

# CollegeCounts<sup>SM</sup>

Alabama's 529 Fund

**Auditor's Report and Financial Statements**

**September 30, 2015**



**Offered by the  
State of Alabama**

**UBT 529 Fund Services a Division of**

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

*Program Manager*

**CollegeCounts 529 Fund**  
**September 30, 2015**

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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, which comprise the statement of fiduciary net position as of September 30, 2015, and the related statement of changes in fiduciary net position for the year then ended and the related notes to the financial statements.

### *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 fiduciary net position of the CollegeCounts 529 Fund as of September 30, 2015, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the financial statements. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements and other knowledge we obtained during our audit of the 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 as a whole. The supplementary information listed in the table of contents, is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 January 7, 2016, 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 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 CollegeCounts 529 Fund's internal control over financial reporting and compliance.

**BKD, LLP**

Lincoln, Nebraska  
January 7, 2016

## **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, 2015, 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 \$259.9 million in net position as of September 30, 2015. 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 26 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, 2015 and 2014:

- The Plan had contributions of \$54.4 million and withdrawals of \$17.7 million during 2015 and contributions of \$50.3 million and withdrawals of \$11.9 million during 2014, an increase of 8.3% in contributions and 48.4% in withdrawals during 2015;
- At September 30, 2015, the Plan's net position totaled \$259.9 million, an increase of \$31.4 million, or 13.8% since September 30, 2014;
- The Plan earned \$5.8 million and \$4.6 million from investment income and recognized (\$10.5) million and \$13.4 million from net realized gain (loss) and net appreciation (depreciation) in fair value of investments during 2015 and 2014, respectively. The Plan incurred \$0.6 million and \$0.5 million, respectively, for operating expenses during 2015 and 2014.

### **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, 2015. 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, 2015, 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, 2015, 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:

	<u>2015</u>	<u>2014</u>
Total Assets	\$260,392,346	\$ 228,606,943
Less Total Liabilities	<u>515,846</u>	<u>145,901</u>
Net Position Held In Trust	<u>\$ 259,876,500</u>	<u>\$ 228,461,042</u>

Investments make up more than 99% of total net position, and consist of 33 Investment Portfolios in 2015 (33 Investment Portfolios in 2014), 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 \$31.8 million, or 13.9%, from September 30, 2014 to September 30, 2015 due primarily to net contributions (participant contributions less redemptions and withdrawals) of \$36.8 million. The Plan had a decrease from operations (investment income and net realized gain (loss) and appreciation (depreciation) in fair value of investments) of (\$4.7) million and expenses of \$0.6 million. Total liabilities increased \$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:

	<u>2015</u>	<u>2014</u>
Total Additions	\$ 60,223,484	\$ 54,870,574
Total Deductions	18,297,689	12,412,177
Net Realized Gain and Net Appreciation in Fair Value of Investments	<u>(10,510,337)</u>	<u>13,422,883</u>
Net Increase	31,415,458	55,551,280
Net Position Held in Trust, Beginning of Year	<u>228,461,042</u>	<u>172,579,762</u>
Net Position Held in Trust, End of Year	<u>\$ 259,876,500</u>	<u>\$ 228,461,042</u>

Total additions increased \$5.4 million or 9.8%, due to an increase in contributions from participants of \$4.2 million and an increase in investment income of \$1.2 million. Total deductions increased \$5.9 million or 47.4%, due to an increase in withdrawals and redemptions of \$5.8 million and an increase in fees of \$0.1 million. Net realized gains (losses) and appreciation (depreciation) in fair value of investments was (\$10.5) million and \$13.4 million for the years ended September 30, 2015 and 2014, 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, 2015**

**Fiduciary Assets**

Investments, at fair value	\$ 259,686,056
Cash	294,620
Receivables for contributions	298,065
Accrued investment income	<u>113,605</u>
Total fiduciary assets	<u>260,392,346</u>

**Liabilities**

Distributions payable to shareholders	118
Withdrawals payable	203,081
Accrued expenses	<u>312,647</u>
Total liabilities	<u>515,846</u>

<b>Fiduciary Net Position Held In Trust</b>	<b><u><u>\$ 259,876,500</u></u></b>
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**CollegeCounts 529 Fund**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended September 30, 2015**

**Additions**

Contributions	\$	54,434,441
Investment income		
Dividends and interest		<u>5,789,043</u>
Total additions		<u>60,223,484</u>

**Deductions**

Withdrawals		17,668,554
Management fees		<u>629,135</u>
Total deductions		<u>18,297,689</u>

<b>Net Realized Loss and Net Depreciation in Fair Value of Investments</b>		<u>(10,510,337)</u>
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<b>Net Increase</b>		31,415,458
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<b>Fiduciary Net Position Held in Trust, Beginning of Year</b>		<u>228,461,042</u>
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<b>Fiduciary Net Position Held in Trust, End of Year</b>	\$	<u><u>259,876,500</u></u>
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# **CollegeCounts 529 Fund**

## **Notes to the Financial Statements**

### **September 30, 2015**

#### **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](http://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. 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, 2015**

**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 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, 2015**

**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 mutual funds and one money-market fund offered by PIMCO, Vanguard, T. Rowe Price, DFA, Dodge & Cox, MainStay and Fidelity ("Investment Managers").

Effective October 1, 2014, the Plan liquidated the holdings in the PIMCO Total Return Fund and reinvested those proceeds into the Vanguard Total Bond Market Index Fund. The Vanguard Total Bond Market Index Fund is an existing investment in the CollegeCounts 529 Fund Direct Plan. This change is based on a number of variables including recent departures of key senior investment personnel, uncertainty surrounding the impact of those changes, potential negative fund flows, and performance considerations.

