

# CollegeCounts<sup>SM</sup>

## Alabama's 529 Fund

Auditor's Report and Financial Statements

**September 30, 2018**



**Offered by the  
State of Alabama**

**UBT 529 Fund Services a Division of**

**UBT**  
**Union Bank & Trust**

*Program Manager*

# CollegeCounts 529 Fund

## September 30, 2018

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the CollegeCounts 529 Fund, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the CollegeCounts 529 Fund's basic financial statements, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***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, 2018, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 auditing standards generally accepted in the United States of America, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the CollegeCounts 529 Fund's basic financial statements. The supplemental schedules as listed in the table of contents, are presented for purposes of additional analysis, and are not a required part of the basic financial statements. The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2019, on our consideration of the CollegeCounts 529 Fund'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 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 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 the CollegeCounts 529 Fund's internal control over financial reporting and compliance.

**BKD, LLP**

Lincoln, Nebraska  
February 7, 2019

## **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, 2018, and for the 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. You should consider the information presented in this section in conjunction with the Plan's financial statements and the Notes to the Financial Statements.

### **CollegeCounts 529 Fund Direct Plan**

The Plan is one of two 529 college savings plans offered by the CollegeCounts 529 Board to help families save for college. The CollegeCounts 529 Direct Plan contains accounts that are opened directly with the Plan. The Direct Plan had \$488.5 million in net position as of September 30, 2018. The CollegeCounts 529 Board oversees the Direct Plan. Union Bank & Trust Company serves as Program Manager.

The Direct Plan offers investors 3 Age-Based Options, 6 Target Portfolios, and 25 Individual Fund Portfolios that are invested in underlying mutual funds from DFA, Dodge & Cox, Vanguard, T. Rowe Price, MainStay, Fidelity and PIMCO.

### **Financial Highlights**

The following financial highlights occurred during the year ended September 30, 2018 and 2017:

- The Plan had contributions of \$88.5 million and withdrawals of \$37.2 million during 2018 and contributions of \$70.8 million and withdrawals of \$29.1 million during 2017, an increase of 25.0% in contributions and 27.8% in withdrawals during 2017;
- At September 30, 2018, the Plan's net position totaled \$488.5 million, an increase of \$82.8 million, or 20.4% since September 30, 2017;
- The Plan earned \$11.1 million and \$8.2 million from investment income and recognized \$21.6 million and \$29.8 million from net realized gain and net appreciation in fair value of investments during 2018 and 2017, respectively. The Plan incurred \$1.2 million and \$0.9 million, respectively, for operating expenses during 2018 and 2017.

### **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 Position, a Statement of Changes in Fiduciary Net Position 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 Position presents information on the Plan's assets and liabilities, with the difference between the two reported as net position as of September 30, 2018. 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 Position presents information showing how the Plan's net position changed during the year ended September 30, 2018, 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 position changed during the year ended September 30, 2018, based on activities from securities transactions and market activity. All changes in net position 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 Position

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

	<b>2018</b>	<b>2017</b>
Total Assets	\$ 489,205,090	\$ 406,940,033
Less Total Liabilities	<u>746,692</u>	<u>1,223,877</u>
Net Position Held In Trust	<u>\$ 488,458,398</u>	<u>\$ 405,716,156</u>

Investments make up more than 99% of total net position, and consist of 36 Investment Portfolios in 2018 (33 Investment Portfolios in 2017), each of which is invested in one or more underlying mutual funds. Net position represents cumulative contributions from participants plus net increases/decreases from operations less redemptions and expenses. Liabilities consist of payables for securities purchased, payables for withdrawals, payables for reinvestment of net investment income and payables for accrued expenses.

Total assets increased by \$82.3 million, or 20.2%, from September 30, 2017 to September 30, 2018 due primarily to net contributions (participant contributions less redemptions and withdrawals) of \$51.2 million. The Plan had an increase from operations (investment income and net realized gain and appreciation in fair value of investments) of \$32.7 million and expenses of \$1.2 million. Total liabilities decreased \$0.4 million due primarily to the timing of withdrawals requested by participants and amounts payables for securities purchased, which is a reflection of investment decisions made by participants and the corresponding action taken by the program manager to process required transactions.

### Changes in Fiduciary Net Position

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

	<b>2018</b>	<b>2017</b>
Total Additions	\$ 121,092,070	\$ 108,823,702
Total Deductions	<u>38,349,828</u>	<u>30,055,956</u>
Net Increase	82,742,242	78,767,746
Net Position Held in Trust, Beginning of Year	<u>405,716,156</u>	<u>326,948,410</u>
Net Position Held in Trust, End of Year	<u>\$ 488,458,398</u>	<u>\$ 405,716,156</u>

Total additions increased \$12.2 million or 11.2%, due to an increase in contributions from participants of \$17.7 million and a decrease in investment income of \$5.4 million. Total deductions increased \$8.3 million or 27.7%, due to an increase in withdrawals and redemptions of \$8.1 million and an increase in fees of \$0.2 million. Net realized gains and appreciation in fair value of investments was \$21.6 million and \$29.8 million for the years ended September 30, 2018 and 2017, respectively. Increases and decreases in net realized and unrealized gains and losses on investment transactions, as well as changes in investment income, reflect market conditions during each corresponding year. Fees are charged to participants as a percentage of daily net position and therefore, fluctuate based on changes in fiduciary net position.

**CollegeCounts 529 Fund**  
**Statement of Fiduciary Net Position**  
**September 30, 2018**

**Fiduciary Assets**

Investments, at fair value	\$ 488,027,925
Cash	177,067
Receivables for contributions	671,109
Accrued investment income	<u>328,989</u>
Total fiduciary assets	<u>489,205,090</u>

**Liabilities**

Distributions payable to shareholders	3,345
Withdrawals payable	573,789
Accrued expenses	<u>169,558</u>
Total liabilities	<u>746,692</u>

<b>Fiduciary Net Position Held In Trust</b>	<u><u>\$ 488,458,398</u></u>
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**CollegeCounts 529 Fund**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended September 30, 2018**

**Additions**

Contributions	\$ 88,462,042
Investment income	
Net realized and net appreciation in fair value of investments	21,492,088
Dividends and interest	11,137,940
Total investment earnings	<u>32,630,028</u>
Total additions	<u>121,092,070</u>

**Deductions**

Withdrawals	37,223,600
Management fees	<u>1,126,228</u>
Total deductions	<u>38,349,828</u>

**Net Increase** 82,742,242

**Fiduciary Net Position Held in Trust, Beginning of Year** 405,716,156

**Fiduciary Net Position Held in Trust, End of Year** \$ 488,458,398

# **CollegeCounts 529 Fund**

## **Notes to the Financial Statements**

### **September 30, 2018**

#### **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 [CollegeCounts529.com](http://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 Savings Investment Plan Act, 16-33C-1 to 16-33C-25 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 thereunder (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. See the attached supplementary information which includes Combining Schedules for the two college savings plans and the transfers of contributions and withdrawals between plans. The audited financial statements of the CollegeCounts 529 Fund Advisor Plan are available separately.

#### ***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, 2018**

#### **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 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, additions to the net position are recorded when earned and deductions from net position 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 Program Manager and Wilshire develop and recommend the asset allocations for each Portfolio to the Board of Trustees for approval.

Investments in the Underlying Funds are valued at the closing net position 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 Position. 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.

