 100% Active Equity Portfolio
- 75% Active Equity Portfolio
- 50% Active Equity Portfolio
- 25% Active Equity Portfolio
- Capital Preservation Portfolio
- Vanguard Short-Term Treasury Index Portfolio
- Vanguard Bond Index Portfolio
- Vanguard Total Stock Plus Portfolio
- TIAA CREF Social Choice Portfolio

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE A - ORGANIZATION AND BACKGROUND (continued)**

*Financial Statements.* The statement of net position, statement of revenue, expenses, and changes in net position, and statement of cash flows, provide operational accountability information for NMETB as an economic unit. They report the entity's ability to maintain service levels and continue to meet its obligations as they come due.

The accounts of NMETB are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, liabilities, net position, revenues, expenses, and other financing sources and uses.

Funds include the Administrative Fund (Fund 11250), an enterprise fund, and the Scholar's Edge Fund (Fund 50580) and The Education Plan (Fund 50480), both Private-Purpose Trust Funds which are fiduciary in nature as the assets are held in trust for the benefit of plan recipients.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Accounting.* For financial purposes, NMETB is considered an enterprise fund engaged in business-type activities. The financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when incurred, regardless of when the related cash flow takes place. Revenue from grants, entitlements, and contributions is recognized in the fiscal year in which eligibility requirements have been satisfied.

As fiduciary funds, the Scholar's Edge and The Education Plan financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in conformity with generally accepted accounting principles in the United States as defined by the Governmental Accounting Standards Board (GASB). Under this method of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cashflows.

Dividends of equity securities are recognized as they are earned and become measurable and available to pay liabilities of the current period.

*Net Position.* The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is referred to as net position. Net position is categorized as net investment in capital assets (net of related debt), restricted, and unrestricted, based on the following:

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Restricted Net Position.* Third-party statutory limitations on their use. When there is an option, NMETB spends restricted resources first. Restricting statute for net position is 21-21K-4 NMSA 1978 – Education Trust Act. Restricted net position was \$10,907,277 at June 30, 2022.

*Unrestricted Net Position* reflects net position of the NMETB not restricted for any project or other purpose. NMETB had no unrestricted net position at June 30, 2022.

*Cash, Cash Equivalents and Investments.* Cash equivalents are defined as highly liquid investments with original maturities of three months or less. NMETB Administrative Fund’s cash and cash equivalents consist of cash held at the New Mexico State Treasurer’s Office invested in the General Fund Investment Pool and Local Government Investment Pool.

*Security Valuation.* Each Portfolio calculates the net asset value of its units as of the close of The New York Stock Exchange (Exchange), normally 4:00 P.M. Eastern time, on each day the Exchange is open for trading, except in the case of a scheduled early closing of the Exchange, in which case the Plans will calculate net asset value of the units as of the scheduled early closing of the Exchange. The net asset values of the Underlying Investments are determined as of the close of the Exchange, on each day the Exchange is open for trading. Short-term “money market type” debt securities with remaining maturities of sixty days or less are valued at amortized cost (which approximates fair value); “money market type” debt securities with no contractual maturities or redemption amounts are valued at fair value.

Each investment asset or liability of the Portfolio is assigned a level at measurement date based on the significance and source of the inputs to its valuation. Various data inputs are used in determining the value of each of the Portfolios’ investments as of the reporting period end. These data inputs are categorized in the following hierarchy:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date
- Level 2 Inputs other than unadjusted quoted prices that are observable for the asset or liability either directly or indirectly
- Level 3 Significant unobservable inputs

As of June 30, 2022, and without consideration as to the classification level of the specific investments held, the Plan classifies its investment in the Underlying Investments as Level 1.

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Security Valuation, (continued)*

These investments are classified as follows:

*Scholar's Edge and The Education Plan:*

	Valuation		
	June 30, 2022	Fair Value Measurements Using	
	Level 1	Level 2	Level 3
Investments:			
Fixed Income	\$ 906,997,497	\$ 906,997,497	\$ -
Equity	957,125,472	957,125,472	-
Real Estate	4,849,175	4,849,175	-
Total Investments by Fair Value Level	\$ 1,868,972,144	\$ 1,868,972,144	\$ -
Guaranteed Investment Contracts:			
New York Life GIA	113,154,743		
Principal GO	287,001,443		
	400,156,186		
	\$ 2,269,128,330		

***Guaranteed Investment Contracts (GICs).*** GIC's are contractual arrangements, not securities and are therefore not subject to custodial credit risk. However, there is a risk that an insurance company could fail to perform its contractual obligations for financial or other reasons.

The New York Life Guaranteed Interest Account (GIA), a stable value product, is a general account group annuity contract seeking to provide a low-risk, stable investment option by providing a guarantee of principal and accumulated interest. The GIA is invested in a fixed income portfolio within New York Life's general account, and invested primarily in a conservative array of securities and cash-equivalent investments in accordance with the investment restrictions of New York Insurance Law. The GIA is valued at \$1.00 book value and gets rated nightly.

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Security Valuation, (continued)*

*Guaranteed Investment Contracts (GICs), (continued)*

The Principal Guaranteed Option (PGO) is a fixed income investment option focused on capital preservation and return. The PGO is valued daily at the net asset value of units in the fund (NAV). The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent), as of June 30, 2022 is presented in the following table:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Principal GO	287,001,443	-	Daily	Daily

**Security Transactions:** Security transactions are recorded on the trade date. Realized gains and losses on securities sold are determined on the high cost method.

**Contributions, Withdrawals, and Distributions.** There is an unlimited number of no par value units that can be issued. Contributions and withdrawals are recorded at the unit value determined on the valuation date following receipt of notice of the contribution or withdrawal. Contributions and withdrawals are subject to sufficient advance notifications as outlined in the Plan Description and Participation Agreement. The portfolios' unit values (net asset values) are determined daily. Net investment income for all portfolios is retained and reflected in the net asset value of each portfolio.

**Investment Income and Dividends.** Dividend income is recorded on the ex-dividend date. Noncash dividends included in dividend income, if any, are recorded at the fair value of the securities received.

Interest income, which includes accretion of discount and amortization of premium, is accrued as earned. Income and capital gain distributions from the Underlying Investments are recorded on the ex-dividend date. Dividends from income are included in investment income and capital gain distributions are included in net increase in fair value of investments.

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Allocation of Income, Expenses, Gains and Losses.* Income, expenses (other than those attributable to a specific class), gains, and losses are allocated on a daily basis to each class of units based upon the relative proportion of net position represented by such class. Operating expenses directly attributable to a specific class are charged against the operations of that class.

*Use of Estimates.* The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

*Revenues and Expenses.* Operating revenues include activities that have the characteristics of an exchange transaction as well as those that relate directly to finance the administration of the Scholar's Edge and The Education Plans. Operating Revenues consists of Program Fees and related Marketing Grass Roots revenue. Operating expenses include activities that have the characteristics of an exchange transaction such as a) employee salaries, benefits, and related expense; b) utilities, supplies, and other services; and c) professional fees.

*Budget.* NMETB adopts an annual budget for the Administrative Fund based upon the recommendation of program staff. NMETB's budget is established through an annual budget adjustment request, subject to the review of the New Mexico Department of Finance and Administration (DFA) and the New Mexico Legislative Finance Committee (LFC). NMETB is not included in the General Appropriations Act (GAA) and does not receive state general fund appropriations. Cash balances remaining at the end of the year do not revert to the New Mexico State General Fund.

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE C - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents reported in the Administrative Fund at June 30, 2022 include a balance of \$10,372,905 invested with New Mexico State Treasurer's Office (STO) Local Government Investment Pool (LGIP). LGIP deposits are not guaranteed or insured by the State of New Mexico, the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board, or any other agency or bank. These deposits involve certain investment risks and returns are not guaranteed. The LGIP is valued at amortized cost. Additional disclosures regarding LGIP are posted at the STO website at [www.nmsto.gov](http://www.nmsto.gov), and available for review by participants at any time. As of June 30, 2022, STO provides the following disclosure regarding the LGIP holdings:

New Mexico LGIP AAAM Rated \$10,372,905 [49] day WAM (R); [89] day WAM (F)

Limitations or restrictions on withdrawals:

- Amounts less than \$30 million may be withdrawn within 24 hours of notice to the STO;
- Amounts of \$30 million to \$60 million require notice of 2 business days to the STO;
- Amounts of \$60 million to \$100 million require notice of 5 business days to the STO;
- Amounts in excess of \$100 million require notification of 10 business days to the STO.

Funds are withdrawn from the LGIP one business day prior to transfer to maintain the liquidity of the LGIP for all participants. With prior approval by the LGIP Bureau Chief or a designee, participant withdrawals made within the 24-hour limitation will be treated as an emergency withdrawal. Participants will be charged an emergency withdrawal fee to cover the cost of the emergency wire. Emergency withdrawal requests must follow the withdrawal procedure outlined above and must include a letter explaining the emergency. The LGIP Bureau reserves the right to decline any emergency withdrawals.

*Stability Protection*—Notwithstanding the withdrawal guidelines, the STO reserves the right to limit participant withdrawals if the State Treasurer determines that doing so is required to ensure the stability of the LGIP.