On December 17, 2014, the Plan added the MainStay Total Return Bond 529 Portfolio in order to provide additional diversification and enhance investment options. No assets were moved to the Individual Fund Portfolio automatically. Instead, account owners need to make an investment change, electing the new Individual Fund Portfolio.

The Individual Fund Portfolios consist of 26 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. 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 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.

**CollegeCounts 529 Fund**  
**Notes to the Financial Statements**  
**September 30, 2015**

**Note 2: Significant Accounting Policies - Continued**

***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 position 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 Position, include annual account fees as more fully discussed in Note 4.

***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 one time each calendar year. Beginning in January 2015, account owners may now change the investment strategy for a particular beneficiary twice per 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, 2015**

**Note 3: Investments**

The Underlying Fund allocations at September 30, 2015, are as follows:

Portfolio	Investment	Balance
DFA U.S. Large Cap Value 529 Portfolio	DFA U.S. Large Cap Value Portfolio	\$ 332,524
DFA U.S. Small Cap Value 529 Portfolio	DFA U.S. Small Cap Value Portfolio	407,162
Dodge & Cox International Stock 529 Portfolio	Dodge & Cox International Stock Fund	565,978
Fidelity Advisor Investment Grade Bond 529 Portfolio	Fidelity Advisor Investment Grade Bond Fund	149,662
MainStay Total Return Bond 529 Portfolio	MainStay Total Return Bond Fund	6,042
PIMCO Short-Term 529 Portfolio	PIMCO Short-Term Fund	1,042,773
PIMCO Total Return 529 Portfolio	PIMCO Total Return Fund	-
T. Rowe Price Balanced 529 Portfolio	T. Rowe Price Balanced Fund	3,510,726
T. Rowe Price Large-Cap Growth 529 Portfolio	T. Rowe Price Institutional Large-Cap Growth Fund	855,283
Vanguard 500 Index 529 Portfolio	Vanguard Institutional Index Fund	9,488,409
Vanguard Explorer 529 Portfolio	Vanguard Explorer Fund	158,363
Vanguard Extended Market Index 529 Portfolio	Vanguard Extended Market Index Fund	923,212
Vanguard Growth Index 529 Portfolio	Vanguard Growth Index Fund	4,228,706
Vanguard Inflation-Protected Securities 529 Portfolio	Vanguard Inflation-Protected Securities Fund	979,081
Vanguard Intermediate-Term Bond Index 529 Portfolio	Vanguard Intermediate-Term Bond Index Fund	984,092
Vanguard Mid-Cap Index 529 Portfolio	Vanguard Mid-Cap Index Fund	4,795,968
Vanguard Prime Money Market 529 Portfolio	Vanguard Prime Money Market Fund	5,417,529
Vanguard REIT Index 529 Portfolio	Vanguard REIT Index Fund	2,500,051
Vanguard Small-Cap Growth Index 529 Portfolio	Vanguard Small-Cap Growth Index Fund	2,708,923
Vanguard Small-Cap Index 529 Portfolio	Vanguard Small-Cap Index Fund	1,601,392
Vanguard Small-Cap Value Index 529 Portfolio	Vanguard Small-Cap Value Index Fund	2,130,255
Vanguard Total Bond Market Index 529 Portfolio	Vanguard Total Bond Market Index Fund	7,463,070
Vanguard Total International Stock Index 529 Portfolio	Vanguard Total International Stock Index Fund	5,485,258
Vanguard Total Stock Market Index 529 Portfolio	Vanguard Total Stock Market Index Fund	6,322,022
Vanguard Value Index 529 Portfolio	Vanguard Value Index Fund	2,980,051
Vanguard Short-Term Inflation-Protected 529 Portfolio	Vanguard Short-Term Inflation-Protected Securities Index Fund	96,445
Vanguard Short-Term Bond Index 529 Portfolio	Vanguard Short-Term Bond Index Fund	766,866
CollegeCounts Conservative Money Market Fund	Vanguard Prime Money Market Fund	1,049,146
CollegeCounts Fixed Income Fund	Vanguard Short-Term Inflation-Protected Securities Index Fund	2,093,458
CollegeCounts Fixed Income Fund	Vanguard Short-Term Bond Index Fund	557,864
CollegeCounts Fixed Income Fund	Vanguard Total Bond Market Index Fund	838,367
CollegeCounts Fixed Income Fund	Vanguard Prime Money Market Fund	3,484,157
Total CollegeCounts Fixed Income Fund		<u>6,973,846</u>
CollegeCounts Fund 20	Vanguard Total Stock Market Index Fund	2,855,795
CollegeCounts Fund 20	Vanguard Short-Term Inflation-Protected Securities Index Fund	4,311,048
CollegeCounts Fund 20	Vanguard Short-Term Bond Index Fund	6,284,421
CollegeCounts Fund 20	Vanguard Total Bond Market Index Fund	1,970,197
CollegeCounts Fund 20	Vanguard Total International Stock Index Fund	696,537
CollegeCounts Fund 20	Vanguard Prime Money Market Fund	1,791,551
Total CollegeCounts Fund 20		<u>17,909,549</u>