##### ***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, 2018**

#### **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 position 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 or Target Portfolios based upon the account owner's investing preference and risk tolerance. The investment options are composed of one money-market fund and mutual funds offered by PIMCO, Vanguard, T. Rowe Price, DFA, Dodge & Cox, MainStay and Fidelity ("Investment Managers").

The Individual Fund Portfolios consist of 25 single mutual funds. 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 (Conservative, Moderate, and Aggressive). These have been designed by the Program, the Program Manager, and Wilshire to allow account owners to select a Portfolio based upon their risk tolerance and the beneficiary's age. Money invested in these investment options is allocated to the appropriate Portfolio based on the age of the beneficiary and is automatically adjusted at pre-set intervals 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 withdrawals, if any. Withdrawals are recorded as deductions from net position on the date the withdrawal request is in good order and approved for payment. Withdrawals, as presented on the Statement of Changes in Fiduciary Net Position, include annual account fees as more fully discussed in Note 4.

**CollegeCounts 529 Fund**  
**Notes to the Financial Statements**  
**September 30, 2018**

**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 position 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 position 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 two times each calendar 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 Position 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, 2018

#### Note 3: Investments

The Underlying Fund allocations at September 30, 2018, are as follows:

Portfolio	Investment	Balance
DFA U.S. Large Cap Value 529 Portfolio	DFA U.S. Large Cap Value Portfolio	\$ 1,064,718
DFA U.S. Small Cap Value 529 Portfolio	DFA U.S. Small Cap Value Portfolio	712,697
Dodge & Cox International Stock 529 Portfolio	Dodge & Cox International Stock Fund	1,637,336
Fidelity Advisor Investment Grade Bond 529 Portfolio	Fidelity Advisor Investment Grade Bond Fund	288,248
MainStay Total Return Bond 529 Portfolio	MainStay Total Return Bond Fund	257,240
PIMCO Short-Term 529 Portfolio	PIMCO Short-Term Fund	1,959,483
T. Rowe Price Balanced 529 Portfolio	T. Rowe Price Balanced Fund	5,345,223
T. Rowe Price Large-Cap Growth 529 Portfolio	T. Rowe Price Institutional Large-Cap Growth Fund	6,758,003
Vanguard Explorer 529 Portfolio	Vanguard Explorer Fund	1,548,808
Vanguard 500 Index 529 Portfolio	Vanguard Institutional Index Fund	24,113,062
Vanguard Extended Market Index 529 Portfolio	Vanguard Extended Market Index Fund	1,883,359
Vanguard Growth Index 529 Portfolio	Vanguard Growth Index Fund	11,400,580
Vanguard Inflation-Protected Securities 529 Portfolio	Vanguard Inflation-Protected Securities Fund	1,189,450
Vanguard Mid-Cap Index 529 Portfolio	Vanguard Mid-Cap Index Fund	8,080,704
Vanguard Prime Money Market 529 Portfolio	Vanguard Prime Money Market Fund	9,950,106
Vanguard REIT Index 529 Portfolio	Vanguard REIT Index Fund	3,463,181
Vanguard Small-Cap Growth Index 529 Portfolio	Vanguard Small-Cap Growth Index Fund	6,048,055
Vanguard Small-Cap Index 529 Portfolio	Vanguard Small-Cap Index Fund	3,520,741
Vanguard Small-Cap Value Index 529 Portfolio	Vanguard Small-Cap Value Index Fund	3,746,629
Vanguard Total Bond Market Index 529 Portfolio	Vanguard Total Bond Market Index Fund	9,931,306
Vanguard Total International Stock Index 529 Portfolio	Vanguard Total International Stock Index Fund	9,832,611
Vanguard Total Stock Market Index 529 Portfolio	Vanguard Total Stock Market Index Fund	14,424,655
Vanguard Value Index 529 Portfolio	Vanguard Value Index Fund	4,970,087
Vanguard Short-Term Inflation-Protected 529 Portfolio	Vanguard Short-Term Inflation-Protected Securities Index Fund	455,063
Vanguard Short-Term Bond Index 529 Portfolio	Vanguard Short-Term Bond Index Fund	1,444,082
		<u>134,025,427</u>
CollegeCounts Fixed Income Fund	Vanguard Short-Term Inflation-Protected Securities Index Fund	704,327
CollegeCounts Fixed Income Fund	Vanguard Short-Term Bond Index Fund	938,328
CollegeCounts Fixed Income Fund	Vanguard Total Bond Market Index Fund	703,747
CollegeCounts Fixed Income Fund	Vanguard Prime Money Market Fund	2,345,820
Total CollegeCounts Fixed Income Fund		<u>4,692,222</u>
CollegeCounts Fund 10	Vanguard Total Stock Market Index Fund	1,092,943
CollegeCounts Fund 10	Vanguard Short-Term Inflation-Protected Securities Index Fund	2,181,283
CollegeCounts Fund 10	Vanguard Short-Term Bond Index Fund	3,424,925
CollegeCounts Fund 10	Vanguard Total Bond Market Index Fund	4,826,040
CollegeCounts Fund 10	Vanguard Total International Stock Index Fund	309,122
CollegeCounts Fund 10	Vanguard Prime Money Market Fund	3,580,604
CollegeCounts Fund 10	Vanguard REIT Index Fund	158,515
Total CollegeCounts Fund 10		<u>15,573,432</u>

# CollegeCounts 529 Fund

## Notes to the Financial Statements

### September 30, 2018

#### Note 3: Investments - Continued

Portfolio	Investment	Balance
CollegeCounts Fund 20	Vanguard Total Stock Market Index Fund	\$ 3,987,694
CollegeCounts Fund 20	Vanguard Short-Term Inflation-Protected Securities Index Fund	3,383,318
CollegeCounts Fund 20	Vanguard Short-Term Bond Index Fund	7,686,564
CollegeCounts Fund 20	Vanguard Total Bond Market Index Fund	10,774,785
CollegeCounts Fund 20	Vanguard Total International Stock Index Fund	1,226,215
CollegeCounts Fund 20	Vanguard Prime Money Market Fund	2,768,157
CollegeCounts Fund 20	Vanguard REIT Index Fund	926,696
Total CollegeCounts Fund 20		30,753,429
CollegeCounts Fund 30	Vanguard Total Stock Market Index Fund	6,178,092
CollegeCounts Fund 30	Vanguard Short-Term Inflation-Protected Securities Index Fund	4,236,549
CollegeCounts Fund 30	Vanguard Short-Term Bond Index Fund	7,158,963
CollegeCounts Fund 30	Vanguard Total Bond Market Index Fund	11,385,272
CollegeCounts Fund 30	Vanguard Total International Stock Index Fund	2,587,937
CollegeCounts Fund 30	Vanguard REIT Index Fund	983,188
Total CollegeCounts Fund 30		32,530,001
CollegeCounts Fund 40	Vanguard Total Stock Market Index Fund	9,955,846
CollegeCounts Fund 40	Vanguard Short-Term Inflation-Protected Securities Index Fund	3,575,082
CollegeCounts Fund 40	Vanguard Short-Term Bond Index Fund	5,557,884
CollegeCounts Fund 40	Vanguard Total Bond Market Index Fund	14,705,532
CollegeCounts Fund 40	Vanguard Total International Stock Index Fund	4,727,751
CollegeCounts Fund 40	Vanguard REIT Index Fund	1,211,046
Total CollegeCounts Fund 40		39,733,141
CollegeCounts Fund 50	Vanguard Total Stock Market Index Fund	11,192,623
CollegeCounts Fund 50	Vanguard Short-Term Inflation-Protected Securities Index Fund	1,401,881
CollegeCounts Fund 50	Vanguard Short-Term Bond Index Fund	3,859,474
CollegeCounts Fund 50	Vanguard Total Bond Market Index Fund	12,285,834
CollegeCounts Fund 50	Vanguard Total International Stock Index Fund	5,241,896
CollegeCounts Fund 50	Vanguard REIT Index Fund	1,049,522
Total CollegeCounts Fund 50		35,031,230
CollegeCounts Fund 60	Vanguard Total Stock Market Index Fund	15,449,944
CollegeCounts Fund 60	Vanguard Short-Term Inflation-Protected Securities Index Fund	1,715,446
CollegeCounts Fund 60	Vanguard Short-Term Bond Index Fund	3,865,796
CollegeCounts Fund 60	Vanguard Total Bond Market Index Fund	11,615,207
CollegeCounts Fund 60	Vanguard Total International Stock Index Fund	8,121,548
CollegeCounts Fund 60	Vanguard REIT Index Fund	2,157,369
Total CollegeCounts Fund 60		42,925,310