The State General Fund Investment Pool balance held by the New Mexico State Treasurer was \$689,474 at June 30, 2022. Funds can be withdrawn from the New Mexico State Treasurer as needed. However, 2.2.2.12(A)(14) NMAC requires NMETB to report this cash balance as an investment. All earnings on deposits are retained by the New Mexico State Treasurer's Office General Fund investment pool; therefore, from the NMETB's perspective, the balances are noninterest bearing and stated at cost. The New Mexico State Treasurer deposits public monies with New Mexico financial institutions in denominations which generally are in excess of the \$250,000 insurance coverage provided by federal agencies.

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE C - CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

Accordingly, the New Mexico State Treasurer requires the depository financial institutions provide additional collateral for such investments. The collateral generally is in the form of marketable debt securities and is required in amounts ranging from 50% to 102% of the par value of the investment dependent upon the institutions operating results and capital. Collateral is required in amounts equal to 50% of the average investment balance. To obtain pledged collateral, investment risk, custodial credit risk, and insurance coverage information for the NMETB's investment in the New Mexico State Treasurer's General Fund investment pool, a copy of separately issued financial statements as of June 30, 2022 can be obtained from the New Mexico State Treasurer's Office. All collateral is held in third-party safekeeping.

*Interest Rate Risk*—The New Mexico State Treasurer's Office has an investment policy that limits investment maturities to five years or less on allowable investments. This policy is a means of managing exposure to fair value losses arising from increasing interest rates. This policy is reviewed and approved annually by the New Mexico State Board of Finance.

*Credit Risk*—The New Mexico State General Fund Investment Pool is not rated.

For additional GASB 40 disclosure information regarding cash held by the New Mexico State Treasurer, the reader should see the separate audit report for the New Mexico State Treasurer's Office for the fiscal year ended June 30, 2022.

The schedule of individual deposit accounts that the Administrative Fund held as of June 30, 2022 is presented as supplemental information to these financial statements.

Cash and cash equivalents reported in Scholar's Edge and The Education Plan are nonpublic participant deposits. Funds are managed by the program manager of the Plans, Ascensus, and are held by a custodian, Bank of New York Mellon. However, cash is typically transferred out of the account to be re-invested and allocated to the underlying investments on a trade date plus one business day basis.

**NOTE D - INVESTMENT RISK**

Certain investments are subject to investment risk based on the amount of risk in the underlying investments. The NMETB has adopted GASB Statement No. 40, Deposit and Investment Risk Disclosures. The standard requires disclosure of essential risk information about deposits and investments. Investments of the NMETB are uninsured and are held in the NMETB's name.

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE D - INVESTMENT RISK (continued)**

***Custodial Credit Risk.*** Custodial credit risk is the risk that, in the event of a failure, the NMETB's deposits and investments may not be returned promptly. Because investments of the NMETB are generally in mutual funds and other Underlying Investments, this risk is significantly mitigated.

***Credit Risk.*** Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The NMETB invests directly in Underlying Investments. For registered Underlying Investments, prospectuses provide greater detail about the investment strategies and practices in compliance with federal regulations and specifically, the Form N-1A of the Investment Company Act of 1940. Form N-1A discloses information investment and policies objectives, as well as information on the company structure and operations. In addition, Program Disclosure Statement and the Participation Agreements provide greater detail about the credit risk, if any, associated with nonregistered Underlying Investments.

***Interest Rate Risk.*** Interest rate risk refers to value fluctuations of fixed-income securities resulting from the inverse relationship between price and yield. The market value fluctuations of fixed-income securities already held will not affect the interest payable on those securities. However, the fluctuations will affect the market value and in turn will affect net asset values.

***Foreign Currency Risk.*** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment in a foreign security. NMETB's Underlying Investments invest in assets denominated in various foreign currencies in pooled vehicles. For registered Underlying Investments, prospectuses provide greater detail about the investment strategies and practices, in compliance with federal regulations and specifically, the Form N-1A of the Investment Company Act of 1940. Form N-1A discloses information and policies about the Underlying Investment and its investment objectives, as well as information on the company structure and operations. In addition, the Program Disclosure Statement and the Participation Agreement provide greater detail about the risks of investing in foreign currencies by certain nonregistered Underlying Investments.

***Concentration of Credit Risk.*** NMETB's investment policy requires diversification of the portfolio, but does not specify maximum amounts that can be invested in any one investment vehicle, maturity, issuer, or class of securities.

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE D - INVESTMENT RISK (continued)**

*Concentration of Credit Risk (continued)*

*Scholar's Edge:*

Issue Name	% of Investment
Principal Core Fixed Income Fund Class R6	25
Scholar's Edge Capital	17
iShares S&P 500 ETF	12
Principal Short-Term Income Fund Institutional Class	11
Principal Diversified International Fund Class R6	9
Principal Blue Chip Class R6	7
iShares Core U.S. Aggregate Bond ETF	6
Principal Equity Inc	6

*The Education Plan:*

Issue Name	% of Investment
Vanguard Total Stock Market Institutional Plus	19
NY Life GIA 10 Direct	14
Vanguard Total Bond Market II Institutional	11
Vanguard Short-Term Treasury Index Institutional	11
Vanguard Developed Markets Index Fund Institutional	9
American Funds Fundamental Investor Class F-3	7

**Credit Risk.** As of June 30, 2022, credit ratings for the fixed-income Underlying Investments are as follows:

*Scholar's Edge:*

Portfolio	Credit Quality							
	AAA	AA	A	BBB	BB	B	Below B	Unrated
iShares Core US Aggregate Bond ETF	72.79 %	2.49 %	15.68 %	9.04 %	0.00 %	0.00 %	0.00 %	0.00 %
MainStay MacKay High Yield Corp. Fund Class R-6	0.00	0.10	0.10	15.00	52.80	26.20	4.80	1.00
Principal Core Fixed Income Class R-6	49.08	1.73	17.37	29.84	0.95	0.82	0.12	0.09
Principal Short-Term Income Fund Institutional Class	42.19	5.28	15.74	29.85	1.18	0.95	0.00	4.81
Vanguard Total International Bond Index Fund ETF	23.41	26.18	29.51	18.49	0.00	0.00	1.42	0.99

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE D - INVESTMENT RISK (continued)**

*Credit Risk (continued)*

*The Education Plan:*

Portfolio	Credit Quality							
	AAA	AA	A	BBB	BB	B	Below B	Unrated
DFA Inflation-Protected Securities Portfolio Inst. Class	100.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00
iShares Core International Aggregate Bond ETF	20.67	24.86	30.31	15.19	0.00	0.00	0.00	8.97
TIAA-CREF Core Plus Bond Fund Institutional Class	38.65	5.35	10.96	26.92	9.79	4.10	0.37	3.86
Vanguard ST Inflation-Protected Securities Index Inst.	99.90	0.00	0.00	0.00	0.00	0.00	0.00	0.10
Vanguard ST Treasury Index Institutional	99.85	0.00	0.00	0.00	0.00	0.00	0.00	0.15
Vanguard Total Bond Market	70.91	2.98	11.77	14.27	0.00	0.00	0.07	0.00
Vanguard Ultra Short-Term Bond-Adm	19.32	8.90	38.00	33.34	0.00	0.00	0.40	0.04
Vanguard Total Bond Market II Institutional	71.11	2.85	11.85	14.08	0.00	0.00	0.10	0.01
Vanguard High Yield Corporate ADM	3.93	0.20	0.00	5.26	55.24	31.37	4.00	0.00
PGIM Global Total Return Fund Class R-6	16.25	8.78	15.24	32.46	14.85	5.54	1.64	5.24

**Equity Risk.** Equity Risk is the risk that stocks and other equity securities held by the Underlying Investments may fluctuate in price, which could cause portfolios to lose value. The price movement of individual equity securities may not occur uniformly across industry or capitalization and can be impacted by the factors at the market, sector, or individual company level.

**Interest Rate Risk.** As of June 30, 2022, the duration for the fixed-income Underlying Investments of the Scholar's Edge Plan are as follows:

Fund	2022 (In Years)
iShares Core US Aggregate Bond ETF	6.46
MainStay MacKay High Yield Corp. Fund Class R-6	3.90
Principal Core Fixed Income Class R-6	6.08
Principal Short-Term Income Fund Institutional Class	1.84
Vanguard Total International Bond Index Fund ETF	7.70

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE D - INVESTMENT RISK (continued)**

*Interest Rate Risk (continued)*

As of June 30, 2022, the duration for the fixed-income Underlying Investments of The Education Plan are as follows:

Fund	2022 (In Years)
DFA Inflation-Protected Securities Portfolio Inst. Class	7.11
iShares Core International Aggregate Bond ETF	7.32
TIAA-CREF Core Plus Bond Fund Institutional Class	6.12
Vanguard ST Inflation-Protected Securities Index Inst.	2.69
Vanguard ST Treasury Index Institutional	1.90
Vanguard Total Bond Market	6.67
Vanguard Ultra Short-Term Bond-Adm	0.91
Vanguard Total Bond Market II Institutional	6.66
Vanguard High Yield Corporate ADM	4.27
PGIM Global Total Return Fund Class R-6	7.30

**NOTE E - ACCOUNTS RECEIVABLE**

The accounts receivable reported in the Administrative fund in the amount of \$136,865 represent the administrative fee revenues earned in June 2022 but collected in July 2022.

