

CollegeCountsSM

Alabama's 529 Fund

Accountants' Report and Financial Statements

September 30, 2011



Offered by the
State of Alabama

UBT 529 Fund Services a Division of

UB UNION BANK
& TRUST COMPANY,

Program Manager

CollegeCounts 529 Fund
September 30, 2011

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Independent Accountants' Report

Members of the Board of Trustees of College Counts 529 Fund
UBT 529 Fund Services, a Division of Union Bank & Trust Company (Program Manager)
Montgomery, Alabama

We have audited the accompanying statement of fiduciary net assets and statement of changes in fiduciary net assets of the CollegeCounts 529 Fund (the Plan), as of September 30, 2011, and for the year then ended. These financial statements are the responsibility of the Program Manager and the Board of Trustees (collectively, hereinafter referred to as "management of the Plan"). Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the CollegeCounts 529 Fund as of September 30, 2011, and the changes in net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2011, on our consideration of the Plan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Plan's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BKD, LLP

December 15, 2011

CollegeCounts 529 Fund Direct Plan Management's Discussion and Analysis

The following is a discussion and analysis of the financial performance of the State of Alabama's CollegeCounts 529 Fund Direct Plan (the "Plan") as of September 30, 2011, and for year then ended. CollegeCounts 529 Fund assets are held in the Alabama College Education Savings ("ACES") Trust Fund. Union Bank & Trust Company ("Union Bank") manages the CollegeCounts 529 Fund under a Program Management Agreement with the Board of Trustees of the ACES Trust Fund. The CollegeCounts 529 Fund is intended to be a qualified state tuition program under Section 529 of the Internal Revenue Code. The CollegeCounts 529 Fund was created pursuant to an Alabama statute to encourage the investment of funds to be used for qualified higher education expenses at eligible educational institutions.

Financial Highlights

The following financial highlights occurred during the year ended September 30, 2011:

- The Plan had contributions of \$31.3 million, exchanges within Plan funds of \$13.5 million, and withdrawals of \$6.6 million during the year;
- At September 30, 2011, the Plan's net assets totaled \$77.5 million, an increase of \$22.6 million, or 40% since September 30, 2010;
- The Plan earned \$1.7 million from investment income and recognized (\$3.6) million from net realized gain (loss) and net appreciation (depreciation) in fair value of investments during the year. The Plan incurred \$0.2 million for operating expenses during the year.

Overview of the Financial Statements

The Plan's financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

This report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The basic financial statements consist of a Statement of Fiduciary Net Assets, a Statement of Changes in Fiduciary Net Assets and Notes to the Financial Statements that explain some of the information in the financial statements and provide more detailed information.

The Statement of Fiduciary Net Assets presents information on the Plan's assets and liabilities, with the difference between the two reported as net assets as of September 30, 2011. This statement is prepared using the accrual basis of accounting. Contributions and withdrawals are recognized on trade date; expenses and liabilities are recognized when services are provided, regardless of when cash is received or paid.

The Statement of Changes in Fiduciary Net Assets presents information showing how the Plan's net assets changed during the year ended September 30, 2011, another important factor that needs to be considered in order to determine the financial health of the CollegeCounts 529 Fund. This statement presents information showing how the plan's net assets changed during the year ended September 30, 2011, based on activities from securities transactions and market activity. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid.

The Notes to the Financial Statements provide additional information that is integral to a full understanding of the data provided in the basic financial statements. As a fiduciary fund, the CollegeCounts 529 Fund Trust assets do not represent discretionary assets of the State of Alabama to finance its operations. CollegeCounts 529 Fund Trust assets can only be used for the benefit of account owners and beneficiaries of the Plan.

Financial Analysis

Net Assets

The following is a condensed Statement of Fiduciary Net Assets for the Program as of September 30, 2011:

Assets	
Investments, at fair value	\$77,359,206
Cash	47,086
Receivables for contributions	106,580
Accrued investment income	<u>50,109</u>
Total Assets	<u>77,562,981</u>
Liabilities	
Distributions payable to shareholders	41
Withdrawals payable	54,794
Accrued expenses	<u>35,136</u>
Total Liabilities	<u>89,971</u>
Net Assets Held in Trust	<u>\$77,473,010</u>

Investments make up more than 99% of total net assets, and consist of 28 Investment Portfolios, each of which is invested in one or more underlying mutual funds. Net assets represent cumulative contributions from participants plus net increases from operations less redemptions and expenses. Other assets consist of receivables for securities sold, receivables for units sold and receivables for accrued income. Liabilities consist of payables for securities purchased, payables for withdrawals, payables for reinvestment of net investment income and payables for accrued expenses.

Changes in Fiduciary Net Assets

The following is a condensed Statement of Changes in Fiduciary Net Assets for the year ended September 30, 2011:

Additions:	
Contributions	\$ 31,313,488
Exchanges in	13,471,245
Dividends and interest	<u>1,657,058</u>
Total Additions	<u>46,441,791</u>
Deductions:	
Withdrawals	6,586,164
Exchanges out	13,471,245
Management fees	<u>175,358</u>
Total Deductions	<u>20,232,767</u>
Net Realized Gain (Loss) and Net Depreciation in Fair Value of Investments	<u>(3,604,829)</u>
Net Increase	22,604,195
Net Assets Held in Trust, Beginning of Year	<u>54,868,815</u>
Net Assets Held in Trust, End of Year	<u>\$ 77,473,010</u>

CollegeCounts 529 Fund
Statement of Fiduciary Net Assets
September 30, 2011

Assets

Investments, at fair value	\$ 77,359,206
Cash	47,086
Receivables for contributions	106,580
Accrued investment income	<u>50,109</u>
Total assets	<u>77,562,981</u>

Liabilities

Distributions payable to shareholders	41
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Accrued expenses	<u>35,136</u>
Total liabilities	<u>89,971</u>

Net Assets Held in Trust \$ 77,473,010

CollegeCounts 529 Fund
Statement of Changes in Fiduciary Net Assets
For the Year Ended September 30, 2011

Additions

Contributions	\$ 31,313,488
Exchanges in	13,471,245
Investment income	
Dividends and interest	<u>1,657,058</u>
Total additions	<u>46,441,791</u>

Deductions

Withdrawals	6,586,164
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Total deductions	<u>20,232,767</u>

Net Realized Gain (Loss) and Net Appreciation (Depreciation) in Fair Value of Investments	<u>(3,604,829)</u>
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Net Assets Held in Trust, Beginning of Year	<u>54,868,815</u>
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Net Assets Held in Trust, End of Year	<u><u>\$ 77,473,010</u></u>
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CollegeCounts 529 Fund

Notes to the Financial Statements

September 30, 2011

Note 1: Description of the Plan

The following provides a brief description of the CollegeCounts 529 Fund (the “Plan”). For more information about the Plan, call 866.529.2228 or visit www.CollegeCounts529.com to obtain a Disclosure Statement.