# CollegeCounts 529 Fund

## Notes to the Financial Statements

### September 30, 2018

#### Note 3: Investments - Continued

Portfolio	Investment	Balance
CollegeCounts Fund 70	Vanguard Total Stock Market Index Fund	\$ 15,751,801
CollegeCounts Fund 70	Vanguard Short-Term Inflation- Protected Securities Index Fund	1,574,586
CollegeCounts Fund 70	Vanguard Short-Term Bond Index Fund	2,360,836
CollegeCounts Fund 70	Vanguard Total Bond Market Index Fund	7,879,750
CollegeCounts Fund 70	Vanguard Total International Stock Index Fund	9,035,452
CollegeCounts Fund 70	Vanguard REIT Index Fund	2,746,574
Total CollegeCounts Fund 70		<u>39,348,999</u>
CollegeCounts Fund 80	Vanguard Total Stock Market Index Fund	26,256,895
CollegeCounts Fund 80	Vanguard Short-Term Inflation- Protected Securities Index Fund	1,585,695
CollegeCounts Fund 80	Vanguard Short-Term Bond Index Fund	2,125,317
CollegeCounts Fund 80	Vanguard Total Bond Market Index Fund	6,985,512
CollegeCounts Fund 80	Vanguard Total International Stock Index Fund	14,045,658
CollegeCounts Fund 80	Vanguard REIT Index Fund	2,658,420
Total CollegeCounts Fund 80		<u>53,657,497</u>
CollegeCounts Fund 90	Vanguard Total Stock Market Index Fund	13,455,148
CollegeCounts Fund 90	Vanguard Short-Term Inflation- Protected Securities Index Fund	493,753
CollegeCounts Fund 90	Vanguard Short-Term Bond Index Fund	493,626
CollegeCounts Fund 90	Vanguard Total Bond Market Index Fund	1,497,228
CollegeCounts Fund 90	Vanguard Total International Stock Index Fund	7,486,869
CollegeCounts Fund 90	Vanguard REIT Index Fund	1,488,093
Total CollegeCounts Fund 90		<u>24,914,717</u>
CollegeCounts Fund 100	Vanguard Total Stock Market Index Fund	19,514,447
CollegeCounts Fund 100	Vanguard Total International Stock Index Fund	12,544,246
CollegeCounts Fund 100	Vanguard REIT Index Fund	2,783,827
Total CollegeCounts Fund 100		<u>34,842,520</u>
		<u>\$ 488,027,925</u>

The following table reconciles the fair value of investments to the net position held in trust at September 30, 2018:

Fair value of investments, end of year	\$ 488,027,925
Plus cash, receivables and accrued investment income	1,177,165
Less payables and accrued expenses	<u>(746,692)</u>
Net position held in trust, end of year	<u>\$ 488,458,398</u>



# CollegeCounts 529 Fund

## Notes to the Financial Statements

### September 30, 2018

#### Note 3: Investments - Continued

The following table calculates the net realized gain and net appreciation in the value of investments for the year ended September 30, 2018:

Fair value of investments, end of year	\$ 488,027,925
Less cost of investments purchased and investment income reinvested during the year	(98,422,817)
Plus proceeds from investments sold during the year and management fees	37,603,136
Less net position held in trust, beginning of year	<u>(405,716,156)</u>
Net realized gain and net appreciation in fair value of investments	<u>\$ 21,492,088</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, 2018, approximately 3% of the investments in the plan have an AAA risk rating and 93% have a Baa>AA risk rating. Approximately 4% of the investments in the plan are not rated.

# CollegeCounts 529 Fund

## Notes to the Financial Statements

### September 30, 2018

#### **Note 3: Investments - Continued**

Interest Rate Risk – Although the investment funds listed below 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, 2018, the average duration and effective maturity of holdings in each of these mutual funds was as follows:

	<u>Average Duration</u>	<u>Average Maturity</u>
PIMCO Short-Term	.01 years	0.8 years
Vanguard Total Bond Market Index	5.9 years	8.3 years
Vanguard Prime MoneyMarket	n/a	0.1 years
Vanguard Inflation-Protected Securities	7.6 years	8.2 years
Vanguard Short-Term Bond Index	2.6 years	2.8 years
Vanguard Short-Term Inflation-Protected	2.5 years	2.4 years
Fidelity Advisor Investment Grade Bond	5.9 years	8.1 years
MainStay Total Return Bond	5.8 years	8.1 years
T.Rowe Price Balanced	5.8 years	8.1 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 96% of the investments are with mutual funds and approximately 4% are invested in money market funds.

Foreign Currency Risk – This risk relates to adverse effects 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, 2018.

# **CollegeCounts 529 Fund**

## **Notes to the Financial Statements**

### **September 30, 2018**

#### **Note 4: Fees and Expenses**

##### ***Asset-Based Fees***

The Portfolios are assessed a program management fee of 0.25%, which is accrued daily and paid to the Program Manager for providing administrative and management services. In its sole discretion, the Program Manager may waive a portion of the program management fees. Asset-based fees related to the year ended September 30, 2018, or the program management fee, totaled \$1,162,294.

##### ***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 Portfolios. 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 position, vary over time and ranged from 0.04% to 0.07% for the Age-Based, 0.04% to 0.07% for the Target Portfolios and 0.02% to 0.63% for the Individual Fund Portfolios for the year ended September 30, 2018.

#### **Note 5: Related Party Investments**

A related entity of the State of Alabama has investment accounts in the Plan totaling approximately 3% of fiduciary net position held in trust at September 30, 2018.

#### **Note 6: Disclosures About Fair Value of Assets**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities

# CollegeCounts 529 Fund

## Notes to the Financial Statements

### September 30, 2018

#### Note 6: Disclosures About Fair Value of Assets - Continued

- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

#### ***Recurring Measurements***

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2018:

		Fair Value Measurements Using		
		Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value			
<b>Investments by fair value level</b>				
Equity securities				
Money market mutual funds	\$ 18,644,687	\$ 18,644,687	\$ -	\$ -
Mutual funds	<u>469,383,238</u>	<u>469,383,238</u>	-	-
Total investments measured at fair value	<u>\$ 488,027,925</u>			

#### ***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There were no Level 2 or Level 3 securities at September 30, 2018.

**CollegeCounts 529 Fund**  
**Notes to the Financial Statements**  
**September 30, 2018**

**Note 7: 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 position available for benefits.

The financial statements have been prepared using values and information currently available to the Plan. Given the potential volatility of 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 8: Subsequent Events**

Subsequent events have been evaluated through February 7, 2019, which is the date the financial statements were available to be issued.