**NOTE F - LEASES**

NMETB entered into a lease agreement to rent office space on July 1, 2018. The term of the lease is ten years, terminating on June 30, 2028.

In accordance with Government Accounting Standard 87, Leases, the net present value of the remaining lease payments at the time of standard implementation is recorded as a lease asset. The Lease Asset is calculated at \$281,531, using an implicit rate of 3% (based on the incremental borrowing rate for the State of New Mexico). The lease asset is amortized on a straight-line basis over the life of the lease. Amortization expense for fiscal year ending June 30, 2022 is \$40,219.

	7/1/2021	Additions	Deletions	6/30/2022
Lease Asset	\$ -	\$ 281,531	\$ -	\$ 281,531
Amortization	-	(40,219)	-	(40,219)
Lease Asset, Net	<u>\$ -</u>	<u>\$ 241,312</u>	<u>\$ -</u>	<u>\$ 241,312</u>

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE F - LEASES (continued)**

In accordance with Government Accounting Standard 87, Leases, a corresponding lease liability, was recognized in the amount of \$281,531. Principal payments during the fiscal year were \$32,979. Balance as of June 30, 2022 is as follows:

	7/1/2021	Additions	Deletions	6/30/2022
Lease Liability	\$ -	\$ 281,531	\$ (32,979)	\$ 248,552
	<u>\$ -</u>	<u>\$ 281,531</u>	<u>\$ (32,979)</u>	<u>\$ 248,552</u>

Future lease payments maturity schedule as of June 30, 2022, is as follows:

	Principal	Interest	Total Payment
	\$ 35,211	\$ 7,457	\$ 42,668
	37,548	6,400	43,948
	39,993	5,274	45,267
	42,552	4,074	46,626
	45,226	2,797	48,023
	48,022	1,441	49,463
	<u>\$ 248,552</u>	<u>\$ 27,443</u>	<u>\$ 275,995</u>

**NOTE G - RETIREMENT BENEFITS - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

NMETB, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Association (PERA). Disclosure requirements for governmental and enterprise funds apply to the primary government as a whole, and as such, this information will be presented in the Annual Comprehensive Financial Report of the State of New Mexico.

Information concerning the net pension liability, pension expense and pension-related deferred inflows and outflows of resources of the primary government will be contained in the Annual Comprehensive Financial Report and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE H - POSTEMPLOYMENT BENEFITS - STATE RETIREE HEALTHCARE PLAN (RHCA)**

The NMETB, as part of the primary government of the State of New Mexico, is a contributing employer to a cost-sharing multiple-employer defined benefit postemployment health care plan that provides comprehensive group health insurance for persons who have retired from certain public service positions in New Mexico. The other postemployment benefits (OPEB) Plan is administered by the Retiree Health Care Authority of the State of New Mexico. Overall, total OPEB liability exceeds OPEB Plan net position resulting in a net OPEB liability. The state has determined the State's share of the net OPEB liability to be a liability of the State as a whole, rather than any agency or department of the State and the liability will not be reported in the department or agency level financial statements of the State. All required disclosures will be presented in the Annual Comprehensive Financial Report of the State of New Mexico.

Information concerning the net liability, benefit expense, and benefit-related deferred inflows and deferred outflows of resources of the primary government will be contained in the State of New Mexico Annual Comprehensive Financial Report for the year ended June 30, 2022 and will be available, when issued, from the Office of the State Controller, Room 166, Bataan Memorial Building, 407 Galisteo Street, Santa Fe, New Mexico, 87501.

**NOTE I - PROGRAM FEE REVENUES**

During fiscal year 2022, NMETB received an annual state administrative fee charged to each Plan. The fee was .08% and .05% of the average daily net assets of the Plan for Scholar's Edge and The Education Plan, respectively. The fee is accrued daily and paid monthly to NMETB.

**NOTE J - RELATED PARTY INFORMATION AND FEES**

*Administration.* NMETB is administratively connected to the New Mexico Department of Higher Education (NMHED). In accordance with the state statute, the Chair of the Education Trust Board is the designee of the Cabinet Secretary of the Department of Higher Education.

*Expenses.* The Plans of the fiduciary fund bear certain ongoing fees, which are charged against the assets of the Portfolios, to provide for the cost associated with the distribution, servicing, and administration. There are also indirect fees and expenses of the Underlying Investments in which the Portfolios invest. In addition, there may be certain fees and expenses the NMETB may impose from time to time. The NMETB may change or add new fees at any time.

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE J - RELATED PARTY INFORMATION AND FEES (continued)**

*Program Management Fees.* The Portfolios pay an annualized fee on the average daily net position of the Plans of the fiduciary fund. The Scholar's Edge Portfolios paid an annualized program management fee of .20%, and The Education Plan paid an annualized fee of .05% to the program manager, Ascensus.

*Scholar's Edge Fees and Charges*

*Class A Units*

*Sales Charges.* Class A and Class C Units are subject to sales charges. Class A Units are subject to a maximum initial sales charge of 3.50% on the amount invested. Class C Units are subject to a maximum CDSC of 1.00% if they are redeemed within one year of purchase. Class R Units are not subject to any sales charges. There are no sales charges applicable to Class A or Class C Units of the Scholar's Edge Capital Preservation Portfolio. Class A Units of the Scholar's Edge Capital Preservation Portfolio purchased after April 28, 2022, that are then exchanged to any other Portfolio will be subject to a maximum initial sales charge of 3.50%. Class C Units of the Scholar's Edge Capital Preservation Portfolio purchased after April 28, 2022, that are then exchanged to any other Portfolio will be subject to a maximum CDSC of 1.00% if they are redeemed within one year of purchase. Sales charges may be reduced or waived in certain limited circumstances.

*Automatic Conversion of Class C Units to Class A Units.* Class C Units are automatically converted into Class A Units five years after the date of purchase, at which time such Units become subject to the Total Annual-Asset Based Fees for Class A Units. The automatic conversion is not subject to any initial sales charge or CDSC.

*Class R Units.* Class R Units are not subject to an initial sales charge or a CDSC. Nor are Class R Units subject to a Distribution and Service Fee. Class R Units are not subject to any sales charges through the Plan. Class R Units are designed for use in fee-based accounts through qualified registered investment advisors or selling agents who buy through a broker/dealer in advisory accounts. The fees associated with fee-based accounts are determined separately between you and your Financial Advisor and are not a feature of or affiliated with Scholar's Edge. Class R Units may be sold by selling agents that charge brokerage commissions and other transaction-related fees directly to their clients. These commissions and fees are not a feature of or affiliated with Scholar's Edge. You should ask your Financial Advisor about whether it charges brokerage commissions or other fees related to the purchase of Class R Units.

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE J - RELATED PARTY INFORMATION AND FEES (continued)**

*Contingent Deferred Sales Charge (CDSC)*

*Class A Units.* There is no CDSC with respect to Class A Units of the Scholar's Edge Capital Preservation Portfolio that are purchased after April 28, 2022. Any units purchased prior to April 28, 2022, will be subject to the CDSC that was in effect as of the time of purchase. Class A Units of the Scholar's Edge Capital Preservation Portfolio purchased after April 28, 2022, that are then exchanged to any other Portfolio will be subject to the applicable sales charge or the CDSC if they are redeemed for a Qualified or Non-Qualified Distribution within 18 months of the exchange into the new Portfolio that was not subject to an initial sales charge.

*Class C Units.* There is no CDSC with respect to Class C Units of the Scholar's Edge Capital Preservation Portfolio that are purchased after April 28, 2022. Any units purchased prior to April 28, 2022, will be subject to the CDSC that was in effect as of the time of purchase. Class C Units of the Scholar's Edge Capital Preservation Portfolio purchased after April 28, 2022, that are then exchanged to any other Portfolio will be subject to the applicable sales charge or CDSC if they redeem within 12 months of the exchange into the new Portfolio that was not subject to an initial sales charge.

*Distribution and Service Fee*

*Class A and C Units.* Class A and C Units for each Portfolio are subject to an ongoing annual Distribution and Service Fee of 0.25% and 1.00%, respectively. PFD receives the Distribution and Service Fee to support the marketing and sale of Scholar's Edge and as compensation for services that PFD provides to the Plan. PFD uses amounts received from the Distribution and Service Fee to pay third parties, such as your Financial Advisor, that provide distribution, marketing, and related services. This Fee is accrued daily and is factored into a Portfolio's Unit Value.

*Class R Units.* Class R Units are not subject to a Distribution and Service Fee.

**NOTE K - INCOME TAXES**

The Plans of the fiduciary fund were established under Section 529 of the Internal Revenue Code, which provides that all Portfolios within the Plans shall be exempt from income taxes. Therefore, no federal income tax provision is required. Individual account owners may be subject to federal and state income tax under certain conditions.