General

The Plan is one of two college savings plans offered by the Alabama College Education Savings (ACES) Program (the Program) to help individuals and families save for higher education costs. This Plan and the CollegeCounts 529 Fund Advisor Plan, which were established as authorized under the Wallace Folsom College Savings Investment Plan Act, 16-33C-1 to 16-33C-13 of the Code of Alabama 1975, as amended from time to time, are designed to comply with the requirements for treatment as a qualified tuition program under Section 529 of the Internal Revenue Code of 1986, as amended, and any regulations and other guidance issued there under (Section 529). The Board of Trustees of the ACES Trust Fund (the Board) administers the Program and has oversight responsibility for establishing rules and regulations governing operation of the plans, overseeing the administration of the plans and ensuring that the plans comply with state and federal laws and regulations. The Board acts as trustee of the Plan and is responsible for the overall administration of the Program. The Board has delegated day-to-day administration of the Program to the Alabama State Treasurer.

Plan assets are held for the benefit of account owners and their designated beneficiaries in the CollegeCounts 529 Fund, thereby ensuring the assets of the Plan can only be used for the benefit of account owners and their beneficiaries and cannot be used by the State of Alabama to finance its operations.

These financial statements present only the activities and balances attributable to the CollegeCounts 529 Fund and do not include any balances or activities attributable to the CollegeCounts 529 Fund Advisor Plan.

Plan Administration

UBT 529 Fund Services (Union Bank), a division of Union Bank & Trust Company (the Program Manager), serves as the agent responsible for the custody of the Plan’s assets. The Program Manager has engaged Wilshire Associates, Inc. (Wilshire) to advise with respect to the structures, underlying investments, and asset allocations of the Plan.

CollegeCounts 529 Fund
Notes to the Financial Statements
September 30, 2011

Note 2: Significant Accounting Policies

Basis of Accounting

The Plan prepares its financial statements in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). The Plan's financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America applicable to special-purpose governments engaged in fiduciary activities. Under this method of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Investments

The Plan's investment alternatives are made available through investment portfolios (the Portfolios), each of which represents a separate, segregated portfolio of investments in mutual funds (the Underlying Funds). The asset allocations for each Portfolio are recommended by the Board of Trustees in consultation with the Program Manager and Wilshire.

Investments in the Underlying Funds are valued at the closing net asset value per share of each Underlying Fund determined as of the close of the New York Stock Exchange on the day of valuation, which approximates fair value. Net realized and unrealized gains and losses are reported as net appreciation or depreciation in fair value of investments in the Statement of Changes in Fiduciary Net Assets. Purchases and sales of Underlying Fund shares are recorded on a trade date basis. Dividend income and any capital gain distributions are recorded on the ex-dividend date as an accrual and are automatically reinvested in additional shares of the respective Underlying Fund.

Cash

Cash generally includes account owner contributions that have not been invested in Underlying Funds or redemption proceeds from Underlying Funds that have not yet been distributed in accordance with account owner instruction. These transactions are processed through the Program Manager. The financial institution holding these cash accounts is participating in the FDIC's Transaction Account Guarantee Program. Under that program, through December 31, 2012, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account.

Distributions Payable to Shareholders

Distributions payable to shareholders represent income distributions from money market investment funds that have not yet been distributed in accordance with each account owner's instruction.

CollegeCounts 529 Fund
Notes to the Financial Statements
September 30, 2011

Note 2: Significant Accounting Policies - Continued

Contributions

Individuals or entities that have properly executed an enrollment form with the Plan may establish an account to which cash contributions may be made, subject to certain account balance limitations. Contributions received prior to the close of the New York Stock Exchange are recorded as increases in net assets on the date they are received, provided that all related documentation is found to be in good order.

Account owners may elect to invest their contributions in one or more of several different investment options, which are Individual Fund Portfolios, Age-Based Portfolios, Target Portfolios or based upon the account owner's investing preference and risk tolerance. The investment options are composed of mutual funds and one money-market fund offered by PIMCO, Vanguard, T. Rowe Price, and Fidelity ("Investment Managers").

The Individual Fund Portfolios consist of 18 single mutual funds and one money market fund. The six Target Portfolios are allocated among equity, real estate, fixed income, and money market securities. These allocations are maintained over the life of the account.

The account owner may also choose from three Age-Based options, which are a simplified approach to college investing. These have been designed by the Program, the Program Manager, and Wilshire to allow account owners to select a Portfolio based upon the beneficiary's age and risk tolerance. Money invested in these investment options is allocated to individual Target Portfolios and is automatically adjusted annually over time to become more conservative as the beneficiary's year of enrollment in college draws nearer.

Contributions by a participant are evidenced through the issuance of units in a particular Portfolio. Although money contributed to the Plan is invested in portfolio options that hold mutual funds, the Plan units themselves are not direct investments in the mutual funds. The units issued by the Plan are not insured by the FDIC, the Program Manager, or the State of Alabama nor have they been registered with the Securities and Exchange Commission or any state commission. Although the account owners can direct the portfolio options in which their contributions are invested, they cannot direct the selection or allocation of the Underlying Funds comprising each portfolio option.