## **Supplemental Schedules**

**CollegeCounts 529 Fund**  
**Schedule of Fiduciary Net Position by Portfolio**  
**September 30, 2018**

	Portfolio						
	DFA U.S. Large Cap Value 529 Portfolio	DFA U.S. Small Cap Value 529 Portfolio	Dodge & Cox International Stock 529 Portfolio	Fidelity Advisor Investment Grade Bond 529 Portfolio	MainStay Total Return Bond 529 Portfolio	PIMCO Short- Term 529 Portfolio	T. Rowe Price Balanced 529 Portfolio
<b>Fiduciary Assets</b>							
Investments, at fair value	\$ 1,064,718	\$ 712,697	\$ 1,637,336	\$ 288,248	\$ 257,240	\$ 1,959,483	\$ 5,345,223
Cash	9,626	14,932	38	17	1	-	315
Receivables for contributions	20	41	26	393	3	214	10,903
Accrued investment income	5,286	1,990	-	596	617	3,501	-
Total fiduciary assets	1,079,650	729,660	1,637,400	289,254	257,861	1,963,198	5,356,441
<b>Liabilities</b>							
Distributions payable to shareholders	-	-	-	-	-	-	-
Withdrawals payable	-	-	-	-	-	-	12,504
Accrued expenses	206	139	313	55	52	372	1,019
Total liabilities	206	139	313	55	52	372	13,523
<b>Fiduciary Net Position Held in Trust</b>	<u>\$ 1,079,444</u>	<u>\$ 729,521</u>	<u>\$ 1,637,087</u>	<u>\$ 289,199</u>	<u>\$ 257,809</u>	<u>\$ 1,962,826</u>	<u>\$ 5,342,918</u>
<b>Unit Information</b>							
Units outstanding	75,702	52,986	160,601	26,414	24,369	173,480	264,093
Net position value per unit, ending	\$ 14.26	\$ 13.77	\$ 10.19	\$ 10.95	\$ 10.58	\$ 11.31	\$ 20.23
Net position value per unit, beginning	\$ 12.83	\$ 12.57	\$ 10.80	\$ 11.11	\$ 10.77	\$ 11.07	\$ 18.91

**CollegeCounts 529 Fund**  
**Schedule of Fiduciary Net Position by Portfolio**  
**September 30, 2018**

	Portfolio						
	T. Rowe Price Large-Cap Growth 529 Portfolio	Vanguard Explorer 529 Portfolio	Vanguard 500 Index 529 Portfolio	Vanguard Extended Market Index 529 Portfolio	Vanguard Growth Index 529 Portfolio	Vanguard Inflation- Protected Securities 529 Portfolio	Vanguard Intermediate- Term Bond Index 529 Portfolio
<b>Fiduciary Assets</b>							
Investments, at fair value	\$ 6,758,003	\$ 1,548,808	\$ 24,113,062	\$ 1,883,359	\$ 11,400,580	\$ 1,189,450	\$ -
Cash	834	187	12,530	128	-	1,040	-
Receivables for contributions	1,716	912	3,291	399	12,699	275	-
Accrued investment income	-	-	-	-	-	-	-
Total fiduciary assets	<u>6,760,553</u>	<u>1,549,907</u>	<u>24,128,883</u>	<u>1,883,886</u>	<u>11,413,279</u>	<u>1,190,765</u>	<u>-</u>
<b>Liabilities</b>							
Distributions payable to shareholders	-	-	-	-	-	-	-
Withdrawals payable	-	-	58	-	-	-	-
Accrued expenses	<u>1,279</u>	<u>288</u>	<u>4,586</u>	<u>363</u>	<u>3,326</u>	<u>229</u>	<u>-</u>
Total liabilities	<u>1,279</u>	<u>288</u>	<u>4,644</u>	<u>363</u>	<u>3,326</u>	<u>229</u>	<u>-</u>
<b>Fiduciary Net Position Held in Trust</b>	<u>\$ 6,759,274</u>	<u>\$ 1,549,619</u>	<u>\$ 24,124,239</u>	<u>\$ 1,883,523</u>	<u>\$ 11,409,953</u>	<u>\$ 1,190,536</u>	<u>\$ -</u>
<b>Unit Information</b>							
Units outstanding	346,981	92,769	805,635	65,011	347,778	98,906	-
Net position value per unit, ending	\$ 19.48	\$ 16.70	\$ 29.94	\$ 28.97	\$ 32.81	\$ 12.04	\$ -
Net position value per unit, beginning	\$ 15.23	\$ 13.04	\$ 25.47	\$ 24.97	\$ 26.81	\$ 12.04	\$ 13.00



# CollegeCounts 529 Fund

## Schedule of Fiduciary Net Position by Portfolio

### September 30, 2018

	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	Vanguard Small-Cap Value Index 529 Portfolio	Vanguard Total Bond Market Index 529 Portfolio
<b>Fiduciary Assets</b>							
Investments, at fair value	\$ 8,080,704	\$ 9,950,106	\$ 3,463,181	\$ 6,048,055	\$ 3,520,741	\$ 3,746,629	\$ 9,931,306
Cash	166	-	2,896	15,294	311	123	361
Receivables for contributions	1,365	10,087	1,379	1,947	646	1,282	20,927
Accrued investment income	-	17,780	-	-	-	-	23,336
	<u>8,082,235</u>	<u>9,977,973</u>	<u>3,467,456</u>	<u>6,065,296</u>	<u>3,521,698</u>	<u>3,748,034</u>	<u>9,975,930</u>
<b>Liabilities</b>							
Distributions payable to shareholders	-	3,345	-	-	-	-	-
Withdrawals payable	-	3,009	9	-	-	-	94
Accrued expenses	1,552	1,915	674	1,157	676	723	1,912
	<u>1,552</u>	<u>8,269</u>	<u>683</u>	<u>1,157</u>	<u>676</u>	<u>723</u>	<u>2,006</u>
<b>Fiduciary Net Position Held in Trust</b>	<u>\$ 8,080,683</u>	<u>\$ 9,969,704</u>	<u>\$ 3,466,773</u>	<u>\$ 6,064,139</u>	<u>\$ 3,521,022</u>	<u>\$ 3,747,311</u>	<u>\$ 9,973,924</u>
<b>Unit Information</b>							
Units outstanding	289,076	9,970,852	165,888	199,038	121,734	137,006	830,478
Net position value per unit, ending	\$ 27.95	\$ 1.00	\$ 20.90	\$ 30.47	\$ 28.92	\$ 27.35	\$ 12.01
Net position value per unit, beginning	\$ 24.70	\$ 1.00	\$ 20.55	\$ 24.70	\$ 24.84	\$ 24.65	\$ 12.19