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE L - COMPENSATED ABSENCES**

Certain amounts of vacation and sick pay earned and not taken are obligations of NMETB and recorded as payables. Sick leave accumulated in excess of 600 hours, not to exceed 120 hours, is payable semiannually at a rate equal to 50% of the employee’s hourly wage. Upon termination, vacation pay up to 240 hours becomes immediately payable. Vacation in excess of 240 hours and the first 600 hours of sick leave are forfeited upon termination. Upon retirement, sick leave is limited to 400 hours accumulated in excess of 600 hours at the 50% hourly rate. Accrued vacation and sick pay is recorded as a liability, and the net change during the current year is recorded as an expense in NMETB’s enterprise activities.

A summary of changes in accrued vacation and sick pay is as follows:

	2021	Additions	Deletions	2022
Compensated absences	\$ 27,041	22,208	(13,102)	\$ 36,147

Of the balance outstanding at June 30, 2022, the full amount of \$36,147 is estimated to be due within one year.

**NOTE M - RISK MANAGEMENT**

The NMETB, as a state agency defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the New Mexico General Services Department. The Office of Risk Management Division pays annual premiums for coverage provided in the following areas:

- Liability and civil rights protection for claims made by others against the State of New Mexico;
- Coverage to protect the State of New Mexico's property and assets; and
- Fringe benefit coverage for the State of New Mexico employees.

**NOTE N - STATE GENERAL FUND INVESTMENT POOL**

As provided for in Chapter 8-6 of the New Mexico Statutes Annotated 1978, the State Treasurer shall receive and keep all monies of the state, except when otherwise provided, and shall disburse the public money upon lawful warrants. The State Treasurer's Office (STO) acts as the State's bank when agency cash receipts are deposited and later pooled into a statewide investment fund, also referred to as the State General Fund Investment Pool (SGFIP). In times when cash amounts are greater than immediate needs, the amounts are placed into short-term investments. When agencies make payments to vendors and employees, they are made from this pool and their claims on the pool are reduced.

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE N - STATE GENERAL FUND INVESTMENT POOL (continued)**

The comprehensive cash reconciliation model which compares aggregated agency claims on the SGFIP to the associated resources held by the State Treasurer's Office has been completed for fiscal year 2022. This process has been previously reviewed and is analyzed annually, by the IPAs performing audits of the General Fund, the Department of Finance and Administration, and the State of New Mexico's Annual Financial Report. These reviews have deemed the process sound and the Department fully compliant with reconciliation requirements. The NMSTO provides the following assertions:

- 1) As of June 30, 2022, resources held in the pool were equivalent to the corresponding business unit claims on those resources.
- 2) All claims as recorded in SHARE shall be honored at face value.

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**  
**JUNE 30, 2022**

	Private-Purpose Trust Funds		
	50580	50480	
	Scholar's Edge	The Education Plan	Total
<b>ASSETS</b>			
Investments, at Fair Value (Scholar's Edge Cost \$1,712,751,945; The Education Plan Cost \$627,419,345)	\$ 1,663,093,919	\$ 606,034,411	\$ 2,269,128,330
Cash and Cash Equivalents	7,656,826	1,437,910	9,094,736
Accrued Income	7,666	-	7,666
TOTAL ASSETS	1,670,758,411	607,472,321	2,278,230,732
<b>LIABILITIES</b>			
Program Fees	278,741	25,368	304,109
Marketing and Advertising	1,225,733	-	1,225,733
Accounting and Audit Fees	111,497	25,368	136,865
TOTAL LIABILITIES	1,615,971	50,736	1,666,707
<b>NET POSITION HELD IN TRUST FOR INDIVIDUALS</b>			
	\$ 1,669,142,440	\$ 607,421,585	\$ 2,276,564,025

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
**YEAR ENDED JUNE 30, 2022**

	Private-Purpose Trust Funds		Total
	50580 Scholar's Edge	50480 The Education Plan	
<b>ADDITIONS</b>			
Subscriptions	131,160,592	64,923,307	\$ 196,083,899
Investment Income			
Net Decrease in Fair Value of Investments	(229,018,127)	(77,733,085)	(306,751,212)
Dividends	29,947,174	13,152,532	43,099,706
Interest	13,964	2,719	16,683
Less: Expenses:			
Distribution Fees	3,780,844	-	3,780,844
Management Fees	1,512,324	332,275	1,844,599
State Administrative Fees	-	332,275	332,275
Other Reimbursement	5,266,218	-	5,266,218
<b>NET INVESTMENT INCOME</b>	<b>(209,616,375)</b>	<b>(65,242,384)</b>	<b>(274,858,759)</b>
<b>TOTAL ADDITIONS</b>	<b>(78,455,783)</b>	<b>(319,077)</b>	<b>(78,774,860)</b>
<b>DEDUCTIONS</b>			
Redemptions	(262,926,183)	(77,090,782)	(340,016,965)
<b>CHANGE IN NET POSITION HELD IN TRUST FOR INDIVIDUALS</b>	<b>(341,381,966)</b>	<b>(77,409,859)</b>	<b>(418,791,825)</b>
Net Position Held in Trust for Individuals, Beginning of Year	2,010,524,406	684,831,444	2,695,355,850
<b>NET POSITION HELD IN TRUST FOR INDIVIDUALS, END OF YEAR</b>	<b>\$ 1,669,142,440</b>	<b>\$ 607,421,585</b>	<b>\$ 2,276,564,025</b>

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL -**  
**ADMINISTRATIVE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance From Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Program - Fees	\$ -	\$ -	\$ 2,790,139	\$ 2,790,139
Investment Income	-	-	20,739	20,739
Total Revenues	<u>-</u>	<u>-</u>	<u>2,810,878</u>	<u>\$ 2,810,878</u>
<b>BUDGETED NET POSITION</b>				
Budgeted Net Position	<u>3,184,352</u>	<u>3,184,352</u>	<u>-</u>	<u>(3,184,352)</u>
Total Revenues & Budgeted Net Position	<u>\$ 3,184,352</u>	<u>\$ 3,184,352</u>	<u>-</u>	<u>\$ (373,474)</u>
<b>EXPENSES</b>				
Personnel services and employee benefits	432,371	432,371	338,287	94,084
Contractual services	2,509,996	2,509,996	2,284,727	225,269
Other costs	241,985	241,985	147,241	94,744
Total Expenses	<u>\$ 3,184,352</u>	<u>\$ 3,184,352</u>	<u>\$ 2,770,255</u>	<u>\$ 414,097</u>
CHANGE IN NET POSITION			40,623	
<b>ADJUSTMENTS TO GAAP (Nonbudgeted Items):</b>				
Interest Expense - Building Lease			(8,446)	
Rent Expense - Building Lease			41,425	
Amortization Expense - Building Lease			(40,219)	
Net Position - Beginning of Year			<u>10,873,894</u>	
NET POSITION - END OF YEAR			<u>\$ 10,907,277</u>	

\*P785 Education Trust is the only P-Code NMETB had for the fiscal year ended June 30, 2022.

**EDUCATION TRUST BOARD OF NEW MEXICO  
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Name of Institution</u>	<u>Account Name</u>	<u>Share Fund No.</u>	<u>Deposit Type</u>	<u>Bank Balance</u>	<u>Reconciled Balance</u>
<i>Enterprise Fund:</i>					
NM State Treasurer's Office	Education Trust Board of New Mexico - Administrative Fund	11250	Interest in SGFIP	\$ 689,474	\$ 689,474
NM State Treasurer's Office	Education Trust Board of New Mexico - Administrative Fund	11250	Local Government Investment Pool	<u>10,372,905</u>	<u>10,372,905</u>
Total Enterprise Fund Types - Administrative Fund				<u>\$ 11,062,379</u>	<u>\$ 11,062,379</u>
<i>Fiduciary Funds</i>					
Bank of New York Mellon	Education Trust Board of New Mexico - Scholar's Edge	50580	Money Market	\$ 7,656,826	\$ 7,656,826
Bank of New York Mellon	Education Trust Board of New Mexico - The Education Plan	50480	Money Market	<u>1,437,910</u>	<u>1,437,910</u>
Total Fiduciary Fund Types - Scholar's Edge and The Education Plan				<u>\$ 9,094,736</u>	<u>\$ 9,094,736</u>

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**FUND PERFORMANCE SUMMARY - BY PORTFOLIO - SCHOLAR'S EDGE (ADVISOR SOLD)**  
**FOR THE YEAR ENDED JUNE 30, 2022**

The table below presents the Average Annual Returns for each portfolio in the New Mexico Scholar's Edge Savings Program for period of July 1, 2021 - June 30, 2022. The table includes the Portfolio, associated Benchmark, Annual Return, and Inception Date of the Fund.