Withdrawals

Account owners may request withdrawals for qualified or nonqualified expenses. It is the responsibility of the account owner to determine whether the withdrawal is for qualified or nonqualified purposes and to calculate the applicable amount of federal or state tax or penalties for nonqualified withdrawals, if any. Withdrawals are recorded as deductions from net assets on the date the withdrawal request is found to be in good order and approved for payment. Withdrawals, as presented on the Statement of Changes in Fiduciary Net Assets, include annual account fees as more fully discussed in Note 4.

CollegeCounts 529 Fund
Notes to the Financial Statements
September 30, 2011

Note 2: Significant Accounting Policies - Continued

Unit Valuation

Each account owner's full and/or fractional interest in a portfolio option is evidenced by a unit. The net asset value of a unit in a portfolio option is calculated daily based on the fair market value of the Underlying Funds, adjusted for the effects of such transactions as accrued administrative fees, contributions and withdrawal requests that have been approved but have not yet been processed, and investment income that has not been reinvested in the Underlying Funds. The value of any individual account is determined by multiplying the number of units in a portfolio attributable to that account holder by the net asset value per unit of that portfolio.

Exchanges

As explained above, for each of the Age-Based Options, account balances will automatically be exchanged from one portfolio to another more conservative portfolio as the beneficiary gets older. In addition, subject to certain limitations and restrictions, account owners may generally direct that their account balance be reinvested in a different portfolio option one time each year. The transfers of funds between portfolios are referred to as "exchanges." The amounts of contributions and withdrawals reported in the Statement of Changes in Fiduciary Net Assets do not include these exchanges, as they have no impact on the overall financial position of the Plan.

Income Taxes

The Plan has been designed to comply with the requirements for treatment as a qualified tuition program under Section 529 of the Internal Revenue Code, and is exempt from federal and state income tax. Therefore, no provision for income tax is required.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

CollegeCounts 529 Fund

Notes to the Financial Statements

September 30, 2011

Note 3: Investments

The Underlying Fund allocations at September 30, 2011 are as follows:

Portfolio	Investment	Balance
Fidelity Advisor Mid Cap II 529 Portfolio	Fidelity Advisor Mid Cap II Fund	\$ 1,060,399
PIMCO Short-Term 529 Portfolio	PIMCO Short-Term Fund	585,419
PIMCO Total Return 529 Portfolio	PIMCO Total Return Fund	2,187,062
T. Rowe Price Balanced 529 Portfolio	T. Rowe Price Balanced Fund	1,319,822
Vanguard 500 Index 529 Portfolio	Vanguard 500 Index Fund	2,309,984
Vanguard Extended Market Index 529 Portfolio	Vanguard Extended Market Index Fund	105,870
Vanguard Growth Index 529 Portfolio	Vanguard Growth Index Fund	665,843
Vanguard Inflation-Protected Securities 529 Portfolio	Vanguard Inflation-Protected Securities Fund	342,441
Vanguard Intermediate-Term Bond Index 529 Portfolio	Vanguard Intermediate-Term Bond Index Fund	262,418
Vanguard Mid-Cap Index 529 Portfolio	Vanguard Mid-Cap Index Fund	337,278
Vanguard Prime Money Market 529 Portfolio	Vanguard Prime Money Market Fund	2,917,688
Vanguard REIT Index 529 Portfolio	Vanguard REIT Index Fund	287,370
Vanguard Small-Cap Growth Index 529 Portfolio	Vanguard Small-Cap Growth Index Fund	466,517
Vanguard Small-Cap Index 529 Portfolio	Vanguard Small-Cap Index Fund	159,493
Vanguard Small-Cap Value Index 529 Portfolio	Vanguard Small-Cap Value Index Fund	1,009,194
Vanguard Total Bond Market Index 529 Portfolio	Vanguard Total Bond Market Index Fund	394,131
Vanguard Total International Stock Index 529 Portfolio	Vanguard Total International Stock Index Fund	1,524,764
Vanguard Total Stock Market Index 529 Portfolio	Vanguard Total Stock Market Index Fund	905,570
Vanguard Value Index 529 Portfolio	Vanguard Value Index Fund	713,668
CollegeCounts Conservative Money Market Fund	Vanguard Prime Money Market Fund	521,069
CollegeCounts Fixed Income Fund	Vanguard Inflation-Protected Securities Fund	274,962
CollegeCounts Fixed Income Fund	Vanguard Total Bond Market Index Fund	873,987
CollegeCounts Fixed Income Fund	Vanguard Prime Money Market Fund	1,151,002
Total CollegeCounts Fixed Income Fund		<u>2,299,951</u>
CollegeCounts Fund 20	Vanguard Total Stock Market Index	821,705
CollegeCounts Fund 20	Vanguard Inflation-Protected Securities	573,253
CollegeCounts Fund 20	Vanguard Total Bond Market Index Fund	3,095,840
CollegeCounts Fund 20	Vanguard Total International Stock Index Fund	206,729
CollegeCounts Fund 20	Vanguard Prime Money Market Fund	522,816
Total CollegeCounts Fund 20		<u>5,220,343</u>
CollegeCounts Fund 40	Vanguard Total Stock Market Index	2,946,933
CollegeCounts Fund 40	Vanguard Inflation-Protected Securities	924,500
CollegeCounts Fund 40	Vanguard Total Bond Market Index Fund	5,285,188
CollegeCounts Fund 40	Vanguard Total International Stock Index Fund	864,918
CollegeCounts Fund 40	Vanguard REIT Index Fund	91,321
Total CollegeCounts Fund 40		<u>10,112,860</u>