**CollegeCounts 529 Fund**  
**Schedule of Fiduciary Net Position by Portfolio**  
**September 30, 2018**

	Portfolio					
	Vanguard Total International Stock Index 529 Portfolio	Vanguard Total Stock Market Index 529 Portfolio	Vanguard Value Index 529 Portfolio	Vanguard Short-Term Inflation- Protected 529 Portfolio	Vanguard Short-Term Bond Index 529 Portfolio	CollegeCounts Fixed Income Fund
<b>Fiduciary Assets</b>						
Investments, at fair value	\$ 9,832,611	\$ 14,424,655	\$ 4,970,087	\$ 455,063	\$ 1,444,082	\$ 4,692,222
Cash	-	402	426	5,033	9,184	-
Receivables for contributions	2,017	2,946	2,665	2,056	4	86,233
Accrued investment income	-	-	-	-	2,505	7,341
	<u>9,834,628</u>	<u>14,428,003</u>	<u>4,973,178</u>	<u>462,152</u>	<u>1,455,775</u>	<u>4,785,796</u>
<b>Liabilities</b>						
Distributions payable to shareholders	-	-	-	-	-	-
Withdrawals payable	1,500	811	-	-	-	3,442
Accrued expenses	4,056	2,749	952	85	274	883
	<u>5,556</u>	<u>3,560</u>	<u>952</u>	<u>85</u>	<u>274</u>	<u>4,325</u>
<b>Fiduciary Net Position Held in Trust</b>	<u>\$ 9,829,072</u>	<u>\$ 14,424,443</u>	<u>\$ 4,972,226</u>	<u>\$ 462,067</u>	<u>\$ 1,455,501</u>	<u>\$ 4,781,471</u>
<b>Unit Information</b>						
Units outstanding	653,235	481,870	181,284	45,474	140,097	441,732
Net position value per unit, ending	\$ 15.05	\$ 29.93	\$ 27.43	\$ 10.16	\$ 10.39	\$ 10.82
Net position value per unit, beginning	\$ 14.85	\$ 25.51	\$ 24.21	\$ 10.08	\$ 10.46	\$ 10.77

**CollegeCounts 529 Fund**  
**Schedule of Fiduciary Net Position by Portfolio**  
**September 30, 2018**

	<b>Portfolio</b>					
	<b>CollegeCounts Fund 10</b>	<b>CollegeCounts Fund 20</b>	<b>CollegeCounts Fund 30</b>	<b>CollegeCounts Fund 40</b>	<b>CollegeCounts Fund 50</b>	<b>CollegeCounts Fund 60</b>
<b>Fiduciary Assets</b>						
Investments, at fair value	\$ 15,573,432	\$ 30,753,429	\$ 32,530,001	\$ 39,733,141	\$ 35,031,230	\$ 42,925,310
Cash	-	28,264	10,972	974	10,643	-
Receivables for contributions	21,146	159,457	23,683	109,126	84,748	9,482
Accrued investment income	23,398	43,662	39,050	43,961	35,421	33,655
	<u>15,617,976</u>	<u>30,984,812</u>	<u>32,603,706</u>	<u>39,887,202</u>	<u>35,162,042</u>	<u>42,968,447</u>
<b>Liabilities</b>						
Distributions payable to shareholders	-	-	-	-	-	-
Withdrawals payable	89,453	22,613	156,007	14,436	112,107	80,077
Accrued expenses	4,914	5,903	6,213	7,581	6,702	31,732
	<u>94,367</u>	<u>28,516</u>	<u>162,220</u>	<u>22,017</u>	<u>118,809</u>	<u>111,809</u>
<b>Fiduciary Net Position Held in Trust</b>	<u>\$ 15,523,609</u>	<u>\$ 30,956,296</u>	<u>\$ 32,441,486</u>	<u>\$ 39,865,185</u>	<u>\$ 35,043,233</u>	<u>\$ 42,856,638</u>
<b>Unit Information</b>						
Units outstanding	1,511,121	2,274,558	3,017,625	2,476,620	3,085,670	2,345,585
Net position value per unit, ending	\$ 10.27	\$ 13.61	\$ 10.75	\$ 16.10	\$ 11.36	\$ 18.27
Net position value per unit, beginning	\$ 10.16	\$ 13.36	\$ 10.45	\$ 15.49	\$ 10.80	\$ 17.23

**CollegeCounts 529 Fund**  
**Schedule of Fiduciary Net Position by Portfolio**  
**September 30, 2018**

	<b>Portfolio</b>				
	<b>CollegeCounts Fund 70</b>	<b>CollegeCounts Fund 80</b>	<b>CollegeCounts Fund 90</b>	<b>CollegeCounts Fund 100</b>	<b>Plan Total</b>
<b>Fiduciary Assets</b>					
Investments, at fair value	\$ 39,348,999	\$ 53,657,497	\$ 24,914,717	\$ 34,842,520	\$ 488,027,925
Cash	-	45,620	-	6,750	177,067
Receivables for contributions	8,606	48,443	14,799	27,173	671,109
Accrued investment income	22,571	19,984	4,335	-	328,989
	<u>39,380,176</u>	<u>53,771,544</u>	<u>24,933,851</u>	<u>34,876,443</u>	<u>489,205,090</u>
<b>Liabilities</b>					
Distributions payable to shareholders	-	-	-	-	3,345
Withdrawals payable	300	26,647	50,722	-	573,789
Accrued expenses	50,941	10,244	8,857	6,636	169,558
	<u>51,241</u>	<u>36,891</u>	<u>59,579</u>	<u>6,636</u>	<u>746,692</u>
<b>Fiduciary Net Position Held in Trust</b>	<u>\$ 39,328,935</u>	<u>\$ 53,734,653</u>	<u>\$ 24,874,272</u>	<u>\$ 34,869,807</u>	<u>\$ 488,458,398</u>
<b>Unit Information</b>					
Units outstanding	3,311,636	2,566,029	1,971,137	1,484,643	
Net position value per unit, ending	\$ 11.88	\$ 20.94	\$ 12.62	\$ 23.49	
Net position value per unit, beginning	\$ 11.11	\$ 19.28	\$ 11.51	\$ 21.32	

# CollegeCounts 529 Fund

## Schedule of Changes in Fiduciary Net Position and Financial Highlights by Portfolio For the Year Ended September 30, 2018

	Portfolio						
	DFA U.S. Large Cap Value 529 Portfolio	DFA U.S. Small Cap Value 529 Portfolio	Dodge & Cox International Stock 529 Portfolio	Fidelity Advisor Investment Grade Bond 529 Portfolio	MainStay Total Return Bond 529 Portfolio	PIMCO Short- Term 529 Portfolio	T. Rowe Price Balanced 529 Portfolio
<b>Additions</b>							
Contributions	\$ 147,980	\$ 136,254	\$ 354,363	\$ 125,942	\$ 128,607	\$ 480,162	\$ 780,699
Exchanges in	197,356	41,197	282,722	58,220	159,650	377,085	426,549
Investment Income							
Net realized gain (loss) and net appreciation (depreciation) in fair value of investments	42,042	35,936	(136,926)	(9,832)	(12,095)	4,932	18,534
Dividends and interest	57,092	38,951	33,648	6,696	7,254	33,841	335,236
Total investment earnings	99,134	74,887	(103,278)	(3,136)	(4,841)	38,773	353,770
Total additions	444,470	252,338	533,807	181,026	283,416	896,020	1,561,018
<b>Deductions</b>							
Withdrawals	27,787	28,485	263,888	46,574	106,675	248,333	557,488
Exchanges out	210,239	346,666	228,765	57,924	73,053	86,874	228,916
Management fees	2,388	1,884	4,377	701	675	3,949	12,877
Total deductions	240,414	377,035	497,030	105,199	180,403	339,156	799,281
<b>Net Increase (Decrease)</b>	204,056	(124,697)	36,777	75,827	103,013	556,864	761,737
<b>Fiduciary Net Position, Beginning of Year</b>	875,388	854,218	1,600,310	213,372	154,796	1,405,962	4,581,181
<b>Fiduciary Net Position, End of Year</b>	<u>\$ 1,079,444</u>	<u>\$ 729,521</u>	<u>\$ 1,637,087</u>	<u>\$ 289,199</u>	<u>\$ 257,809</u>	<u>\$ 1,962,826</u>	<u>\$ 5,342,918</u>
<b>Financial Highlights For the Year</b>							
Ratio of net investment income to average net position*	5.69%	4.89%	1.66%	2.12%	2.42%	1.88%	6.22%
Ratio of expense to average net position **	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Total return ***	11.15%	9.55%	-5.65%	-1.44%	-1.76%	2.17%	6.98%