**CollegeCounts 529 Fund**  
**Notes to the Financial Statements**  
**September 30, 2015**

**Note 3: Investments - Continued**

Portfolio	Investment	Balance
CollegeCounts Fund 40	Vanguard Total Stock Market Index Fund	\$ 8,642,731
CollegeCounts Fund 40	Vanguard Short-Term Inflation-Protected Securities Index Fund	3,257,473
CollegeCounts Fund 40	Vanguard Short-Term Bond Index Fund	13,084,774
CollegeCounts Fund 40	Vanguard Total Bond Market Index Fund	2,935,760
CollegeCounts Fund 40	Vanguard Total International Stock Index Fund	3,384,923
CollegeCounts Fund 40	Vanguard REIT Index Fund	<u>463,983</u>
Total CollegeCounts Fund 40		<u>31,769,644</u>
CollegeCounts Fund 60	Vanguard Total Stock Market Index Fund	14,680,071
CollegeCounts Fund 60	Vanguard Short-Term Inflation-Protected Securities Index Fund	2,141,862
CollegeCounts Fund 60	Vanguard Short-Term Bond Index Fund	11,858,665
CollegeCounts Fund 60	Vanguard Total Bond Market Index Fund	2,978,453
CollegeCounts Fund 60	Vanguard Total International Stock Index Fund	8,578,206
CollegeCounts Fund 60	Vanguard REIT Index Fund	<u>1,242,042</u>
Total CollegeCounts Fund 60		<u>41,479,299</u>
CollegeCounts Fund 80	Vanguard Total Stock Market Index Fund	22,385,951
CollegeCounts Fund 80	Vanguard Short-Term Bond Index Fund	7,187,098
CollegeCounts Fund 80	Vanguard Total Bond Market Index Fund	2,476,537
CollegeCounts Fund 80	Vanguard Total International Stock Index Fund	13,328,390
CollegeCounts Fund 80	Vanguard REIT Index Fund	<u>2,509,208</u>
Total CollegeCounts Fund 80		<u>47,887,184</u>
CollegeCounts Fund 100	Vanguard Total Stock Market Index Fund	26,986,162
CollegeCounts Fund 100	Vanguard Total International Stock Index Fund	16,317,107
CollegeCounts Fund 100	Vanguard REIT Index Fund	<u>3,414,276</u>
Total CollegeCounts Fund 100		<u>46,717,545</u>
		<u><u>\$ 259,686,056</u></u>

The following table reconciles the fair value of investments to the net position held in trust at September 30, 2015:

Fair value of investments, end of year	\$ 259,686,056
Plus cash, receivables and accrued investment income	706,290
Less payables and accrued expenses	<u>(515,846)</u>
Net position held in trust, end of year	<u><u>\$ 259,876,500</u></u>

**CollegeCounts 529 Fund**  
**Notes to the Financial Statements**  
**September 30, 2015**

**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, 2015:

Fair value of investments, end of year	\$ 259,686,056
Less cost of investments purchased and investment income reinvested during the year	(59,517,194)
Plus proceeds from investments sold during the year and management fees	17,781,843
Less net position held in trust, beginning of year	<u>(228,461,042)</u>
Net realized loss and net depreciation in fair value of investments	<u>\$ (10,510,337)</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, 2015, approximately 8% of the investments in the plan have an AAA risk rating, 69% have a Baa>AA risk rating and approximately 18% have a B>Ba. Approximately 5% of the investments in the plan are not rated.



**CollegeCounts 529 Fund**  
**Notes to the Financial Statements**  
**September 30, 2015**

**Note 3: Investments - Continued**

Interest Rate Risk – Although PIMCO Short-Term Fund, Vanguard Intermediate-Term Bond Index Fund, Vanguard Total Bond Market Index Fund, Vanguard Prime Money Market Fund, Vanguard Inflation-Protected Securities Fund, Vanguard Short-Term Bond Index Fund, Vanguard Short-Term Inflation-Protected Securities Index Fund, Fidelity Advisor Investment Grade Bond Fund, MainStay Total Return Bond Fund, and T. Rowe Price Balanced 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, 2015, the average duration and effective maturity of holdings in each of these mutual funds was as follows:

	<b>Average Duration</b>	<b>Average Maturity</b>
PIMCO Short-Term Fund	0.1 years	0.5 years
Vanguard Intermediate-Term Bond Index Fund	6.5 years	7.3 years
Vanguard Total Bond Market Index Fund	5.5 years	7.5 years
Vanguard Prime Money Market Fund	n/a	0.2 years
Vanguard Inflation-Protected Securities Fund	7.9 years	8.6 years
Vanguard Short-Term Bond Index Fund	2.7 years	2.7 years
Vanguard Short-Term Inflation-Protected Securities Index Fund	2.5 years	2.5 years
Fidelity Advisor Investment Grade Bond	5.6 years	8.4 years
MainStay Total Return Bond Fund	4.9 years	7.7 years
T. Rowe Price Balanced Fund	5.5 years	7.4 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 95% of the investments are with mutual funds and approximately 5% 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, 2015.

**CollegeCounts 529 Fund**  
**Notes to the Financial Statements**  
**September 30, 2015**

**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 deducted annually from the respective accounts in November, were approximately \$14,000 for the year ended September 30, 2015. The Program Manager remits the annual account fees to the State of Alabama for purposes of the Plan.

***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, 2015, or the program management fee, totaled \$629,036.

***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 0.07% to 0.10% for the Age-Based, 0.07% to 0.09% for the Target Portfolios and 0.04% to 0.64% for the Individual Fund Portfolios for the year ended September 30, 2015.

**Note 5: Related Party Investments**

A related entity of the State of Alabama has investment accounts in the Plan totaling approximately 4% of fiduciary net position held in trust at September 30, 2015.