CollegeCounts 529 Fund
Notes to the Financial Statements
September 30, 2011

Note 3: Investments - Continued

Portfolio	Investment	Balance
CollegeCounts Fund 60	Vanguard Total Stock Market Index Fund	\$ 5,243,315
CollegeCounts Fund 60	Vanguard Inflation-Protected Securities	896,452
CollegeCounts Fund 60	Vanguard Total Bond Market Index Fund	4,200,727
CollegeCounts Fund 60	Vanguard Total International Stock Index Fund	1,821,394
CollegeCounts Fund 60	Vanguard REIT Index Fund	<u>229,195</u>
Total CollegeCounts Fund 60		<u>12,391,083</u>
CollegeCounts Fund 80	Vanguard Total Stock Market Index	7,788,400
CollegeCounts Fund 80	Vanguard Inflation-Protected Securities	715,806
CollegeCounts Fund 80	Vanguard Total Bond Market Index Fund	2,146,353
CollegeCounts Fund 80	Vanguard Total International Stock Index Fund	2,905,723
CollegeCounts Fund 80	Vanguard REIT Index Fund	<u>250,937</u>
Total CollegeCounts Fund 80		<u>13,807,219</u>
CollegeCounts Fund 100	Vanguard Total Stock Market Index	10,834,138
CollegeCounts Fund 100	Vanguard Total International Stock Index Fund	4,165,845
CollegeCounts Fund 100	Vanguard REIT Index Fund	<u>451,767</u>
Total CollegeCounts Fund 100		<u>15,451,750</u>
		<u>\$ 77,359,206</u>

The following table reconciles the fair value of investments to the net assets held in trust at September 30, 2011:

Fair value of investments, end of year	\$ 77,359,206
Plus cash, receivables and accrued investment income	203,775
Less payables and accrued expenses	<u>(89,971)</u>
Net assets held in trust, end of year	<u>\$ 77,473,010</u>

CollegeCounts 529 Fund
Notes to the Financial Statements
September 30, 2011

Note 3: Investments - Continued

The following table calculates the net realized gain (loss) and net depreciation in the value of investments for the year ended September 30, 2011:

Fair value of investments, end of year	\$ 77,359,206
Less cost of investments purchased and dividends reinvested during the year	(32,766,771)
Plus proceeds from investments sold during the year and management fees	6,671,551
Less net assets held in trust, beginning of year	<u>(54,868,815)</u>
Net realized gain (loss) and net depreciation in fair value of investments	<u>\$ (3,604,829)</u>

The mutual and money market funds in which the Plan invests are comprised of various investment securities, which include corporate debt and equity securities, obligations of the United States government and government agencies, and international equity securities. These securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with these investment securities, it is at least reasonably possible that changes in their fair values may occur in the near term and that such changes could materially affect account owner balances and the amounts reported in the Plan's financial statements.

GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements, as amended by GASB Statement No. 40, Deposit and Investment Risk Disclosures, requires that certain disclosures be made related to the Plan's exposure to credit risk, interest rate risk and foreign currency risk, which are included in the paragraphs that follow.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Plan's investment policy does not specifically address credit risk, as permitted investments are generally mutual funds. At September 30, 2011, approximately 3% of the investments in the plan have an AAA risk rating and approximately 90% have a Baa>AA risk rating. Approximately 7% of the investments in the plan are money market funds which are not rated.

Interest Rate Risk – Although PIMCO Short-Term Fund, PIMCO Total Return Fund, Vanguard Intermediate-Term Bond Index Fund, Vanguard Total Bond Market Index Fund, Vanguard Prime Money Market Fund, Vanguard Inflation-Protected Securities Fund and T. Rowe Price Balance Fund are invested primarily in short and intermediate-term bonds, these Underlying Funds are exposed to interest rate risk, which is the risk that changes in interest rates will adversely affect their fair values. As of September 30, 2011, the average duration and effective maturity of holdings in each of these mutual funds was as follows:

CollegeCounts 529 Fund
Notes to the Financial Statements
September 30, 2011

Note 3: Investments - Continued

	Average Duration	Average Maturity
PIMCO Short-Term Fund	0.7 years	1.2 years
PIMCO Total Return Fund	7.1 years	9.0 years
Vanguard Intermediate-Term Bond Index Fund	6.3 years	7.3 years
Vanguard Total Bond Market Index Fund	5.0 years	7.0 years
Vanguard Prime Money Market Fund	n/a	0.1 years
Vanguard Inflation-Protected Securities Fund	5.3 years	8.7 years
T. Rowe Price Balance Fund	4.6 years	7.7 years

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Since the Underlying Funds represent shares of mutual funds rather than individual securities, they are not subject to classification by custodial credit risk.

Concentration of Credit Risk - The Plan places no limit on the amount that may be invested in any one issuer; however, approximately 93% of the investments are with mutual funds and approximately 7% are invested in money market funds.

Foreign Currency Risk - This risk relates to adverse affects on the fair value of an investment from changes in exchange rates. The Plan's exposure to foreign currency risk derives from its investment in Underlying Funds with international holdings. The Plan had no investments denominated in foreign currency at September 30, 2011.

Note 4: Fees and Expenses

Annual Account Fee

An annual account fee of \$12 is assessed on accounts when neither the account owner nor the designated beneficiary is an Alabama resident. The fees, which are paid to the Program Manager annually from the respective accounts in November, were approximately \$1,200 for the year ended September 30, 2011.

Asset-Based Fees

The Portfolios are assessed a program manager fee of 0.25%, which is accrued daily and paid to the Program Manager for providing administrative and management services. Asset-based fees related to the year ended September 30, 2011, or the Program Manager fee, totaled \$175,358.

CollegeCounts 529 Fund
Notes to the Financial Statements
September 30, 2011

Note 4: Fees and Expenses - Continued

Underlying Fund Expenses

Fees related to the management of each of the Underlying Funds are paid directly to the related fund manager or advisor and reduce the amount of income available for distribution to account owners. These expenses are not reflected in the Plan's financial statements. The expense ratio of the Underlying Funds, which are the ratios of the total operating expenses of the Underlying Funds as a percentage of their average daily net assets, vary over time and ranged from 0.08% to 0.10% for Age-Based Portfolios and Target Portfolios and 0.06% - 0.95% for Individual Fund Portfolios during the year ended September 30, 2011.

Note 5: Related Party Investments

Related entities of the Program Manager and the State of Alabama have investment accounts in the Plan totaling approximately 4% of net assets held in trust at September 30, 2011.

Note 6: Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the account owners' account balances and the amounts reported in the statements of net assets available for benefits.

The current economic environment presents 529 plans with difficult circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments. The financial statements have been prepared using values and information currently available to the Plan. Given the volatility of current economic conditions, the values of assets recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values that could negatively impact the Plan.