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

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

\*\*\* 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 Position and Financial Highlights by Portfolio For the Year Ended September 30, 2018

	Portfolio						
	T. Rowe Price Large-Cap Growth 529 Portfolio	Vanguard Explorer 529 Portfolio	Vanguard 500 Index 529 Portfolio	Vanguard Extended Market Index 529 Portfolio	Vanguard Growth Index 529 Portfolio	Vanguard Inflation- Protected Securities 529 Portfolio	Vanguard Intermediate- Term Bond Index 529 Portfolio
<b>Additions</b>							
Contributions	\$ 1,401,280	\$ 301,075	\$ 3,632,968	\$ 288,860	\$ 2,016,747	\$ 139,752	\$ 89,129
Exchanges in	2,219,537	771,686	1,600,190	268,245	1,106,200	113,210	20,769
Investment Income							
Net realized gain (loss) and net appreciation (depreciation) in fair value of investments	829,565	166,264	3,037,966	207,549	1,843,905	(35,011)	(38,320)
Dividends and interest	303,162	57,113	408,042	23,896	116,096	38,403	13,712
Total investment earnings	1,132,727	223,377	3,446,008	231,445	1,960,001	3,392	(24,608)
Total additions	4,753,544	1,296,138	8,679,166	788,550	5,082,948	256,354	85,290
<b>Deductions</b>							
Withdrawals	511,576	109,188	1,058,112	220,071	539,983	99,496	84,098
Exchanges out	415,292	128,850	1,556,730	102,749	714,169	176,875	1,338,543
Management fees	12,135	2,189	52,893	3,955	24,116	2,956	1,183
Total deductions	939,003	240,227	2,667,735	326,775	1,278,268	279,327	1,423,824
<b>Net Increase (Decrease)</b>	3,814,541	1,055,911	6,011,431	461,775	3,804,680	(22,973)	(1,338,534)
<b>Fiduciary Net Position, Beginning of Year</b>	2,944,733	493,708	18,112,808	1,421,748	7,605,273	1,213,509	1,338,534
<b>Fiduciary Net Position, End of Year</b>	<u>\$ 6,759,274</u>	<u>\$ 1,549,619</u>	<u>\$ 24,124,239</u>	<u>\$ 1,883,523</u>	<u>\$ 11,409,953</u>	<u>\$ 1,190,536</u>	<u>\$ -</u>
<b>Financial Highlights For the Year</b>							
Ratio of net investment income to average net position*	5.94%	6.19%	1.67%	1.25%	0.95%	2.98%	0.96%
Ratio of expense to average net position **	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.09%
Total return ***	27.91%	28.07%	17.55%	16.02%	22.38%	0.00%	-100.00%

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

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

\*\*\* 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 Position and Financial Highlights by Portfolio

For the Year Ended September 30, 2018

	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	Vanguard Small-Cap Value Index 529 Portfolio	Vanguard Total Bond Market Index 529 Portfolio
<b>Additions</b>							
Contributions	\$ 979,537	\$ 4,751,748	\$ 679,602	\$ 1,063,828	\$ 576,196	\$ 547,544	\$ 1,434,684
Exchanges in	240,688	2,948,734	73,570	671,977	266,024	258,060	1,816,502
Investment Income							
Net realized gain (loss) and net appreciation (depreciation) in fair value of investments	824,399	-	(90,925)	1,016,027	424,429	297,819	(372,925)
Dividends and interest	119,875	160,514	162,779	38,968	45,869	71,475	262,506
Total investment earnings	944,274	160,514	71,854	1,054,995	470,298	369,294	(110,419)
Total additions	2,164,499	7,860,996	825,026	2,790,800	1,312,518	1,174,898	3,140,767
<b>Deductions</b>							
Withdrawals	410,548	4,422,368	263,003	379,201	111,308	273,673	757,099
Exchanges out	615,005	1,727,262	610,894	379,480	256,025	474,348	726,288
Management fees	18,792	22,847	8,460	12,393	7,625	8,730	23,597
Total deductions	1,044,345	6,172,477	882,357	771,074	374,958	756,751	1,506,984
<b>Net Increase (Decrease)</b>	1,120,154	1,688,519	(57,331)	2,019,726	937,560	418,147	1,633,783
<b>Fiduciary Net Position, Beginning of Year</b>	6,960,529	8,281,185	3,524,104	4,044,413	2,583,462	3,329,164	8,340,141
<b>Fiduciary Net Position, End of Year</b>	<u>\$ 8,080,683</u>	<u>\$ 9,969,704</u>	<u>\$ 3,466,773</u>	<u>\$ 6,064,139</u>	<u>\$ 3,521,022</u>	<u>\$ 3,747,311</u>	<u>\$ 9,973,924</u>
<b>Financial Highlights For the Year</b>							
Ratio of net investment income to average net position*	1.34%	1.50%	4.54%	0.53%	1.24%	1.79%	2.52%
Ratio of expense to average net position **	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Total return ***	13.16%	0.00%	1.70%	23.36%	16.43%	10.95%	-1.48%

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

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

\*\*\* 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 Position and Financial Highlights by Portfolio

For the Year Ended September 30, 2018

	Vanguard Total International Stock Index 529 Portfolio	Vanguard Total Stock Market Index 529 Portfolio	Vanguard Value Index 529 Portfolio	Portfolio Vanguard Short-Term Inflation- Protected 529 Portfolio	Vanguard Short-Term Bond Index 529 Portfolio	CollegeCounts Fixed Income Fund
<b>Additions</b>						
Contributions	\$ 1,872,615	\$ 2,711,477	\$ 684,568	\$ 55,365	\$ 251,657	\$ 1,993,353
Exchanges in	704,701	673,401	190,841	180,020	254,544	1,896,193
Investment Income						
Net realized gain (loss) and net appreciation (depreciation) in fair value of investments	(179,615)	1,822,125	473,156	(7,912)	(35,523)	(58,634)
Dividends and interest	267,703	237,977	115,103	11,201	28,227	93,809
Total investment earnings	88,088	2,060,102	588,259	3,289	(7,296)	35,175
Total additions	2,665,404	5,444,980	1,463,668	238,674	498,905	3,924,721
<b>Deductions</b>						
Withdrawals	530,847	767,120	233,897	25,857	196,158	3,014,611
Exchanges out	617,731	1,223,306	507,796	45,393	401,417	363,566
Management fees	23,971	31,908	11,624	812	3,677	10,881
Total deductions	1,172,549	2,022,334	753,317	72,062	601,252	3,389,058
<b>Net Increase (Decrease)</b>	1,492,855	3,422,646	710,351	166,612	(102,347)	535,663
<b>Fiduciary Net Position, Beginning of Year</b>	8,336,217	11,001,797	4,261,875	295,455	1,557,848	4,245,808
<b>Fiduciary Net Position, End of Year</b>	<u>\$ 9,829,072</u>	<u>\$ 14,424,443</u>	<u>\$ 4,972,226</u>	<u>\$ 462,067</u>	<u>\$ 1,455,501</u>	<u>\$ 4,781,471</u>
<b>Financial Highlights For the Year</b>						
Ratio of net investment income to average net position*	2.53%	1.60%	2.21%	3.17%	1.66%	1.89%
Ratio of expense to average net position **	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Total return ***	1.35%	17.33%	13.30%	0.79%	-0.67%	0.46%