**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 position available for benefits.

**CollegeCounts 529 Fund**  
**Notes to the Financial Statements**  
**September 30, 2015**

**Note 6: Risks and Uncertainties - Continued**

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 7: Subsequent Events**

Subsequent events have been evaluated through the date of the Independent Auditor's Report, 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, 2015**

	<b>Portfolio</b>					
	<b>DFA U.S. Large Cap Value 529 Portfolio</b>	<b>DFA U.S. Small Cap Value 529 Portfolio</b>	<b>Dodge &amp; Cox International Stock 529 Portfolio</b>	<b>Fidelity Advisor Investment Grade Bond 529 Portfolio</b>	<b>MainStay Total Return Bond 529 Portfolio</b>	<b>PIMCO Short- Term 529 Portfolio</b>
<b>Fiduciary Assets</b>						
Investments, at fair value	\$ 332,524	\$ 407,162	\$ 565,978	\$ 149,662	\$ 6,042	\$ 1,042,773
Cash	-	-	-	15	4	-
Receivables for contributions	134	48	128	13	-	135
Accrued investment income	-	-	-	388	16	1,248
Total fiduciary assets	<u>332,658</u>	<u>407,210</u>	<u>566,106</u>	<u>150,078</u>	<u>6,062</u>	<u>1,044,156</u>
<b>Liabilities</b>						
Distributions payable to shareholders	-	-	-	-	-	-
Withdrawals payable	-	-	-	-	-	-
Accrued expenses	70	86	119	31	1	216
Total liabilities	<u>70</u>	<u>86</u>	<u>119</u>	<u>31</u>	<u>1</u>	<u>216</u>
<b>Fiduciary Net Position Held in Trust</b>	<u>\$ 332,588</u>	<u>\$ 407,124</u>	<u>\$ 565,987</u>	<u>\$ 150,047</u>	<u>\$ 6,061</u>	<u>\$ 1,043,940</u>
<b>Unit Information</b>						
Units outstanding	35,635	43,555	69,679	14,473	609	98,863
Net position value per unit, ending	\$ 9.33	\$ 9.35	\$ 8.12	\$ 10.37	\$ 9.95	\$ 10.56
Net position value per unit, beginning	\$ 9.92	\$ 9.80	\$ 9.75	\$ 10.27	\$ 10.00	\$ 10.57

**CollegeCounts 529 Fund**  
**Schedule of Fiduciary Net Position by Portfolio**  
**September 30, 2015**

	<b>Portfolio</b>						
	<b>PIMCO Total Return 529 Portfolio</b>	<b>T. Rowe Price Balanced 529 Portfolio</b>	<b>T. Rowe Price Large-Cap Growth 529 Portfolio</b>	<b>Vanguard 500 Index 529 Portfolio</b>	<b>Vanguard Explorer 529 Portfolio</b>	<b>Vanguard Extended Market Index 529 Portfolio</b>	<b>Vanguard Growth Index 529 Portfolio</b>
<b>Fiduciary Assets</b>							
Investments, at fair value	\$ -	\$ 3,510,726	\$ 855,283	\$ 9,488,409	\$ 158,363	\$ 923,212	\$ 4,228,706
Cash	-	185	18,074	5,285	-	23	495
Receivables for contributions	-	2,655	892	27,357	263	50	2,703
Accrued investment income	-	-	-	-	-	-	-
Total fiduciary assets	<u>-</u>	<u>3,513,566</u>	<u>874,249</u>	<u>9,521,051</u>	<u>158,626</u>	<u>923,285</u>	<u>4,231,904</u>
<b>Liabilities</b>							
Distributions payable to shareholders	-	-	-	-	-	-	-
Withdrawals payable	-	85	-	550	-	40	40
Accrued expenses	-	726	176	1,970	34	198	880
Total liabilities	<u>-</u>	<u>811</u>	<u>176</u>	<u>2,520</u>	<u>34</u>	<u>238</u>	<u>920</u>
<b>Fiduciary Net Position Held in Trust</b>	<u><u>\$ -</u></u>	<u><u>\$ 3,512,755</u></u>	<u><u>\$ 874,073</u></u>	<u><u>\$ 9,518,531</u></u>	<u><u>\$ 158,592</u></u>	<u><u>\$ 923,047</u></u>	<u><u>\$ 4,230,984</u></u>
<b>Unit Information</b>							
Units outstanding		231,724	82,018	508,882	16,393	49,670	213,408
Net position value per unit, ending	\$ -	\$ 15.16	\$ 10.66	\$ 18.70	\$ 9.67	\$ 18.58	\$ 19.83
Net position value per unit, beginning	\$ 11.71	\$ 15.40	\$ 10.16	\$ 18.87	\$ 9.96	\$ 18.66	\$ 19.50

**CollegeCounts 529 Fund**  
**Schedule of Fiduciary Net Position by Portfolio**  
**September 30, 2015**

	<b>Vanguard Inflation- Protected Securities 529 Portfolio</b>	<b>Vanguard Intermediate- Term Bond Index 529 Portfolio</b>	<b>Vanguard Mid- Cap Index 529 Portfolio</b>	<b>Vanguard Prime Money Market 529 Portfolio</b>	<b>Vanguard REIT Index 529 Portfolio</b>	<b>Vanguard Small- Cap Growth Index 529 Portfolio</b>
<b>Fiduciary Assets</b>						
Investments, at fair value	\$ 979,081	\$ 984,092	\$ 4,795,968	\$ 5,417,529	\$ 2,500,051	\$ 2,708,923
Cash	-	-	-	-	-	-
Receivables for contributions	83	93	436	28,501	2,432	851
Accrued investment income	-	2,126	-	587	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fiduciary assets	979,164	986,311	4,796,404	5,446,617	2,502,483	2,709,774
<b>Liabilities</b>						
Distributions payable to shareholders	-	-	-	99	-	-
Withdrawals payable	-	-	-	30,017	-	-
Accrued expenses	67,870	683	1,522	90	1,672	6,693
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	67,870	683	1,522	30,206	1,672	6,693
<b>Fiduciary Net Position Held in Trust</b>						
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 911,294	\$ 985,628	\$ 4,794,882	\$ 5,416,411	\$ 2,500,811	\$ 2,703,081
<b>Unit Information</b>						
Units outstanding	79,495	79,722	250,879	5,416,557	145,679	143,936
Net position value per unit, ending	\$ 11.46	\$ 12.36	\$ 19.11	\$ 1.00	\$ 17.17	\$ 18.78
Net position value per unit, beginning	\$ 11.58	\$ 11.90	\$ 18.84	\$ 1.00	\$ 15.76	\$ 18.92