Note 7: Subsequent Events

Subsequent events have been evaluated through December 15, 2011, which is the date the financial statements were available to be issued.

Supplemental Schedules

CollegeCounts 529 Fund
Schedule of Fiduciary Net Assets by Portfolio
September 30, 2011

	Portfolio						
	Fidelity Advisor Mid Cap II 529 Portfolio	PIMCO Short- Term 529 Portfolio	PIMCO Total Return 529 Portfolio	T. Rowe Price Balanced 529 Portfolio	Vanguard 500 Index 529 Portfolio	Vanguard Extended Market Index 529 Portfolio	Vanguard Growth Index 529 Portfolio
Assets							
Investments, at fair value	\$ 1,060,399	\$ 585,419	\$ 2,187,062	\$ 1,319,822	\$ 2,309,984	\$ 105,870	\$ 665,843
Cash	25	-	-	-	-	-	-
Receivables for contributions	50	95	246	300	595	15	66
Accrued investment income	-	656	6,031	-	-	-	-
Total assets	<u>1,060,474</u>	<u>586,170</u>	<u>2,193,339</u>	<u>1,320,122</u>	<u>2,310,579</u>	<u>105,885</u>	<u>665,909</u>
Liabilities							
Distributions payable to shareholders	-	-	-	-	-	-	-
Withdrawals payable	-	-	-	-	-	-	-
Accrued expenses	222	116	440	269	474	4,057	141
Total liabilities	<u>222</u>	<u>116</u>	<u>440</u>	<u>269</u>	<u>474</u>	<u>4,057</u>	<u>141</u>
Net Assets Held in Trust	<u>\$ 1,060,252</u>	<u>\$ 586,054</u>	<u>\$ 2,192,899</u>	<u>\$ 1,319,853</u>	<u>\$ 2,310,105</u>	<u>\$ 101,828</u>	<u>\$ 665,768</u>
Unit Information							
Units outstanding	104,486	58,405	212,552	128,884	225,544	10,142	62,907
Net asset value per unit, ending	\$ 10.15	\$ 10.03	\$ 10.32	\$ 10.24	\$ 10.24	\$ 10.04	\$ 10.58
Net asset value per unit, beginning	\$ 10.89	\$ 10.05	\$ 10.24	\$ 10.20	\$ 10.17	\$ 10.30	\$ 10.33

CollegeCounts 529 Fund
Schedule of Fiduciary Net Assets by Portfolio
September 30, 2011

	Portfolio						
	Vanguard Inflation- Protected Securities 529 Portfolio	Vanguard Intermediate- Term Bond Index 529 Portfolio	Vanguard Mid- Cap Index 529 Portfolio	Vanguard Prime Money Market 529 Portfolio	Vanguard REIT Index 529 Portfolio	Vanguard Small- Cap Growth Index 529 Portfolio	Vanguard Small- Cap Index 529 Portfolio
Assets							
Investments, at fair value	\$ 342,441	\$ 262,418	\$ 337,278	\$ 2,917,688	\$ 287,370	\$ 466,517	\$ 159,493
Cash	-	-	-	75	-	-	-
Receivables for contributions	115	28	34	31	76	41	14
Accrued investment income	-	780	-	260	-	-	-
Total assets	342,556	263,226	337,312	2,917,979	287,521	466,558	159,507
Liabilities							
Distributions payable to shareholders	-	-	-	35	-	-	-
Withdrawals payable	-	-	-	-	-	-	-
Accrued expenses	5,379	53	71	103	59	99	34
Total liabilities	5,379	53	71	138	59	99	34
Net Assets Held in Trust	\$ 337,177	\$ 263,173	\$ 337,241	\$ 2,917,841	\$ 287,462	\$ 466,459	\$ 159,473
Unit Information							
Units outstanding	30,009	24,174	33,261	2,917,985	28,669	44,847	16,031
Net asset value per unit, ending	\$ 11.24	\$ 10.89	\$ 10.14	\$ 1.00	\$ 10.03	\$ 10.40	\$ 9.95
Net asset value per unit, beginning	\$ 10.28	\$ 10.32	\$ 10.31	\$ 1.00	\$ 9.88	\$ 10.41	\$ 10.26

CollegeCounts 529 Fund
Schedule of Fiduciary Net Assets by Portfolio
September 30, 2011

	Portfolio						
	Vanguard Small- Cap Value Index 529 Portfolio	Vanguard Total Bond Market Index 529 Portfolio	Vanguard Total International Stock Index 529 Portfolio	Vanguard Total Stock Market Index 529 Portfolio	Vanguard Value Index 529 Portfolio	CollegeCounts Conservative Money Market Fund	CollegeCounts Fixed Income Fund
Assets							
Investments, at fair value	\$ 1,009,194	\$ 394,131	\$ 1,524,764	\$ 905,570	\$ 713,668	\$ 521,069	\$ 2,299,951
Cash	25	-	-	45	-	-	786
Receivables for contributions	38	256	97	62	72	415	570
Accrued investment income	-	1,011	-	-	-	46	2,414
Total assets	1,009,257	395,398	1,524,861	905,677	713,740	521,530	2,303,721
Liabilities							
Distributions payable to shareholders	-	-	-	-	-	6	-
Withdrawals payable	-	-	-	-	-	400	-
Accrued expenses	210	76	315	185	146	19	458
Total liabilities	210	76	315	185	146	425	458
Net Assets Held in Trust	\$ 1,009,047	\$ 395,322	\$ 1,524,546	\$ 905,492	\$ 713,594	\$ 521,105	\$ 2,303,263
Unit Information							
Units outstanding	105,556	37,019	167,680	88,350	71,795	521,111	221,642
Net asset value per unit, ending	\$ 9.56	\$ 10.68	\$ 9.09	\$ 10.25	\$ 9.94	\$ 1.00	\$ 10.39
Net asset value per unit, beginning	\$ 10.10	\$ 10.16	\$ 10.37	\$ 10.21	\$ 10.06	\$ 1.00	\$ 10.09

CollegeCounts 529 Fund
Schedule of Fiduciary Net Assets by Portfolio
September 30, 2011