<b>CLASS A SHARES</b>		
<b>Portfolio</b>	<b>1 Year</b>	<b>Inception Date</b>
Scholar's Edge 2040-2041 Portfolio A	N/A	08/27/21
NM SE 2040-2041 Enrollment Custom Benchmark	N/A	
<b>Variance</b>	<b>N/A</b>	
Scholar's Edge 2038-2039 Portfolio A	(16.94)	12/06/19
NM SE 2038-2039 Enrollment Custom Benchmark	(14.22)	
<b>Variance</b>	<b>(2.72)</b>	
Scholar's Edge 2036-2037 Portfolio A	(16.65)	12/06/19
NM SE 2036-2037 Enrollment Custom Benchmark	(13.96)	
<b>Variance</b>	<b>(2.69)</b>	
Scholar's Edge 2034-2035 Portfolio A	(16.03)	12/06/19
NM SE 2034-2035 Enrollment Custom Benchmark	(13.49)	
<b>Variance</b>	<b>(2.54)</b>	
Scholar's Edge 2032-2033 Portfolio A	(14.99)	12/06/19
NM SE 2032-2033 Enrollment Custom Benchmark	(12.53)	
<b>Variance</b>	<b>(2.46)</b>	
Scholar's Edge 2030-2031 Portfolio A	(14.34)	12/06/19
NM SE 2030-2031 Enrollment Custom Benchmark	(12.06)	
<b>Variance</b>	<b>(2.28)</b>	
Scholar's Edge 2028-2029 Portfolio A	(13.03)	12/06/19
NM SE 2028-2029 Enrollment Custom Benchmark	(11.03)	
<b>Variance</b>	<b>(2.00)</b>	
Scholar's Edge 2026-2027 Portfolio A	(10.95)	12/06/19
NM SE 2026-2027 Enrollment Custom Benchmark	(9.20)	
<b>Variance</b>	<b>(1.75)</b>	
Scholar's Edge 2024-2025 Portfolio A	(9.52)	12/06/19
NM SE 2024-2025 Enrollment Custom Benchmark	(8.13)	
<b>Variance</b>	<b>(1.39)</b>	
Scholar's Edge 2022-2023 Portfolio A	(7.81)	12/06/19
NM SE 2022-2023 Enrollment Custom Benchmark	(6.87)	
<b>Variance</b>	<b>(0.94)</b>	

**EDUCATION TRUST BOARD OF NEW MEXICO  
FUND PERFORMANCE SUMMARY - BY PORTFOLIO - SCHOLAR'S EDGE (ADVISOR SOLD),  
CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>CLASS A SHARES (continued)</b>		
<b>Portfolio</b>	<b>1 Year</b>	<b>Inception Date</b>
Scholar's Edge Today Portfolio A	(6.74)	12/06/19
NM SE Principal Today Custom Benchmark	(6.47)	
<b>Variance</b>	<b>(0.27)</b>	
Scholar's Edge Aggressive Portfolio A	(16.21)	12/06/19
NM SE Aggressive Custom Benchmark	(13.72)	
<b>Variance</b>	<b>(2.49)</b>	
Scholar's Edge Moderate Portfolio A	(13.54)	12/06/19
NM SE Moderate Custom Benchmark	(11.56)	
<b>Variance</b>	<b>(1.98)</b>	
Scholar's Edge Conservative Portfolio A	(9.96)	12/06/19
NM SE Conservative Custom benchmark	(8.60)	
<b>Variance</b>	<b>(1.36)</b>	
Scholar's Edge Fixed Income Portfolio A	(6.36)	12/06/19
NM SE Fixed Income Custom Benchmark	(5.92)	
<b>Variance</b>	<b>(0.44)</b>	
Scholar's Edge Capital Preservation Portfolio A	0.50	12/06/19
NM SE ICE BofA 0-3 US Treasury Bill Index	0.18	
<b>Variance</b>	<b>0.32</b>	
Principal Short-Term Income Portfolio A	(4.84)	12/06/19
NM SE Bloomberg Credit 1-3 Yr Index	(3.72)	
<b>Variance</b>	<b>(1.12)</b>	
Principal Income Portfolio A	(11.12)	12/06/19
NM SE Bloomberg US Aggregate Bond Index	(10.29)	
<b>Variance</b>	<b>(0.83)</b>	
iShares Core U.S. Aggregate Bond Portfolio A	(10.62)	12/06/19
NM SE Bloomberg US Aggregate Bond Index	(10.29)	
<b>Variance</b>	<b>(0.33)</b>	
MainStay MacKay High Yield Corporate Bond Portfolio A	(10.19)	12/06/19
NM SE ICE BofA US HY Constrained Index	(12.67)	
<b>Variance</b>	<b>2.48</b>	

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**FUND PERFORMANCE SUMMARY - BY PORTFOLIO - SCHOLAR'S EDGE (ADVISOR SOLD),**  
**CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>CLASS A SHARES (continued)</b>		
<b>Portfolio</b>	<b>1 Year</b>	<b>Inception Date</b>
Vanguard Total International Bond Portfolio A	(10.25)	12/06/19
NM SE Bloomberg Global Aggregate Ex US FI Adj RIC Index	(10.13)	
<b>Variance</b>	<b>(0.12)</b>	
iShares S&P 500 Stock Index Portfolio A	(10.93)	12/06/19
NM SE S&P 500 Index	(10.62)	
<b>Variance</b>	<b>(0.31)</b>	
Principal Blue Chip Portfolio A	(25.82)	12/06/19
NM SE Russll 1000 Growth Index	(18.77)	
<b>Variance</b>	<b>(7.05)</b>	
Principal Equity Income Portfolio A	(8.62)	12/06/19
NM SE Russell 1000 Value Index	(6.82)	
<b>Variance</b>	<b>(1.80)</b>	
Vanguard Mid Cap Index Portfolio A	(16.46)	12/06/19
NM SE CRSP US Mid Cap Index	(15.98)	
<b>Variance</b>	<b>(0.48)</b>	
iShares Small Cap Index Portfolio A	(17.15)	12/06/19
NM SE S&P SmallCap 600 Index	(16.81)	
<b>Variance</b>	<b>(0.34)</b>	
Vanguard Total World Stock Portfolio A	(16.05)	12/06/19
NM SE FTSE Global All Cap US RIC NR Index	(16.04)	
<b>Variance</b>	<b>(0.01)</b>	
Principal Diversified International Portfolio A	(21.93)	12/06/19
NM SE MSCI EAFE NR Index	(17.77)	
<b>Variance</b>	<b>(4.16)</b>	
Principal International Small Company Portfolio A	(25.92)	12/06/19
NM SE MSCI World Ex US Small Cap NR Index	(23.02)	
<b>Variance</b>	<b>(2.90)</b>	
JPMorgan Emerging Markets Equity Portfolio A	(34.79)	12/06/19
NM SE MSCI EM NR Index	(25.28)	
<b>Variance</b>	<b>(9.51)</b>	
Principal Real Estate Securities Portfolio A	(7.40)	12/06/19
NM SE MSCI US REIT GR Index	(6.41)	
<b>Variance</b>	<b>(0.99)</b>	

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**FUND PERFORMANCE SUMMARY - BY PORTFOLIO - SCHOLAR'S EDGE (ADVISOR SOLD),**  
**CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>CLASS C SHARES</b>		
<b>Portfolio</b>	<b>1 Year</b>	<b>Inception Date</b>
Scholar's Edge 2040-2041 Portfolio C		08/27/21
NM SE 2040-2041 Enrollment Custom Benchmark		
<b>Variance</b>		
Scholar's Edge 2038-2039 Portfolio C	(17.57)	12/06/19
NM SE 2038-2039 Enrollment Custom Benchmark	(14.22)	
<b>Variance</b>	<b>(3.35)</b>	
Scholar's Edge 2036-2037 Portfolio C	(17.30)	12/06/19
NM SE 2036-2037 Enrollment Custom Benchmark	(13.96)	
<b>Variance</b>	<b>(3.34)</b>	
Scholar's Edge 2034-2035 Portfolio C	(16.67)	12/06/19
NM SE 2034-2035 Enrollment Custom Benchmark	(13.49)	
<b>Variance</b>	<b>(3.18)</b>	
Scholar's Edge 2032-2033 Portfolio C	(15.56)	12/06/19
NM SE 2032-2033 Enrollment Custom Benchmark	(12.53)	
<b>Variance</b>	<b>(3.03)</b>	
Scholar's Edge 2030-2031 Portfolio C	(14.99)	12/06/19
NM SE 2030-2031 Enrollment Custom Benchmark	(12.06)	
<b>Variance</b>	<b>(2.93)</b>	
Scholar's Edge 2028-2029 Portfolio C	(13.67)	12/06/19
NM SE 2028-2029 Enrollment Custom Benchmark	(11.03)	
<b>Variance</b>	<b>(2.64)</b>	
Scholar's Edge 2026-2027 Portfolio C	(11.60)	12/06/19
NM SE 2026-2027 Enrollment Custom Benchmark	(9.20)	
<b>Variance</b>	<b>(2.40)</b>	
Scholar's Edge 2024-2025 Portfolio C	(10.08)	12/06/19
NM SE 2024-2025 Enrollment Custom Benchmark	(8.13)	
<b>Variance</b>	<b>(1.95)</b>	
Scholar's Edge 2022-2023 Portfolio C	(8.46)	12/06/19
NM SE 2022-2023 Enrollment Custom Benchmark	(6.87)	
<b>Variance</b>	<b>(1.59)</b>	
Scholar's Edge Today Portfolio C	(7.41)	12/06/19
NM SE Principal Today Custom Benchmark	(6.47)	
<b>Variance</b>	<b>(0.94)</b>	