**CollegeCounts 529 Fund**  
**Schedule of Fiduciary Net Position by Portfolio**  
**September 30, 2015**

	<b>Portfolio</b>					
	<b>Vanguard Small- Cap Index 529 Portfolio</b>	<b>Vanguard Small- Cap Value Index 529 Portfolio</b>	<b>Vanguard Total Bond Market Index 529 Portfolio</b>	<b>Vanguard Total International Stock Index 529 Portfolio</b>	<b>Vanguard Total Stock Market Index 529 Portfolio</b>	<b>Vanguard Value Index 529 Portfolio</b>
<b>Fiduciary Assets</b>						
Investments, at fair value	\$ 1,601,392	\$ 2,130,255	\$ 7,463,070	\$ 5,485,258	\$ 6,322,022	\$ 2,980,051
Cash	-	67	36,863	-	-	275
Receivables for contributions	2,150	94	2,350	6,802	1,136	454
Accrued investment income	-	-	15,042	-	-	-
Total fiduciary assets	<u>1,603,542</u>	<u>2,130,416</u>	<u>7,517,325</u>	<u>5,492,060</u>	<u>6,323,158</u>	<u>2,980,780</u>
<b>Liabilities</b>						
Distributions payable to shareholders	-	-	-	-	-	-
Withdrawals payable	-	-	45	-	590	-
Accrued expenses	773	448	1,528	71,943	89,300	614
Total liabilities	<u>773</u>	<u>448</u>	<u>1,573</u>	<u>71,943</u>	<u>89,890</u>	<u>614</u>
<b>Fiduciary Net Position Held in Trust</b>	<u>\$ 1,602,769</u>	<u>\$ 2,129,968</u>	<u>\$ 7,515,752</u>	<u>\$ 5,420,117</u>	<u>\$ 6,233,268</u>	<u>\$ 2,980,166</u>
<b>Unit Information</b>						
Units outstanding	86,659	117,799	645,580	474,478	331,551	167,686
Net position value per unit, ending	\$ 18.50	\$ 18.08	\$ 11.64	\$ 11.42	\$ 18.80	\$ 17.77
Net position value per unit, beginning	\$ 18.59	\$ 18.12	\$ 11.36	\$ 12.82	\$ 18.95	\$ 18.36



**CollegeCounts 529 Fund**  
**Schedule of Fiduciary Net Position by Portfolio**  
**September 30, 2015**

	<b>Portfolio</b>					
	<b>Vanguard Short- Term Inflation- Protected 529 Portfolio</b>	<b>Vanguard Short- Term Bond Index 529 Portfolio</b>	<b>CollegeCounts Conservative Money Market Fund</b>	<b>CollegeCounts Fixed Income Fund</b>	<b>CollegeCounts Fund 20</b>	<b>CollegeCounts Fund 40</b>
<b>Fiduciary Assets</b>						
Investments, at fair value	\$ 96,445	\$ 766,866	\$ 1,049,146	\$ 6,973,846	\$ 17,909,549	\$ 31,769,644
Cash	92,326	92,545	-	-	19,729	10,302
Receivables for contributions	-	3	1,500	400	760	22,026
Accrued investment income	-	861	114	3,812	17,692	30,121
	<u>188,771</u>	<u>860,275</u>	<u>1,050,760</u>	<u>6,978,058</u>	<u>17,947,730</u>	<u>31,832,093</u>
<b>Total fiduciary assets</b>						
	188,771	860,275	1,050,760	6,978,058	17,947,730	31,832,093
<b>Liabilities</b>						
Distributions payable to shareholders	-	-	19	-	-	-
Withdrawals payable	-	-	-	5,008	2,630	-
Accrued expenses	20	157	18	6,085	3,668	6,495
	<u>20</u>	<u>157</u>	<u>37</u>	<u>11,093</u>	<u>6,298</u>	<u>6,495</u>
<b>Total liabilities</b>						
	20	157	37	11,093	6,298	6,495
<b>Fiduciary Net Position Held in Trust</b>	<u>\$ 188,751</u>	<u>\$ 860,118</u>	<u>\$ 1,050,723</u>	<u>\$ 6,966,965</u>	<u>\$ 17,941,432</u>	<u>\$ 31,825,598</u>
<b>Unit Information</b>						
Units outstanding	19,187	83,812	1,050,729	657,586	1,456,132	2,362,014
Net position value per unit, ending	\$ 9.84	\$ 10.26	\$ 1.00	\$ 10.59	\$ 12.32	\$ 13.47
Net position value per unit, beginning	\$ 9.98	\$ 10.09	\$ 1.00	\$ 10.55	\$ 12.23	\$ 13.49