	Portfolio					
	CollegeCounts Fund 20	CollegeCounts Fund 40	CollegeCounts Fund 60	CollegeCounts Fund 80	CollegeCounts Fund 100	Plan Total
Assets						
Investments, at fair value	\$ 5,220,343	\$ 10,112,860	\$ 12,391,083	\$ 13,807,219	\$ 15,451,750	\$ 77,359,206
Cash	-	25,167	-	4,262	16,701	47,086
Receivables for contributions	725	750	24,148	72,875	4,866	106,580
Accrued investment income	8,061	13,932	11,188	5,730	-	50,109
	<u>5,229,129</u>	<u>10,152,709</u>	<u>12,426,419</u>	<u>13,890,086</u>	<u>15,473,317</u>	<u>77,562,981</u>
Liabilities						
Distributions payable to shareholders	-	-	-	-	-	41
Withdrawals payable	1,800	156	-	-	52,438	54,794
Accrued expenses	2,309	2,051	11,822	2,827	3,201	35,136
	<u>4,109</u>	<u>2,207</u>	<u>11,822</u>	<u>2,827</u>	<u>55,639</u>	<u>89,971</u>
Net Assets Held in Trust	<u>\$ 5,225,020</u>	<u>\$ 10,150,502</u>	<u>\$ 12,414,597</u>	<u>\$ 13,887,259</u>	<u>\$ 15,417,678</u>	<u>\$ 77,473,010</u>
Unit Information						
Units outstanding	494,783	966,965	1,201,550	1,368,291	1,552,675	
Net asset value per unit, ending	\$ 10.56	\$ 10.50	\$ 10.33	\$ 10.15	\$ 9.93	
Net asset value per unit, beginning	\$ 10.18	\$ 10.21	\$ 10.22	\$ 10.24	\$ 10.24	

CollegeCounts 529 Fund

Schedule of Changes in Fiduciary Net Assets and Financial Highlights by Portfolio

For the Year Ended September 30, 2011

	Portfolio						
	Fidelity Advisor Mid Cap II 529 Portfolio	PIMCO Short- Term 529 Portfolio	PIMCO Total Return 529 Portfolio	T. Rowe Price Balanced 529 Portfolio	Vanguard 500 Index 529 Portfolio	Vanguard Extended Market Index 529 Portfolio	Vanguard Growth Index 529 Portfolio
Additions							
Contributions	\$ 317,031	\$ 217,507	\$ 838,408	\$ 323,749	\$ 1,721,878	\$ 111,347	\$ 325,383
Exchanges in	39,793	5,749	70,036	463,428	48,227	24,096	154,558
Investment Income							
Dividends and interest	-	9,418	166,887	27,587	41,972	82	6,332
Total additions	<u>356,824</u>	<u>232,674</u>	<u>1,075,331</u>	<u>814,764</u>	<u>1,812,077</u>	<u>135,525</u>	<u>486,273</u>
Deductions							
Withdrawals	73,419	95,779	204,095	35,295	31,512	16,138	57,653
Exchanges out	287,782	62,495	623,539	203,522	102,060	1,381	902
Management fees	3,192	1,427	5,147	2,980	4,830	158	1,241
Total deductions	<u>364,393</u>	<u>159,701</u>	<u>832,781</u>	<u>241,797</u>	<u>138,402</u>	<u>17,677</u>	<u>59,796</u>
Net Realized Gain (Loss) and Net Appreciation (Depreciation) in Fair Value	<u>(69,140)</u>	<u>(9,228)</u>	<u>(153,025)</u>	<u>(59,086)</u>	<u>(201,763)</u>	<u>(21,368)</u>	<u>(47,368)</u>
Net Increase (Decrease)	(76,709)	63,745	89,525	513,881	1,471,912	96,480	379,109
Net Assets Held in Trust, Beginning of Year	<u>1,136,961</u>	<u>522,309</u>	<u>2,103,374</u>	<u>805,972</u>	<u>838,193</u>	<u>5,348</u>	<u>286,659</u>
Net Assets Held in Trust, End of Year	<u>\$ 1,060,252</u>	<u>\$ 586,054</u>	<u>\$ 2,192,899</u>	<u>\$ 1,319,853</u>	<u>\$ 2,310,105</u>	<u>\$ 101,828</u>	<u>\$ 665,768</u>
Financial Highlights For the Year							
Ratio of net investment income to average net assets*	-0.25%	1.40%	7.86%	2.06%	1.92%	-0.12%	1.02%
Ratio of expense to average net assets **	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Total return ***	-6.80%	-0.20%	0.78%	0.39%	0.69%	-2.52%	2.42%

* This ratio represents investment income recognized by the Plan from the underlying investments, less expenses, divided by the average net assets.

** This ratio represents the Plan's expenses divided by average net assets.

*** Total return is calculated for account owners taken as a whole. An individual account owner's return may vary based on the timing of investment transactions.

CollegeCounts 529 Fund

Schedule of Changes in Fiduciary Net Assets and Financial Highlights by Portfolio