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**FUND PERFORMANCE SUMMARY - BY PORTFOLIO - SCHOLAR'S EDGE (ADVISOR SOLD),**  
**CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2022**

CLASS C SHARES (continued)		
Portfolio	1 Year	Inception Date
Scholar's Edge Aggressive Portfolio C	(16.86)	12/06/19
NM SE Aggressive Custom Benchmark	(13.72)	
<b>Variance</b>	<b>(3.14)</b>	
Scholar's Edge Moderate Portfolio C	(14.11)	12/06/19
NM SE Moderate Custom Benchmark	(11.56)	
<b>Variance</b>	<b>(2.55)</b>	
Scholar's Edge Conservative Portfolio C	(10.61)	12/06/19
NM SE Conservative Custom benchmark	(8.60)	
<b>Variance</b>	<b>(2.01)</b>	
Scholar's Edge Fixed Income Portfolio C	(7.12)	12/06/19
NM SE Fixed Income Custom Benchmark	(5.92)	
<b>Variance</b>	<b>(1.20)</b>	
Scholar's Edge Capital Preservation Portfolio C	0.20	12/06/19
NM SE ICE BofA 0-3 US Treasury Bill Index	0.18	
<b>Variance</b>	<b>0.02</b>	
Principal Short-Term Income Portfolio C	(5.59)	12/06/19
NM SE Bloomberg Credit 1-3 Yr Index	(3.72)	
<b>Variance</b>	<b>(1.87)</b>	
Principal Income Portfolio C	(11.82)	12/06/19
NM SE Bloomberg US Aggregate Bond Index	(10.29)	
<b>Variance</b>	<b>(1.53)</b>	
iShares Core U.S. Aggregate Bond Portfolio C	(11.23)	12/06/19
NM SE Bloomberg US Aggregate Bond Index	(10.29)	
<b>Variance</b>	<b>(0.94)</b>	
MainStay MacKay High Yield Corporate Bond Portfolio C	(10.87)	12/06/19
NM SE ICE BofA US HY Constrained Index	(12.67)	
<b>Variance</b>	<b>1.80</b>	
Vanguard Total International Bond Portfolio C	(10.97)	12/06/19
NM SE Bloomberg Global Aggregate Ex US FI Adj RIC Index	(10.13)	
<b>Variance</b>	<b>(0.84)</b>	
iShares S&P 500 Stock Index Portfolio C	(11.58)	12/06/19
NM SE S&P 500 Index	(10.62)	
<b>Variance</b>	<b>(0.96)</b>	

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**FUND PERFORMANCE SUMMARY - BY PORTFOLIO - SCHOLAR'S EDGE (ADVISOR SOLD),**  
**CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>CLASS C SHARES (continued)</b>		
<b>Portfolio</b>	<b>1 Year</b>	<b>Inception Date</b>
Principal Blue Chip Portfolio C	(26.43)	12/06/19
NM SE Russll 1000 Growth Index	(18.77)	
<b>Variance</b>	<b>(7.66)</b>	
Principal Equity Income Portfolio C	(9.29)	12/06/19
NM SE Russell 1000 Value Index	(6.82)	
<b>Variance</b>	<b>(2.47)</b>	
Vanguard Mid Cap Index Portfolio C	(17.09)	12/06/19
NM SE CRSP US Mid Cap Index	(15.98)	
<b>Variance</b>	<b>(1.11)</b>	
iShares Small Cap Index Portfolio C	(17.79)	12/06/19
NM SE S&P SmallCap 600 Index	(16.81)	
<b>Variance</b>	<b>(0.98)</b>	
Vanguard Total World Stock Portfolio C	(16.70)	12/06/19
NM SE FTSE Global All Cap US RIC NR Index	(16.04)	
<b>Variance</b>	<b>(0.66)</b>	
Principal Diversified International Portfolio C	(22.52)	12/06/19
NM SE MSCI EAFE NR Index	(17.77)	
<b>Variance</b>	<b>(4.75)</b>	
Principal International Small Company Portfolio C	(26.49)	12/06/19
NM SE MSCI World Ex US Small Cap NR Index	(23.02)	
<b>Variance</b>	<b>(3.47)</b>	
JPMorgan Emerging Markets Equity Portfolio C	(35.32)	12/06/19
NM SE MSCI EM NR Index	(25.28)	
<b>Variance</b>	<b>(10.04)</b>	
Principal Real Estate Securities Portfolio C	(8.11)	12/06/19
NM SE MSCI US REIT GR Index	(6.41)	
<b>Variance</b>	<b>(1.70)</b>	

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**FUND PERFORMANCE SUMMARY - BY PORTFOLIO - SCHOLAR'S EDGE (ADVISOR SOLD),**  
**CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2022**

CLASS R SHARES		
Portfolio	1 Year	Inception Date
Scholar's Edge 2040-2041 Portfolio R NM SE 2040-2041 Enrollment Custom Benchmark <b>Variance</b>		08/27/21
Scholar's Edge 2038-2039 Portfolio R NM SE 2038-2039 Enrollment Custom Benchmark <b>Variance</b>	(16.70) (14.22) <b>(2.48)</b>	12/06/19
Scholar's Edge 2036-2037 Portfolio R NM SE 2036-2037 Enrollment Custom Benchmark <b>Variance</b>	(16.42) (13.96) <b>(2.46)</b>	12/06/19
Scholar's Edge 2034-2035 Portfolio R NM SE 2034-2035 Enrollment Custom Benchmark <b>Variance</b>	(15.74) (13.49) <b>(2.25)</b>	12/06/19
Scholar's Edge 2032-2033 Portfolio R NM SE 2032-2033 Enrollment Custom Benchmark <b>Variance</b>	(14.77) (12.53) <b>(2.24)</b>	12/06/19
Scholar's Edge 2030-2031 Portfolio R NM SE 2030-2031 Enrollment Custom Benchmark <b>Variance</b>	(14.13) (12.06) <b>(2.07)</b>	12/06/19
Scholar's Edge 2028-2029 Portfolio R NM SE 2028-2029 Enrollment Custom Benchmark <b>Variance</b>	(12.84) (11.03) <b>(1.81)</b>	12/06/19
Scholar's Edge 2026-2027 Portfolio R NM SE 2026-2027 Enrollment Custom Benchmark <b>Variance</b>	(10.76) (9.20) <b>(1.56)</b>	12/06/19
Scholar's Edge 2024-2025 Portfolio R NM SE 2024-2025 Enrollment Custom Benchmark <b>Variance</b>	(9.30) (8.13) <b>(1.17)</b>	12/06/19
Scholar's Edge 2022-2023 Portfolio R NM SE 2022-2023 Enrollment Custom Benchmark <b>Variance</b>	(7.52) (6.87) <b>(0.65)</b>	12/06/19
Scholar's Edge Today Portfolio R NM SE Principal Today Custom Benchmark <b>Variance</b>	(6.51) (6.47) <b>(0.04)</b>	12/06/19

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**FUND PERFORMANCE SUMMARY - BY PORTFOLIO - SCHOLAR'S EDGE (ADVISOR SOLD),**  
**CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>CLASS R SHARES (continued)</b>		
<b>Portfolio</b>	<b>1 Year</b>	<b>Inception Date</b>
Scholar's Edge Aggressive Portfolio R	(15.92)	12/06/19
NM SE Aggressive Custom Benchmark	(13.72)	
<b>Variance</b>	<b>(2.20)</b>	
Scholar's Edge Moderate Portfolio R	(13.17)	12/06/19
NM SE Moderate Custom Benchmark	(11.56)	
<b>Variance</b>	<b>(1.61)</b>	
Scholar's Edge Conservative Portfolio R	(9.73)	12/06/19
NM SE Conservative Custom benchmark	(8.60)	
<b>Variance</b>	<b>(1.13)</b>	
Scholar's Edge Fixed Income Portfolio R	(6.13)	12/06/19
NM SE Fixed Income Custom Benchmark	(5.92)	
<b>Variance</b>	<b>(0.21)</b>	
Scholar's Edge Capital Preservation Portfolio R	0.79	12/06/19
NM SE ICE BofA 0-3 US Treasury Bill Index	0.18	
<b>Variance</b>	<b>0.61</b>	
Principal Short-Term Income Portfolio R	(4.62)	12/06/19
NM SE Bloomberg Credit 1-3 Yr Index	(3.72)	
<b>Variance</b>	<b>(0.90)</b>	
Principal Income Portfolio R	(10.79)	12/06/19
NM SE Bloomberg US Aggregate Bond Index	(10.29)	
<b>Variance</b>	<b>(0.50)</b>	
iShares Core U.S. Aggregate Bond Portfolio R	(10.28)	12/06/19
NM SE Bloomberg US Aggregate Bond Index	(10.29)	
<b>Variance</b>	<b>0.01</b>	
MainStay MacKay High Yield Corporate Bond Portfolio R	(9.97)	12/06/19
NM SE ICE BofA US HY Constrained Index	(12.67)	
<b>Variance</b>	<b>2.70</b>	
Vanguard Total International Bond Portfolio R	(9.88)	12/06/19
NM SE Bloomberg Global Aggregate Ex US FI Adj RIC Index	(10.13)	
<b>Variance</b>	<b>0.25</b>	
iShares S&P 500 Stock Index Portfolio R	(10.67)	12/06/19
NM SE S&P 500 Index	(10.62)	
<b>Variance</b>	<b>(0.05)</b>	