**CollegeCounts 529 Fund**  
**Schedule of Fiduciary Net Position by Portfolio**  
**September 30, 2015**

	<b>Portfolio</b>			
	<b>CollegeCounts Fund 60</b>	<b>CollegeCounts Fund 80</b>	<b>CollegeCounts Fund 100</b>	<b>Plan Total</b>
<b>Fiduciary Assets</b>				
Investments, at fair value	\$ 41,479,299	\$ 47,887,184	\$ 46,717,545	\$ 259,686,056
Cash	-	-	18,432	294,620
Receivables for contributions	147,752	31,243	14,621	298,065
Accrued investment income	26,418	15,180	-	113,605
	<u>41,653,469</u>	<u>47,933,607</u>	<u>46,750,598</u>	<u>260,392,346</u>
<b>Liabilities</b>				
Distributions payable to shareholders	-	-	-	118
Withdrawals payable	26,644	135,640	1,792	203,081
Accrued expenses	21,438	17,414	9,709	312,647
	<u>48,082</u>	<u>153,054</u>	<u>11,501</u>	<u>515,846</u>
<b>Fiduciary Net Position Held in Trust</b>	<u>\$ 41,605,387</u>	<u>\$ 47,780,553</u>	<u>\$ 46,739,097</u>	<u>\$ 259,876,500</u>
<b>Unit Information</b>				
Units outstanding	2,909,749	3,143,920	2,908,854	
Net position value per unit, ending	\$ 14.30	\$ 15.20	\$ 16.07	
Net position value per unit, beginning	\$ 14.51	\$ 15.60	\$ 16.68	

## CollegeCounts 529 Fund

### Schedule of Changes in Fiduciary Net Position and Financial Highlights by Portfolio

#### For the Year Ended September 30, 2015

	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	PIMCO Total Return 529 Portfolio
<b>Additions</b>							
Contributions	\$ 134,611	\$ 276,853	\$ 255,387	\$ 41,460	\$ 3,004	\$ 273,098	\$ -
Exchanges in	207,669	166,594	282,642	47,553	3,359	743,922	-
Investment Income							
Dividends and interest	6,097	6,612	4,757	3,811	78	34,693	251
<b>Total additions</b>	<b>348,377</b>	<b>450,059</b>	<b>542,786</b>	<b>92,824</b>	<b>6,441</b>	<b>1,051,713</b>	<b>251</b>
<b>Deductions</b>							
Withdrawals	4,761	320,912	389	5,485	45	154,663	10,610
Exchanges out	32,499	10,119	3,555	79,636	206	1,103,072	5,953,052
Management fees	674	735	1,022	351	5	3,534	94
<b>Total deductions</b>	<b>37,934</b>	<b>331,766</b>	<b>4,966</b>	<b>85,472</b>	<b>256</b>	<b>1,261,269</b>	<b>5,963,756</b>
<b>Net Realized Gain (Loss) and Net Appreciation (Depreciation) in Fair Value</b>	<b>(29,830)</b>	<b>(63,350)</b>	<b>(103,461)</b>	<b>(1,977)</b>	<b>(124)</b>	<b>(32,659)</b>	<b>20,595</b>
<b>Net Increase (Decrease)</b>	<b>280,613</b>	<b>54,943</b>	<b>434,359</b>	<b>5,375</b>	<b>6,061</b>	<b>(242,215)</b>	<b>(5,942,910)</b>
<b>Fiduciary Net Position, Beginning of Year</b>	<b>51,975</b>	<b>352,181</b>	<b>131,628</b>	<b>144,672</b>	<b>-</b>	<b>1,286,155</b>	<b>5,942,910</b>
<b>Fiduciary Net Position, End of Year</b>	<b>\$ 332,588</b>	<b>\$ 407,124</b>	<b>\$ 565,987</b>	<b>\$ 150,047</b>	<b>\$ 6,061</b>	<b>\$ 1,043,940</b>	<b>\$ -</b>
<b>Financial Highlights For the Year</b>							
Ratio of net investment income to average net position*	2.01%	2.00%	0.91%	2.46%	3.02%	2.21%	0.00%
Ratio of expense to average net position **	0.25%	0.25%	0.25%	0.25%	0.21%	0.25%	0.00%
Total return ***	-5.95%	-4.59%	-16.72%	0.97%	-0.50%	-0.09%	

\* 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, 2015

	T. Rowe Price Balanced 529 Portfolio	T. Rowe Price Large-Cap Growth 529 Portfolio	Vanguard 500 Index 529 Portfolio	Vanguard Explorer 529 Portfolio	Vanguard Extended Market Index 529 Portfolio	Vanguard Growth Index 529 Portfolio
<b>Additions</b>						
Contributions	\$ 1,139,152	\$ 254,306	\$ 1,865,951	\$ 73,013	\$ 160,206	\$ 899,364
Exchanges in	206,622	686,456	878,328	140,833	113,891	470,715
Investment Income						
Dividends and interest	252,639	5,855	223,564	7,191	19,297	53,458
<b>Total additions</b>	<u>1,598,413</u>	<u>946,617</u>	<u>2,967,843</u>	<u>221,037</u>	<u>293,394</u>	<u>1,423,537</u>
<b>Deductions</b>						
Withdrawals	822,552	18,021	339,558	15,816	19,283	226,994
Exchanges out	634,170	9,079	695,465	37,409	147,094	258,143
Management fees	9,257	825	23,038	281	2,395	10,129
<b>Total deductions</b>	<u>1,465,979</u>	<u>27,925</u>	<u>1,058,061</u>	<u>53,506</u>	<u>168,772</u>	<u>495,266</u>
<b>Net Realized Gain (Loss) and Net Appreciation (Depreciation) in Fair Value</b>	<u>(301,096)</u>	<u>(53,322)</u>	<u>(385,852)</u>	<u>(26,842)</u>	<u>(31,750)</u>	<u>(22,146)</u>
<b>Net Increase (Decrease)</b>	(168,662)	865,370	1,523,930	140,689	92,872	906,125
<b>Fiduciary Net Position, Beginning of Year</b>	<u>3,681,417</u>	<u>8,703</u>	<u>7,994,601</u>	<u>17,903</u>	<u>830,175</u>	<u>3,324,859</u>
<b>Fiduciary Net Position, End of Year</b>	<u><u>\$ 3,512,755</u></u>	<u><u>\$ 874,073</u></u>	<u><u>\$ 9,518,531</u></u>	<u><u>\$ 158,592</u></u>	<u><u>\$ 923,047</u></u>	<u><u>\$ 4,230,984</u></u>
<b>Financial Highlights For the Year</b>						
Ratio of net investment income to average net position*	6.57%	1.51%	2.18%	6.13%	1.76%	1.07%
Ratio of expense to average net position **	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Total return ***	-1.56%	4.92%	-0.90%	-2.91%	-0.43%	1.69%