For the Year Ended September 30, 2011

	Portfolio						
	Vanguard Inflation- Protected Securities 529 Portfolio	Vanguard Intermediate- Term Bond Index 529 Portfolio	Vanguard Mid- Cap Index 529 Portfolio	Vanguard Prime Money Market 529 Portfolio	Vanguard REIT Index 529 Portfolio	Vanguard Small- Cap Growth Index 529 Portfolio	Vanguard Small- Cap Index 529 Portfolio
Additions							
Contributions	\$ 224,288	\$ 74,146	\$ 232,222	\$ 1,101,369	\$ 273,029	\$ 234,016	\$ 183,993
Exchanges in	104,240	118,103	114,976	516,687	37,217	95,415	18,887
Investment Income							
Dividends and interest	6,671	6,111	1,350	5,890	6,260	1,152	175
Total additions	<u>335,199</u>	<u>198,360</u>	<u>348,548</u>	<u>1,623,946</u>	<u>316,506</u>	<u>330,583</u>	<u>203,055</u>
Deductions							
Withdrawals	25,250	24,073	42,904	2,067,704	11,065	30,273	17,848
Exchanges out	680	8,636	61	97,335	113	31,497	-
Management fees	387	345	589	4,327	390	1,087	222
Total deductions	<u>26,317</u>	<u>33,054</u>	<u>43,554</u>	<u>2,169,366</u>	<u>11,568</u>	<u>62,857</u>	<u>18,070</u>
Net Realized Gain (Loss) and Net Appreciation (Depreciation) in Fair Value	<u>13,542</u>	<u>6,171</u>	<u>(51,657)</u>	<u>-</u>	<u>(34,710)</u>	<u>(44,080)</u>	<u>(35,513)</u>
Net Increase (Decrease)	322,424	171,477	253,337	(545,420)	270,228	223,646	149,472
Net Assets Held in Trust, Beginning of Year	<u>14,753</u>	<u>91,696</u>	<u>83,904</u>	<u>3,463,261</u>	<u>17,234</u>	<u>242,813</u>	<u>10,001</u>
Net Assets Held in Trust, End of Year	<u>\$ 337,177</u>	<u>\$ 263,173</u>	<u>\$ 337,241</u>	<u>\$ 2,917,841</u>	<u>\$ 287,462</u>	<u>\$ 466,459</u>	<u>\$ 159,473</u>
Financial Highlights For the Year							
Ratio of net investment income to average net assets*	4.03%	4.16%	0.32%	0.04%	3.75%	0.01%	-0.05%
Ratio of expense to average net assets **	0.25%	0.25%	0.25%	0.12%	0.25%	0.25%	0.25%
Total return ***	9.34%	5.52%	-1.65%	0.04%	1.52%	-0.10%	-3.02%

* This ratio represents investment income recognized by the Plan from the underlying investments, less expenses, divided by the average net assets.

** This ratio represents the Plan's expenses divided by average net assets.

*** Total return is calculated for account owners taken as a whole. An individual account owner's return may vary based on the timing of investment transactions.

CollegeCounts 529 Fund

Schedule of Changes in Fiduciary Net Assets and Financial Highlights by Portfolio

For the Year Ended September 30, 2011

	Portfolio						
	Vanguard Small-Cap Value Index 529 Portfolio	Vanguard Total Bond Market Index 529 Portfolio	Vanguard Total International Stock Index 529 Portfolio	Vanguard Total Stock Market Index 529 Portfolio	Vanguard Value Index 529 Portfolio	CollegeCounts Conservative Money Market Fund	CollegeCounts Fixed Income Fund
Additions							
Contributions	\$ 479,249	\$ 172,010	\$ 1,234,398	\$ 319,552	\$ 365,268	\$ 238,380	\$ 909,077
Exchanges in	11,320	20,518	63,857	222,717	30,678	216,323	590,613
Investment Income							
Dividends and interest	14,824	12,724	16,345	14,715	15,972	887	41,716
Total additions	<u>505,393</u>	<u>205,252</u>	<u>1,314,600</u>	<u>556,984</u>	<u>411,918</u>	<u>455,590</u>	<u>1,541,406</u>
Deductions							
Withdrawals	17,368	33,181	71,351	37,833	12,127	323,079	731,936
Exchanges out	64,018	60,455	155,712	22,849	27,649	97,948	388,268
Management fees	2,585	859	3,418	1,887	1,496	646	5,268
Total deductions	<u>83,971</u>	<u>94,495</u>	<u>230,481</u>	<u>62,569</u>	<u>41,272</u>	<u>421,673</u>	<u>1,125,472</u>
Net Realized Gain (Loss) and Net Appreciation (Depreciation) in Fair Value	<u>(121,845)</u>	<u>7,986</u>	<u>(289,882)</u>	<u>(71,723)</u>	<u>(67,432)</u>	<u>-</u>	<u>31,334</u>
Net Increase (Decrease)	299,577	118,743	794,237	422,692	303,214	33,917	447,268
Net Assets Held in Trust, Beginning of Year	<u>709,470</u>	<u>276,579</u>	<u>730,309</u>	<u>482,800</u>	<u>410,380</u>	<u>487,188</u>	<u>1,855,995</u>
Net Assets Held in Trust, End of Year	<u>\$ 1,009,047</u>	<u>\$ 395,322</u>	<u>\$ 1,524,546</u>	<u>\$ 905,492</u>	<u>\$ 713,594</u>	<u>\$ 521,105</u>	<u>\$ 2,303,263</u>
Financial Highlights For the Year							
Ratio of net investment income to average net assets*	1.18%	3.45%	0.94%	1.70%	2.42%	0.04%	1.73%
Ratio of expense to average net assets **	0.25%	0.25%	0.25%	0.25%	0.25%	0.12%	0.25%
Total return ***	-5.35%	5.12%	-12.34%	0.39%	-1.19%	0.04%	2.97%

* This ratio represents investment income recognized by the Plan from the underlying investments, less expenses, divided by the average net assets.

** This ratio represents the Plan's expenses divided by average net assets.

*** Total return is calculated for account owners taken as a whole. An individual account owner's return may vary based on the timing of investment transactions.

CollegeCounts 529 Fund

Schedule of Changes in Fiduciary Net Assets and Financial Highlights by Portfolio