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**FUND PERFORMANCE SUMMARY - BY PORTFOLIO - SCHOLAR'S EDGE (ADVISOR SOLD),**  
**CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>CLASS R SHARES (continued)</b>		
<b>Portfolio</b>	<b>1 Year</b>	<b>Inception Date</b>
Principal Blue Chip Portfolio R	(25.65)	12/06/19
NM SE Russll 1000 Growth Index	(18.77)	
<b>Variance</b>	<b>(6.88)</b>	
Principal Equity Income Portfolio R	(8.33)	12/06/19
NM SE Russell 1000 Value Index	(6.82)	
<b>Variance</b>	<b>(1.51)</b>	
Vanguard Mid Cap Index Portfolio R	(16.25)	12/06/19
NM SE CRSP US Mid Cap Index	(15.98)	
<b>Variance</b>	<b>(0.27)</b>	
iShares Small Cap Index Portfolio R	(16.94)	12/06/19
NM SE S&P SmallCap 600 Index	(16.81)	
<b>Variance</b>	<b>(0.13)</b>	
Vanguard Total World Stock Portfolio R	(15.90)	12/06/19
NM SE FTSE Global All Cap US RIC NR Index	(16.04)	
<b>Variance</b>	<b>0.14</b>	
Principal Diversified International Portfolio R	(21.68)	12/06/19
NM SE MSCI EAFE NR Index	(17.77)	
<b>Variance</b>	<b>(3.91)</b>	
Principal International Small Company Portfolio R	(25.72)	12/06/19
NM SE MSCI World Ex US Small Cap NR Index	(23.02)	
<b>Variance</b>	<b>(2.70)</b>	
JPMorgan Emerging Markets Equity Portfolio R	(34.62)	12/06/19
NM SE MSCI EM NR Index	(25.28)	
<b>Variance</b>	<b>(9.34)</b>	
Principal Real Estate Securities Portfolio R	(7.19)	12/06/19
NM SE MSCI US REIT GR Index	(6.41)	
<b>Variance</b>	<b>(0.78)</b>	

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**FUND PERFORMANCE SUMMARY - BY PORTFOLIO - THE EDUCATION PLAN (DIRECT SOLD)**  
**FOR THE YEAR ENDED JUNE 30, 2022**

The table below presents the Average Annual Returns for each portfolio in the The Education Plan College Savings Program for period of July 1, 2021 - June 30, 2022. The table includes the Portfolio, associated Benchmark, Annual Return, and Inception Date of the Fund.

<b>Portfolio</b>	<b>1 Year</b>	<b>Inception Date</b>
2040-2041 Portfolio	N/A	08/27/21
NM TEP 2040-2041 Enrollment Custom Benchmark	N/A	
<b>Variance</b>	<b>N/A</b>	
2038-2039 Portfolio	(14.60)	12/06/19
NM TEP 2038-2039 Enrollment Custom Benchmark	(14.90)	
<b>Variance</b>	<b>0.30</b>	
2036-2037 Portfolio	(13.81)	12/06/19
NM TEP 2036-2037 Enrollment Custom Benchmark	(14.13)	
<b>Variance</b>	<b>0.32</b>	
2034-2035 Portfolio	(13.09)	12/06/19
NM TEP 2034-2035 Enrollment Custom Benchmark	(13.39)	
<b>Variance</b>	<b>0.30</b>	
2032-2033 Portfolio	(12.34)	12/06/19
NM TEP 2032-2033 Enrollment Custom Benchmark	(12.65)	
<b>Variance</b>	<b>0.31</b>	
2030-2031 Portfolio	(11.62)	12/06/19
NM TEP 2030-2031 Enrollment Custom Benchmark	(11.92)	
<b>Variance</b>	<b>0.30</b>	
2028-2029 Portfolio	(10.73)	12/06/19
NM TEP 2028-2029 Enrollment Custom Benchmark	(11.00)	
<b>Variance</b>	<b>0.27</b>	
2026-2027 Portfolio	(9.65)	12/06/19
NM TEP 2026-2027 Enrollment Custom Benchmark	(9.93)	
<b>Variance</b>	<b>0.28</b>	
2024-2025 Portfolio	(8.20)	12/06/19
NM TEP 2024-2025 Enrollment Custom Benchmark	(8.47)	
<b>Variance</b>	<b>0.27</b>	
2022-2023 Portfolio	(5.71)	12/06/19
NM TEP 2022-2023 Enrollment Custom Benchmark	(6.07)	
<b>Variance</b>	<b>0.36</b>	

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**FUND PERFORMANCE SUMMARY - BY PORTFOLIO - THE EDUCATION PLAN (DIRECT SOLD),**  
**CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Portfolio</b>	<b>1 Year</b>	<b>Inception Date</b>
Enrollment Portfolio	(4.30)	12/06/19
NM TEP Enrollment Custom Benchmark	(4.92)	
<b>Variance</b>	<b>0.62</b>	
100% Equity Index Portfolio	(15.51)	12/06/19
NM TEP 100% Equity Index Custom Benchmark	(15.79)	
<b>Variance</b>	<b>0.28</b>	
75% Equity Index Portfolio	(13.38)	12/06/19
NM TEP 75% Equity Index Custom Benchmark	(13.53)	
<b>Variance</b>	<b>0.15</b>	
50% Equity Index Portfolio	(11.09)	12/06/19
NM TEP 50% Equity Index Custom Benchmark	(11.19)	
<b>Variance</b>	<b>0.10</b>	
25% Equity Index Portfolio	(8.70)	12/06/19
NM TEP 25% Equity Index Custom Benchmark	(8.78)	
<b>Variance</b>	<b>0.08</b>	
100% Active Equity Portfolio	(15.37)	12/06/19
NM TEP 100% Active Equity Custom Benchmark	(13.66)	
<b>Variance</b>	<b>(1.71)</b>	
75% Active Equity Portfolio	(13.48)	12/06/19
NM TEP 75% Active Equity Custom Benchmark	(11.86)	
<b>Variance</b>	<b>(1.62)</b>	
50% Active Equity Portfolio	(11.18)	12/06/19
NM TEP 50% Active Equity Custom Benchmark	(9.88)	
<b>Variance</b>	<b>(1.30)</b>	
25% Active Equity Portfolio	(8.64)	12/06/19
NM TEP 25% Active Equity Custom Benchmark	(7.74)	
<b>Variance</b>	<b>(0.90)</b>	
Capital Preservation Portfolio	2.03	12/06/19
NM TEP ICE BofA 0-3 Mo US Treasury Bill Index	0.18	
<b>Variance</b>	<b>1.85</b>	
Short-Term Treasury Index Portfolio	(3.69)	12/06/19
NM TEP Bloomberg 1-3 Yr US Treasury Index	(3.51)	
<b>Variance</b>	<b>(0.18)</b>	

**EDUCATION TRUST BOARD OF NEW MEXICO  
 FUND PERFORMANCE SUMMARY - BY PORTFOLIO - THE EDUCATION PLAN (DIRECT SOLD),  
 CONTINUED  
 FOR THE YEAR ENDED JUNE 30, 2022**

<u>Portfolio</u>	<u>1 Year</u>	<u>Inception Date</u>
Bond Index Portfolio	(10.42)	12/06/19
NM TEP Bloomberg US Agg Float Adj Index	(10.38)	
<b>Variance</b>	<b>(0.04)</b>	
US Equity Index Portfolio	(14.27)	12/06/19
NM TEP Vanguard Spliced Instl Total Stock Mkt Index	(14.22)	
<b>Variance</b>	<b>(0.05)</b>	
Social Choice Portfolio	(14.56)	12/06/19
NM TEP Russell 3000 Index	(13.87)	
<b>Variance</b>	<b>(0.69)</b>	

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**PORTFOLIO INVESTMENT ALLOCATIONS - SCHOLAR'S EDGE (ADVISOR SOLD)**  
**FOR THE YEAR ENDED JUNE 30, 2022**

The custom benchmarks for Target Enrollment Portfolios and Target Risk Portfolios in Scholar's Edge are based on the allocations to the underlying funds as follows:

<b>Underlying Funds</b>	<b>Benchmarks</b>	<b>2040-2041</b>	<b>2038-2039</b>
		<b>Enrollment Portfolio</b>	<b>Enrollment Portfolio</b>
iShares S&P 500 Stock Index ETF (IVV)	S&P 500 TR USD	26.0500%	25.7500%
Principal Blue Chip R6 Fund	Russell 1000 Growth TR USD	13.0500%	12.9000%
Principal Equity Income Inst Fund	Russell 1000 Value TR USD	13.0500%	12.9000%
Vanguard Mid Cap Index Institutional (VMCIX)	CRSP US Mid Cap TR USD	10.4500%	10.3000%
iShares Small Cap Index ETF (IJR)	S&P SmallCap 600 TR USD	6.9500%	6.9000%
Principal Diversified International R6 Fund	MSCI EAFE NR USD	25.1500%	24.9750%
JPMorgan Emerging Markets Equity R6 (JEMWX)	MSCI EM NR USD	2.8000%	2.7750%
Principal Income R6 Fund	Bloomberg US Agg Bond TR USD	0.0000%	0.8000%
iShares Core U.S. Aggregate Bond (AGG)	Bloomberg US Agg Bond TR USD	0.0000%	0.2000%
Principal Short-Term Income Inst Fund	Bloomberg Credit 1-3 Yr TR USD	0.0000%	0.0000%
Principal Guaranteed Option	ICE BofA 0-3 M US Trsy Bill TR USD	0.0000%	0.0000%
Principal Real Estate Securities R6 Fund	MSCI US REIT GR USD	2.5000%	2.5000%

<b>2036-2037</b>	<b>2034-2035</b>	<b>2032-2033</b>	<b>2030-2031</b>	<b>2028-2029</b>	<b>2026-2027</b>	<b>2024-2025</b>	<b>2022-2023</b>
<b>Enrollment Portfolio</b>							
24.4000%	22.9500%	23.4000%	21.0500%	17.2000%	14.1000%	8.7000%	4.7200%
12.2000%	11.5000%	11.7000%	10.5000%	8.6500%	7.0500%	4.4000%	2.3500%
12.2000%	11.5000%	11.7000%	10.5000%	8.6500%	7.0500%	4.4000%	2.3500%
9.7500%	8.2000%	5.5000%	4.9500%	3.1500%	0.0000%	0.0000%	0.0000%
6.5000%	5.2500%	2.7500%	2.5000%	1.6000%	0.0000%	0.0000%	0.0000%
23.8000%	22.0500%	20.1500%	17.8500%	14.1000%	10.2500%	6.0500%	2.6400%
2.6500%	2.1500%	1.3000%	1.1500%	0.9000%	0.6500%	0.3500%	0.1900%
4.8000%	10.4000%	14.1000%	20.1500%	27.0000%	29.2000%	35.7500%	36.8000%
1.2000%	2.6000%	3.5000%	5.0500%	6.7500%	7.3000%	8.9500%	9.2000%
0.0000%	0.5000%	2.2000%	3.1500%	6.0000%	12.2000%	15.2000%	18.0500%
0.0000%	0.5000%	2.2000%	3.1500%	6.0000%	12.2000%	16.2000%	23.7000%
2.5000%	2.4000%	1.5000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%

<b>Principal Today</b>	<b>Aggressive Allocation</b>	<b>Moderate Allocation</b>	<b>Conservative Allocation</b>	<b>Fixed Income Allocation</b>
3.9000%	22.6500%	17.8000%	10.0000%	0.0000%
1.9000%	11.3500%	8.9500%	5.0000%	0.0000%
1.9000%	11.3500%	8.9500%	5.0000%	0.0000%
0.0000%	9.1000%	4.2000%	0.0000%	0.0000%
0.0000%	6.050%	2.100%	0.000%	0.000%
2.1500%	22.5000%	15.0500%	7.0500%	0.0000%
0.1500%	2.5000%	0.9500%	0.4500%	0.0000%
32.0000%	9.6000%	26.9000%	34.8000%	40.0000%
8.0000%	2.4000%	6.7000%	8.7000%	10.0000%
20.0000%	0.0000%	4.2000%	14.5000%	20.0000%
30.0000%	0.0000%	4.2000%	14.5000%	30.0000%
0.0000%	2.5000%	0.0000%	0.0000%	0.0000%

**EDUCATION TRUST BOARD OF NEW MEXICO**  
**PORTFOLIO INVESTMENT ALLOCATIONS - THE EDUCATION PLAN (DIRECT SOLD)**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Risk portfolios in The Education Plan are based on the allocations to the underlying funds as follows:

Underlying Funds	Benchmark	2022-2023	
		Enrollment Portfolio	Enrollment Portfolio
Vanguard Total Stock Market Index Instl Plus	CRSP US total Market TR USD	5.4000%	8.1000%
Schwab US REIT	Dow Jones Equity All REIT Capped TR USD	0.6000%	0.9000%
Vanguard Developed Markets	FTSE Developed ex US All Cap NR USD	3.0000%	4.5000%
SPDR® Portfolio Emerging Markets ETF	S&P Emerging BMI NR USD	1.0000%	1.5000%
Vanguard Total Bond Market II Index I	Bloomberg us Agg Bond TR US	16.8750%	19.6875%
Vanguard Short-Term Inflation Protected	Bloomberg US TIPS 0-5 Year TR USD	4.5000%	5.2500%
Vanguard High Yield Corporate Adm	Bloomberg US HY Ba/B 2% Issuer Cap TR USD	3.0000%	3.5000%
iShares International Aggregate ETF	Bloomberg Gbl Agg xUSD 10% IC TR Hdg USD	5.6250%	6.5625%
Vanguard Short Term Treasury Index Instl	Bloomberg 1-3 Yr US Treasury TR USD	24.0000%	20.0000%
NY Life GIA 10	ICE BofA 3M US Trsy Note TR USD	36.0000%	30.0000%

2024-2025	2026-2027	2028-2029	2030-2031	2032-2033	2034-2035	2036-2037	2038-2039
Enrollment Portfolio							
15.3000%	22.5000%	28.3500%	33.3000%	36.9000%	40.5000%	44.1000%	47.7000%
1.7000%	2.5000%	3.1500%	3.7000%	4.1000%	4.5000%	4.9000%	5.3000%
8.5000%	12.5000%	15.7500%	18.5000%	20.5000%	22.5000%	24.5000%	26.5000%
2.8333%	4.1667%	5.2500%	6.1666%	6.8333%	7.5000%	8.1666%	8.8333%
24.3750%	20.6250%	16.8750%	13.5938%	11.7188%	9.8437%	7.9688%	6.0938%
6.5000%	5.5000%	4.5000%	3.6250%	3.1250%	2.6250%	2.1250%	1.6250%
4.3334%	3.6667%	3.0000%	2.4166%	2.0833%	1.7500%	1.4167%	1.0833%
8.1250%	6.8750%	5.6250%	4.5313%	3.9063%	3.2813%	2.6563%	2.0313%
11.3333%	8.6666%	7.0000%	5.6667%	4.3333%	3.0000%	1.6666%	0.3333%
17.0000%	13.0000%	10.5000%	8.5000%	6.5000%	4.5000%	2.5000%	0.5000%

2040-2041	100% Equity Index	75% Equity Index	50% Equity Index	25% Equity Index
Enrollment Portfolio	Portfolio	Portfolio	Portfolio	Portfolio
48.6000%	54.0000%	40.5000%	27.0000%	13.5000%
5.4000%	6.0000%	4.5000%	3.0000%	1.5000%
27.0000%	30.0000%	22.5000%	15.0000%	7.5000%
9.0000%	10.0000%	7.5000%	5.0000%	2.5000%
5.6250%	0.0000%	9.8500%	18.3000%	25.3000%
1.5000%	0.0000%	2.6250%	4.8750%	6.7500%
1.0000%	0.0000%	1.7500%	3.2500%	4.5000%
1.8750%	0.0000%	3.2750%	6.0750%	8.4500%
0.0000%	0.0000%	7.5000%	17.5000%	30.0000%
0.0000%	0.0000%	0.0000%	0.0000%	0.0000%



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Education Trust Board of New Mexico and  
Mr. Brian Colón, Esq., New Mexico State Auditor  
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of Education Trust Board of New Mexico (the Board), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 25, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Directors  
Education Trust Board of New Mexico and  
Mr. Brian Colón, Esq., New Mexico State Auditor

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Education Trust Board of New Mexico's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Albuquerque, New Mexico  
October 25, 2022

**EDUCATION TRUST BOARD OF NEW MEXICO  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2022**

**I. SUMMARY OF AUDIT RESULTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- |   |    |
|---|----|
| 1. Material weakness identified?  | No |
| 2. Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 3. Noncompliance material to financial statements noted?                                  | No |

**II. CURRENT YEAR FINDINGS**

None

**III. PRIOR YEAR FINDINGS**

None

**EDUCATION TRUST BOARD OF NEW MEXICO  
EXIT CONFERENCE (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2022**

An exit conference was held with NMETB on October 26, 2022. The conference was held via Zoom Conference Call. The conference was held in a closed meeting to preserve the confidentiality of the audit information prior to the official release of the financial statements by the State Auditor. In attendance were:

**EDUCATION TRUST BOARD OF NEW MEXICO**

Gary L. Gordon	Board Chair
Natalie Cordova, CPA	Executive Director
Carolyn Fittipaldi	Marketing Director
Vera Lyons	Financial Coordinator
Janet Pacheco-Morton, CPA, CGFM	Board Consultant, Morton Accounting Services, LLC

**CLIFTONLARSONALLEN LLP**

Matt Bone, CPA, CGFM, CGMA	Principal
Victor Kraft , CPA, CGFM, CFE	Director