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

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

\*\*\* 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 Position and Financial Highlights by Portfolio

### For the Year Ended September 30, 2018

	Portfolio					
	CollegeCounts Fund 10	CollegeCounts Fund 20	CollegeCounts Fund 30	CollegeCounts Fund 40	CollegeCounts Fund 50	CollegeCounts Fund 60
<b>Additions</b>						
Contributions	\$ 3,248,237	\$ 4,210,524	\$ 5,066,549	\$ 5,375,935	\$ 4,641,917	\$ 6,497,834
Exchanges in	6,988,153	16,366,508	17,971,477	20,397,286	16,001,707	18,529,284
Investment Income						
Net realized gain (loss) and net appreciation (depreciation) in fair value of investments	(140,982)	(87,194)	154,700	564,386	937,578	1,375,330
Dividends and interest	356,752	678,762	774,963	945,568	840,578	957,581
Total investment earnings	215,770	591,568	929,663	1,509,954	1,778,156	2,332,911
Total additions	10,452,160	21,168,600	23,967,689	27,283,175	22,421,780	27,360,029
<b>Deductions</b>						
Withdrawals	6,098,469	6,229,936	2,661,304	1,455,974	633,182	1,698,488
Exchanges out	2,253,341	8,104,699	16,759,242	18,656,655	19,573,863	16,991,747
Management fees	37,650	68,489	76,668	92,994	85,467	95,080
Total deductions	8,389,460	14,403,124	19,497,214	20,205,623	20,292,512	18,785,315
<b>Net Increase (Decrease)</b>	2,062,700	6,765,476	4,470,475	7,077,552	2,129,268	8,574,714
<b>Fiduciary Net Position, Beginning of Year</b>	13,460,909	24,190,820	27,971,011	32,787,633	32,913,965	34,281,924
<b>Fiduciary Net Position, End of Year</b>	<u>\$ 15,523,609</u>	<u>\$ 30,956,296</u>	<u>\$ 32,441,486</u>	<u>\$ 39,865,185</u>	<u>\$ 35,043,233</u>	<u>\$ 42,856,638</u>
<b>Financial Highlights For the Year</b>						
Ratio of net investment income to average net position*	2.11%	2.21%	2.26%	2.28%	2.20%	2.25%
Ratio of expense to average net position **	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Total return ***	1.08%	1.87%	2.87%	3.94%	5.19%	6.04%

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

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

\*\*\* 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 Position and Financial Highlights by Portfolio

### For the Year Ended September 30, 2018

	Portfolio					
	CollegeCounts Fund 70	CollegeCounts Fund 80	CollegeCounts Fund 90	CollegeCounts Fund 100	Eliminations	Plan Total
<b>Additions</b>						
Contributions	\$ 5,682,139	\$ 9,294,561	\$ 7,784,386	\$ 9,033,968	\$ -	\$ 88,462,042
Exchanges in	16,510,775	12,353,324	5,157,465	528,472	(148,622,322)	-
Investment Income						
Net realized gain (loss) and net appreciation (depreciation) in fair value of investments	1,585,749	2,987,126	1,606,435	2,442,030	-	21,492,088
Dividends and interest	919,314	1,213,530	562,919	798,825	-	11,137,940
Total investment earnings	2,505,063	4,200,656	2,169,354	3,240,855	-	32,630,028
Total additions	24,697,977	25,848,541	15,111,205	12,803,295	(148,622,322)	121,092,070
<b>Deductions</b>						
Withdrawals	479,815	1,195,311	337,634	1,146,043	-	37,223,600
Exchanges out	17,246,394	16,880,920	11,079,261	7,462,044	(148,622,322)	-
Management fees	90,829	126,096	58,926	82,434	-	1,126,228
Total deductions	17,817,038	18,202,327	11,475,821	8,690,521	(148,622,322)	38,349,828
<b>Net Increase (Decrease)</b>	6,880,939	7,646,214	3,635,384	4,112,774	-	82,742,242
<b>Fiduciary Net Position, Beginning of Year</b>	32,447,996	46,088,439	21,238,888	30,757,033	-	405,716,156
<b>Fiduciary Net Position, End of Year</b>	\$ 39,328,935	\$ 53,734,653	\$ 24,874,272	\$ 34,869,807	\$ -	\$ 488,458,398
<b>Financial Highlights For the Year</b>						
Ratio of net investment income to average net position*	2.27%	2.14%	2.12%	2.16%		
Ratio of expense to average net position **	0.25%	0.25%	0.25%	0.25%		
Total return ***	6.93%	8.61%	9.64%	10.18%		

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

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

\*\*\* 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 Investments (Age-Based Target Portfolios)

### September 30, 2018

		Portfolios					
Target Portfolios		CollegeCounts Fixed Income Fund	CollegeCounts Fund 10	CollegeCounts Fund 20	CollegeCounts Fund 30	CollegeCounts Fund 40	CollegeCounts Fund 50
Age-Based Aggressive Portfolios	Age of Beneficiary			19 and over	17 - 18	15 - 16	13 - 14
Age-Based Moderate Portfolios			19 and over	17 - 18	15 - 16	13 - 14	11 - 12
Age-Based Conservative Portfolios			19 and over	17 - 18	15 - 16	13 - 14	11 - 12
Vanguard Prime Money Market Fund		\$ 2,345,820	\$ 3,580,604	\$ 2,768,157	\$ -	\$ -	\$ -
Money Market Total		2,345,820	3,580,604	2,768,157	-	-	-
Vanguard Short-Term Bond Index		938,328	3,424,925	7,686,564	7,158,963	5,557,884	3,859,474
Vanguard Total Bond Market Index Fund		703,747	4,826,040	10,774,785	11,385,272	14,705,532	12,285,834
Vanguard Short-Term Inflation-Protected Securities Fund		704,327	2,181,283	3,383,318	4,236,549	3,575,082	1,401,881
Fixed Income Total		2,346,402	10,432,248	21,844,667	22,780,784	23,838,498	17,547,189
Vanguard REIT Index Fund		-	158,515	926,696	983,188	1,211,046	1,049,522
Real Estate Total		-	158,515	926,696	983,188	1,211,046	1,049,522
Vanguard Total Stock Market Index Fund		-	1,092,943	3,987,694	6,178,092	9,955,846	11,192,623
Domestic Equity Total		-	1,092,943	3,987,694	6,178,092	9,955,846	11,192,623
Vanguard Total International Stock Index Fund		-	309,122	1,226,215	2,587,937	4,727,751	5,241,896
International Equity Total		-	309,122	1,226,215	2,587,937	4,727,751	5,241,896
Fair Value of Investments, End of Year		\$ 4,692,222	\$ 15,573,432	\$ 30,753,429	\$ 32,530,001	\$ 39,733,141	\$ 35,031,230
Fair Value of Investments, End of Year		\$ 4,692,222	\$ 15,573,432	\$ 30,753,429	\$ 32,530,001	\$ 39,733,141	\$ 35,031,230
Plus Cash and Accrued Investment Income		93,574	44,544	231,383	73,705	154,061	130,812
Less Payables and Accrued Expenses		(4,325)	(94,367)	(28,516)	(162,220)	(22,017)	(118,809)
Fiduciary Net Position Held in Trust, End of Year		\$ 4,781,471	\$ 15,523,609	\$ 30,956,296	\$ 32,441,486	\$ 39,865,185	\$ 35,043,233