For the Year Ended September 30, 2011

	Portfolio					
	CollegeCounts Fund 20	CollegeCounts Fund 40	CollegeCounts Fund 60	CollegeCounts Fund 80	CollegeCounts Fund 100	Plan Total
Additions						
Contributions	\$ 1,248,938	\$ 3,601,518	\$ 4,820,793	\$ 5,813,416	\$ 5,932,523	\$ 31,313,488
Exchanges in	1,528,824	2,949,943	2,952,908	2,520,366	551,766	13,471,245
Investment Income						
Dividends and interest	138,827	246,369	291,504	286,498	296,790	1,657,058
Total additions	<u>2,916,589</u>	<u>6,797,830</u>	<u>8,065,205</u>	<u>8,620,280</u>	<u>6,781,079</u>	<u>46,441,791</u>
Deductions						
Withdrawals	767,099	463,231	229,439	503,771	662,741	6,586,164
Exchanges out	857,961	1,579,462	3,092,040	2,992,688	2,712,192	13,471,245
Management fees	11,415	20,583	27,907	32,116	40,856	175,358
Total deductions	<u>1,636,475</u>	<u>2,063,276</u>	<u>3,349,386</u>	<u>3,528,575</u>	<u>3,415,789</u>	<u>20,232,767</u>
Net Realized Gain (Loss) and Net Appreciation (Depreciation) in Fair Value						
	<u>27,590</u>	<u>(159,040)</u>	<u>(438,275)</u>	<u>(747,946)</u>	<u>(1,068,371)</u>	<u>(3,604,829)</u>
Net Increase (Decrease)	1,307,704	4,575,514	4,277,544	4,343,759	2,296,919	22,604,195
Net Assets Held in Trust, Beginning of Year	<u>3,917,316</u>	<u>5,574,988</u>	<u>8,137,053</u>	<u>9,543,500</u>	<u>13,120,759</u>	<u>54,868,815</u>
Net Assets Held in Trust, End of Year	<u>\$ 5,225,020</u>	<u>\$ 10,150,502</u>	<u>\$ 12,414,597</u>	<u>\$ 13,887,259</u>	<u>\$ 15,417,678</u>	<u>\$ 77,473,010</u>
Financial Highlights For the Year						
Ratio of net investment income to average net assets*	2.79%	2.74%	2.36%	1.98%	1.57%	
Ratio of expense to average net assets **	0.25%	0.25%	0.25%	0.25%	0.25%	
Total return ***	3.73%	2.84%	1.08%	-0.88%	-3.03%	

* This ratio represents investment income recognized by the Plan from the underlying investments, less expenses, divided by the average net assets.

** This ratio represents the Plan's expenses divided by average net assets.

*** Total return is calculated for account owners taken as a whole. An individual account owner's return may vary based on the timing of investment transactions.

CollegeCounts 529 Fund
Schedule of Age-Based Target Portfolios
September 30, 2011

Target Portfolios	Age of Beneficiary	Portfolio						
		CollegeCounts Conservative Money Market Fund	CollegeCounts Fixed Income Fund	CollegeCounts Fund 20	CollegeCounts Fund 40	CollegeCounts Fund 60	CollegeCounts Fund 80	CollegeCounts Fund 100
Age-Based Aggressive Portfolios				<i>21 and over</i>	<i>17 - 20</i>	<i>13 - 16</i>	<i>9 - 12</i>	<i>newborn to 8</i>
Age-Based Moderate Portfolios			<i>21 and over</i>	<i>17 - 20</i>	<i>13 - 16</i>	<i>9 - 12</i>	<i>newborn to 8</i>	
Age-Based Conservative Portfolios		<i>21 and over</i>	<i>17 - 20</i>	<i>13 - 16</i>	<i>9 - 12</i>	<i>newborn to 8</i>		
Vanguard Prime Money Market Fund		\$ 521,069	\$ 1,151,002	\$ 522,816	\$ -	\$ -	\$ -	\$ -
Money Market Total		<u>521,069</u>	<u>1,151,002</u>	<u>522,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Vanguard Total Bond Market Index Fund		-	873,987	3,095,840	5,285,188	4,200,727	2,146,353	-
Vanguard Inflation-Protected Securities Fund		-	274,962	573,253	924,500	896,452	715,806	-
Fixed Income Total		<u>-</u>	<u>1,148,949</u>	<u>3,669,093</u>	<u>6,209,688</u>	<u>5,097,179</u>	<u>2,862,159</u>	<u>-</u>
Vanguard REIT Index Fund		-	-	-	91,321	229,195	250,937	451,767
Real Estate Total		<u>-</u>	<u>-</u>	<u>-</u>	<u>91,321</u>	<u>229,195</u>	<u>250,937</u>	<u>451,767</u>
Vanguard Total Stock Market Index Fund		-	-	821,705	2,946,933	5,243,315	7,788,400	10,834,138
Domestic Equity Total		<u>-</u>	<u>-</u>	<u>821,705</u>	<u>2,946,933</u>	<u>5,243,315</u>	<u>7,788,400</u>	<u>10,834,138</u>
Vanguard Total International Stock Index Fund		-	-	206,729	864,918	1,821,394	2,905,723	4,165,845
International Equity Total		<u>-</u>	<u>-</u>	<u>206,729</u>	<u>864,918</u>	<u>1,821,394</u>	<u>2,905,723</u>	<u>4,165,845</u>
Fair Value of Investments, End of Year		<u>\$ 521,069</u>	<u>\$ 2,299,951</u>	<u>\$ 5,220,343</u>	<u>\$ 10,112,860</u>	<u>\$ 12,391,083</u>	<u>\$ 13,807,219</u>	<u>\$ 15,451,750</u>
Fair Value of Investments, End of Year Plus Cash, Receivables and Accrued		\$ 521,069	\$ 2,299,951	\$ 5,220,343	\$ 10,112,860	\$ 12,391,083	\$ 13,807,219	\$ 15,451,750
Investment Income		461	3,770	8,786	39,849	35,336	82,867	21,567
Less Payables and Accrued Expenses		(425)	(458)	(4,109)	(2,207)	(11,822)	(2,827)	(55,639)
Net Assets Held in Trust, End of Year		<u>\$ 521,105</u>	<u>\$ 2,303,263</u>	<u>\$ 5,225,020</u>	<u>\$ 10,150,502</u>	<u>\$ 12,414,597</u>	<u>\$ 13,887,259</u>	<u>\$ 15,417,678</u>

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards

Members of the Board of Trustees of College Counts 529 Fund
UBT 529 Fund Services, a Division of Union Bank & Trust Company (Program Manager)
Montgomery, Alabama

We have audited the financial statements of CollegeCounts 529 Fund (the Plan), as of and for the year ended September 30, 2011 and have issued our report thereon dated December 15, 2011. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Plan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Plan's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Plan's financial statements that is more than inconsequential will not be prevented or detected by the Plan's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Plan's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free of 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 determination of financial statement amounts. 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*.

This report is intended solely for the information and use of the governing body, management and others within the Plan and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

December 15, 2011