

NELNET INC
Form 10-Q
August 06, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended June 30, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from to .

COMMISSION FILE NUMBER 001-31924

NELNET, INC.

(Exact name of registrant as specified in its charter)

NEBRASKA

(State or other jurisdiction of incorporation or
organization)

84-0748903

(I.R.S. Employer Identification No.)

121 SOUTH 13TH STREET

SUITE 100

LINCOLN, NEBRASKA

(Address of principal executive offices)

(402) 458-2370

(Registrant's telephone number, including area code)

68508

(Zip Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No []

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of July 31, 2015, there were 33,368,589 and 11,486,932 shares of Class A Common Stock and Class B Common Stock, par value \$0.01 per share, outstanding, respectively (excluding 11,317,364 shares of Class A Common Stock held by wholly owned subsidiaries).

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NELNET, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share data)
(unaudited)

	As of June 30, 2015	As of December 31, 2014
Assets:		
Student loans receivable (net of allowance for loan losses of \$50,024 and \$48,900, respectively)	\$28,095,775	28,005,195
Cash and cash equivalents:		
Cash and cash equivalents - not held at a related party	32,222	37,781
Cash and cash equivalents - held at a related party	150,058	92,700
Total cash and cash equivalents	182,280	130,481
Investments and notes receivable	245,748	235,709
Restricted cash and investments	857,853	850,440
Restricted cash - due to customers	117,820	118,488
Accrued interest receivable	364,211	351,588
Accounts receivable (net of allowance for doubtful accounts of \$1,957 and \$1,656, respectively)	60,893	50,552
Goodwill	126,200	126,200
Intangible assets, net	37,784	42,582
Property and equipment, net	48,047	45,894
Other assets	79,996	76,622
Fair value of derivative instruments	30,216	64,392
Total assets	\$30,246,823	30,098,143
Liabilities:		
Bonds and notes payable	\$28,070,423	28,027,350
Accrued interest payable	28,859	25,904
Other liabilities	157,096	167,881
Due to customers	117,820	118,488
Fair value of derivative instruments	67,133	32,842
Total liabilities	28,441,331	28,372,465
Commitments and contingencies		
Equity:		
Nelnet, Inc. shareholders' equity:		
Preferred stock, \$0.01 par value. Authorized 50,000,000 shares; no shares issued or outstanding	—	—
Common stock:		
Class A, \$0.01 par value. Authorized 600,000,000 shares; issued and outstanding 33,724,471 shares and 34,756,384 shares, respectively	337	348
Class B, convertible, \$0.01 par value. Authorized 60,000,000 shares; issued and outstanding 11,486,932 shares	115	115
Additional paid-in capital	—	17,290

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Retained earnings	1,801,457	1,702,560
Accumulated other comprehensive earnings	3,283	5,135
Total Nelnet, Inc. shareholders' equity	1,805,192	1,725,448
Noncontrolling interest	300	230
Total equity	1,805,492	1,725,678
Total liabilities and equity	\$30,246,823	30,098,143

Supplemental information - assets and liabilities of consolidated variable interest entities:

Student loans receivable	\$28,234,240	28,181,244
Restricted cash and investments	844,854	846,199
Other assets	364,858	351,934
Bonds and notes payable	(28,287,682)	(28,391,530)
Other liabilities	(329,055)	(280,233)
Fair value of derivative instruments, net	(53,593)	(20,455)
Net assets of consolidated variable interest entities	\$773,622	687,159

See accompanying notes to consolidated financial statements.

NELNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except share data)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Interest income:				
Loan interest	\$ 175,835	175,466	347,779	332,362
Investment interest	1,887	1,482	4,092	3,461
Total interest income	177,722	176,948	351,871	335,823
Interest expense:				
Interest on bonds and notes payable	72,626	69,235	144,180	129,239