# CollegeCounts 529 Fund

## Schedule of Investments (Age-Based Target Portfolios)

### September 30, 2018

	Portfolios				
Target Portfolios	CollegeCounts Fund 60	CollegeCounts Fund 70	CollegeCounts Fund 80	CollegeCounts Fund 90	CollegeCounts Fund 100
<b>Age-Based Aggressive Portfolios</b>	11 - 12	9 - 10	6 - 8	3 - 5	newborn to 2
<b>Age-Based Moderate Portfolios</b>	9 - 10	6 - 8	3 - 5	newborn to 2	
<b>Age-Based Conservative Portfolios</b>	6 - 8	3 - 5	newborn to 2		
Vanguard Prime Money Market Fund	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Money Market Total</b>	-	-	-	-	-
Vanguard Short-Term Bond Index	3,865,796	2,360,836	2,125,317	493,626	-
Vanguard Total Bond Market Index Fund	11,615,207	7,879,750	6,985,512	1,497,228	-
Vanguard Short-Term Inflation-Protected Securities Fund	1,715,446	1,574,586	1,585,695	493,753	-
<b>Fixed Income Total</b>	17,196,449	11,815,172	10,696,524	2,488,093	-
Vanguard REIT Index Fund	2,157,369	2,746,574	2,658,420	1,488,093	2,783,827
<b>Real Estate Total</b>	2,157,369	2,746,574	2,658,420	1,488,093	2,783,827
Vanguard Total Stock Market Index Fund	15,449,944	15,751,801	26,256,895	13,455,148	19,514,447
<b>Domestic Equity Total</b>	15,449,944	15,751,801	26,256,895	13,455,148	19,514,447
Vanguard Total International Stock Index Fund	8,121,548	9,035,452	14,045,658	7,486,869	12,544,246
<b>International Equity Total</b>	8,121,548	9,035,452	14,045,658	7,486,869	12,544,246
<b>Fair Value of Investments, End of Year</b>	<u>\$ 42,925,310</u>	<u>\$ 39,348,999</u>	<u>\$ 53,657,497</u>	<u>\$ 24,914,717</u>	<u>\$ 34,842,520</u>
<b>Fair Value of Investments, End of Year</b>	\$ 42,925,310	\$ 39,348,999	\$ 53,657,497	\$ 24,914,717	\$ 34,842,520
<b>Plus Cash and Accrued Investment Income</b>	43,137	31,177	114,047	19,134	33,923
<b>Less Payables and Accrued Expenses</b>	(111,809)	(51,241)	(36,891)	(59,579)	(6,636)
<b>Fiduciary Net Position Held in Trust, End of Year</b>	<u>\$ 42,856,638</u>	<u>\$ 39,328,935</u>	<u>\$ 53,734,653</u>	<u>\$ 24,874,272</u>	<u>\$ 34,869,807</u>

**CollegeCounts 529 Fund**  
**Combining Schedule of Fiduciary Net Position**  
**September 30, 2018**

	CollegeCounts 529 Fund	CollegeCounts 529 Fund Advisor Plan	Eliminations	Combined Totals
<b>Fiduciary Assets</b>				
Investments, at fair value	\$ 488,027,925	\$ 1,245,194,726	\$ -	\$ 1,733,222,651
Cash	177,067	499,078	-	676,145
Receivables for contributions	671,109	844,285	-	1,515,394
Accrued investment income	328,989	1,189,108	-	1,518,097
Total fiduciary assets	489,205,090	1,247,727,197	-	1,736,932,287
<b>Liabilities</b>				
Distributions payable to shareholders	3,345	4,658	-	8,003
Withdrawals payable	573,789	1,279,178	-	1,852,967
Accrued expenses	169,558	1,392,539	-	1,562,097
Total liabilities	746,692	2,676,375	-	3,423,067
<b>Fiduciary Net Position Held in Trust</b>	<u>\$ 488,458,398</u>	<u>\$ 1,245,050,822</u>	<u>\$ -</u>	<u>\$ 1,733,509,220</u>

The combining schedule above does not purport to and does not represent the complete net position of the ACES Trust Fund, of which the plans are a part.

**CollegeCounts 529 Fund**  
**Combining Schedule of Changes in Fiduciary Net Position**  
**For the Year Ended September 30, 2018**

	CollegeCounts 529 Fund	CollegeCounts 529 Fund Advisor Plan	Eliminations	Combined Totals
<b>Additions</b>				
Contributions	\$ 88,462,042	\$ 133,127,008	\$ (31,058,411)	\$ 190,530,639
Investment income				
Net realized gain and net appreciation in fair value of investments	21,492,088	23,086,612	-	44,578,700
Dividends and interest	11,137,940	52,981,317	-	64,119,257
Total investment earnings	32,630,028	76,067,929	-	108,697,957
Total additions	121,092,070	209,194,937	(31,058,411)	299,228,596
<b>Deductions</b>				
Withdrawals	37,223,600	127,111,524	(31,058,411)	133,276,713
Management fees	1,126,228	8,911,508	-	10,037,736
Total deductions	38,349,828	136,023,032	(31,058,411)	143,314,449
<b>Net Increase</b>	82,742,242	73,171,905	-	155,914,147
<b>Fiduciary Net Position Held in Trust, Beginning of Year</b>	405,716,156	1,171,878,917	-	1,577,595,073
<b>Fiduciary Net Position Held in Trust, End of Year</b>	\$ 488,458,398	\$ 1,245,050,822	\$ -	\$ 1,733,509,220

The combining schedule above does not purport to and does not represent the complete changes in net position of the ACES Trust Fund, of which the plans are a part.

**Independent Auditor's 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 CollegeCounts 529 Fund  
UBT 529 Fund Services, a Division of Union Bank & Trust Company (Program Manager)  
Montgomery, Alabama

We have audited, 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, the financial statements of the CollegeCounts 529 Fund (the Plan), which comprise the statement of fiduciary net position as of September 30, 2018, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 7, 2019.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Plan'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 Plan'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 may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Plan'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 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*.

### ***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 Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BKD, LLP**

Lincoln, Nebraska  
February 7, 2019



## Independent Accountant's Report

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

We have examined CollegeCounts 529 Fund's (the Plan) compliance with the Program Management Fee during the year ended September 30, 2018, to determine whether it has been calculated in accordance with section 8(a) of the Program Management Agreement dated July 1, 2010 between Alabama College Education Savings Trust Fund and Program Manager. Management is responsible for calculating the Program Management Fee in accordance with the provisions of the agreement. Our responsibility is to express an opinion on the Plan's compliance with the Program Management Fee during the year ended September 30, 2018, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Plan's compliance with the Program Management Fee is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Plan's compliance. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Plan's compliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Plan's Program Management Fee during the year ended September 30, 2018, has been calculated in accordance with section 8(a) of the Program Management Agreement dated July 1, 2010 between Alabama College Education Savings Trust Fund and the Program Manager, in all material respects.

This report is intended solely for the information and use of the Board of Trustees of the Alabama College Education Savings Trust Fund and the Program Manager of the Plan, and is not intended to be and should not be used by anyone other than the specified parties.

*BKD, LLP*

Lincoln, Nebraska  
February 7, 2019