\* 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, 2015

	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
<b>Additions</b>						
Contributions	\$ 138,685	\$ 241,559	\$ 958,228	\$ 1,567,773	\$ 552,219	\$ 610,282
Exchanges in	167,644	180,747	231,502	1,687,501	501,103	341,302
Investment Income						
Dividends and interest	13,241	27,748	104,588	3,793	97,843	39,628
Total additions	<u>319,570</u>	<u>450,054</u>	<u>1,294,318</u>	<u>3,259,067</u>	<u>1,151,165</u>	<u>991,212</u>
<b>Deductions</b>						
Withdrawals	45,123	115,282	223,797	1,383,245	126,510	129,956
Exchanges out	196,651	74,629	380,963	700,929	437,086	224,416
Management fees	2,421	2,153	12,362	1,001	6,179	6,531
Total deductions	<u>244,195</u>	<u>192,064</u>	<u>617,122</u>	<u>2,085,175</u>	<u>569,775</u>	<u>360,903</u>
<b>Net Realized Gain (Loss) and Net Appreciation (Depreciation) in Fair Value</b>	<u>(23,153)</u>	<u>4,616</u>	<u>(63,739)</u>	<u>-</u>	<u>43,116</u>	<u>(107,657)</u>
<b>Net Increase (Decrease)</b>	52,222	262,606	613,457	1,173,892	624,506	522,652
<b>Fiduciary Net Position, Beginning of Year</b>	<u>859,072</u>	<u>723,022</u>	<u>4,181,425</u>	<u>4,242,519</u>	<u>1,876,305</u>	<u>2,180,429</u>
<b>Fiduciary Net Position, End of Year</b>	<u>\$ 911,294</u>	<u>\$ 985,628</u>	<u>\$ 4,794,882</u>	<u>\$ 5,416,411</u>	<u>\$ 2,500,811</u>	<u>\$ 2,703,081</u>
<b>Financial Highlights For the Year</b>						
Ratio of net investment income to average net position*	1.12%	2.97%	1.86%	0.06%	3.71%	1.27%
Ratio of expense to average net position **	0.25%	0.25%	0.25%	0.02%	0.25%	0.25%
Total return ***	-1.04%	3.87%	1.43%	0.04%	8.95%	-0.74%

\* 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, 2015**

	Portfolio					
	Vanguard Small- Cap Index 529 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
<b>Additions</b>						
Contributions	\$ 518,542	\$ 296,166	\$ 1,031,999	\$ 1,007,659	\$ 1,342,037	\$ 475,271
Exchanges in	95,728	125,107	6,425,826	1,274,453	830,438	232,737
Investment Income						
Dividends and interest	33,656	67,480	201,322	151,153	119,459	78,579
Total additions	<u>647,926</u>	<u>488,753</u>	<u>7,659,147</u>	<u>2,433,265</u>	<u>2,291,934</u>	<u>786,587</u>
<b>Deductions</b>						
Withdrawals	88,345	115,867	720,835	152,182	281,170	126,287
Exchanges out	139,433	415,910	519,060	918,586	614,062	462,414
Management fees	3,732	5,883	18,422	13,660	15,215	8,007
Total deductions	<u>231,510</u>	<u>537,660</u>	<u>1,258,317</u>	<u>1,084,428</u>	<u>910,447</u>	<u>596,708</u>
<b>Net Realized Gain (Loss) and Net Appreciation (Depreciation) in Fair Value</b>	<u>(60,213)</u>	<u>(64,186)</u>	<u>(34,788)</u>	<u>(839,615)</u>	<u>(224,003)</u>	<u>(168,722)</u>
<b>Net Increase (Decrease)</b>	356,203	(113,093)	6,366,042	509,222	1,157,484	21,157
<b>Fiduciary Net Position, Beginning of Year</b>	<u>1,246,566</u>	<u>2,243,061</u>	<u>1,149,710</u>	<u>4,910,895</u>	<u>5,075,784</u>	<u>2,959,009</u>
<b>Fiduciary Net Position, End of Year</b>	<u>\$ 1,602,769</u>	<u>\$ 2,129,968</u>	<u>\$ 7,515,752</u>	<u>\$ 5,420,117</u>	<u>\$ 6,233,268</u>	<u>\$ 2,980,166</u>
<b>Financial Highlights For the Year</b>						
Ratio of net investment income to average net position*	2.00%	2.62%	2.48%	2.52%	1.71%	2.20%
Ratio of expense to average net position **	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Total return ***	-0.48%	-0.22%	2.46%	-10.92%	-0.79%	-3.21%

\* 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, 2015**

	Portfolio					
	Vanguard Short- Term Inflation- Protected 529 Portfolio	Vanguard Short- Term Bond Index 529 Portfolio	CollegeCounts Conservative Money Market Fund	CollegeCounts Fixed Income Fund	CollegeCounts Fund 20	CollegeCounts Fund 40
<b>Additions</b>						
Contributions	\$ 42,280	\$ 142,427	\$ 155,475	\$ 1,728,692	\$ 2,564,404	\$ 5,224,621
Exchanges in	125,286	447,172	835,070	2,903,620	6,907,610	8,981,345
Investment Income						
Dividends and interest	632	9,024	790	54,205	299,408	679,149
Total additions	<u>168,198</u>	<u>598,623</u>	<u>991,335</u>	<u>4,686,517</u>	<u>9,771,422</u>	<u>14,885,115</u>
<b>Deductions</b>						
Withdrawals	9,321	49,120	715,599	2,443,013	3,261,137	2,414,110
Exchanges out	4,567	152,738	81,185	1,291,520	3,141,606	7,249,619
Management fees	193	1,548	212	17,049	41,416	76,495
Total deductions	<u>14,081</u>	<u>203,406</u>	<u>796,996</u>	<u>3,751,582</u>	<u>6,444,159</u>	<u>9,740,224</u>
<b>Net Realized Gain (Loss) and Net Appreciation (Depreciation) in Fair Value</b>	<u>(1,285)</u>	<u>3,009</u>	<u>-</u>	<u>(7,470)</u>	<u>(185,155)</u>	<u>(745,625)</u>
<b>Net Increase (Decrease)</b>	152,832	398,226	194,339	927,465	3,142,108	4,399,266
<b>Fiduciary Net Position, Beginning of Year</b>	<u>35,919</u>	<u>461,892</u>	<u>856,384</u>	<u>6,039,500</u>	<u>14,799,324</u>	<u>27,426,332</u>
<b>Fiduciary Net Position, End of Year</b>	<u>\$ 188,751</u>	<u>\$ 860,118</u>	<u>\$ 1,050,723</u>	<u>\$ 6,966,965</u>	<u>\$ 17,941,432</u>	<u>\$ 31,825,598</u>
<b>Financial Highlights For the Year</b>						
Ratio of net investment income to average net position*	0.57%	1.21%	0.05%	0.54%	1.56%	1.97%
Ratio of expense to average net position **	0.25%	0.25%	0.02%	0.25%	0.25%	0.25%
Total return ***	-1.40%	1.68%	0.05%	0.38%	0.74%	-0.15%

\* 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, 2015**

	Portfolio				
	CollegeCounts Fund 60	CollegeCounts Fund 80	CollegeCounts Fund 100	Eliminations	Plan Total
<b>Additions</b>					
Contributions	\$ 7,005,040	\$ 11,046,463	\$ 12,408,214	\$ -	\$ 54,434,441
Exchanges in	10,311,954	6,254,942	1,039,916	(53,849,587)	-
Investment Income					
Dividends and interest	909,144	1,143,512	1,136,386	-	5,789,043
Total additions	<u>18,226,138</u>	<u>18,444,917</u>	<u>14,584,516</u>	<u>(53,849,587)</u>	<u>60,223,484</u>
<b>Deductions</b>					
Withdrawals	878,850	1,263,922	1,185,794	-	17,668,554
Exchanges out	9,532,786	10,897,099	7,450,829	(53,849,587)	-
Management fees	99,497	123,726	121,093	-	629,135
Total deductions	<u>10,511,133</u>	<u>12,284,747</u>	<u>8,757,716</u>	<u>(53,849,587)</u>	<u>18,297,689</u>
<b>Net Realized Gain (Loss) and Net Appreciation (Depreciation) in Fair Value</b>	<u>(1,612,975)</u>	<u>(2,468,554)</u>	<u>(2,922,124)</u>	<u>-</u>	<u>(10,510,337)</u>
<b>Net Increase (Decrease)</b>	6,102,030	3,691,616	2,904,676	-	31,415,458
<b>Fiduciary Net Position, Beginning of Year</b>	<u>35,503,357</u>	<u>44,088,937</u>	<u>43,834,421</u>	<u>-</u>	<u>228,461,042</u>
<b>Fiduciary Net Position, End of Year</b>	<u>\$ 41,605,387</u>	<u>\$ 47,780,553</u>	<u>\$ 46,739,097</u>	<u>\$ -</u>	<u>\$ 259,876,500</u>
<b>Financial Highlights For the Year</b>					
Ratio of net investment income to average net position*	2.03%	2.06%	2.10%		
Ratio of expense to average net position **	0.25%	0.25%	0.25%		
Total return ***	-1.45%	-2.56%	-3.66%		

\* 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, 2015**

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				21 and over	17 - 20	13 - 16	9 - 12	newborn to 8
Age-Based Moderate Portfolios			21 and over	17 - 20	13 - 16	9 - 12	newborn to 8	
Age-Based Conservative Portfolios		21 and over	17 - 20	13 - 16	9 - 12	newborn to 8		
Vanguard Prime Money Market Fund		\$ 1,049,146	\$ 3,484,157	\$ 1,791,551	\$ -	\$ -	\$ -	\$ -
<b>Money Market Total</b>		<u>1,049,146</u>	<u>3,484,157</u>	<u>1,791,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Vanguard Short-Term Bond Index		-	2,093,458	4,311,048	3,257,473	2,141,862	-	-
Vanguard Total Bond Market Index Fund		-	557,864	6,284,421	13,084,774	11,858,665	7,187,098	-
Vanguard Inflation-Protected Securities Fund		-	838,367	1,970,197	2,935,760	2,978,453	2,476,537	-
<b>Fixed Income Total</b>		<u>-</u>	<u>3,489,689</u>	<u>12,565,666</u>	<u>19,278,007</u>	<u>16,978,980</u>	<u>9,663,635</u>	<u>-</u>
Vanguard REIT Index Fund		-	-	-	463,983	1,242,042	2,509,208	3,414,276
<b>Real Estate Total</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>463,983</u>	<u>1,242,042</u>	<u>2,509,208</u>	<u>3,414,276</u>
Vanguard Total Stock Market Index Fund		-	-	2,855,795	8,642,731	14,680,071	22,385,951	26,986,162
<b>Domestic Equity Total</b>		<u>-</u>	<u>-</u>	<u>2,855,795</u>	<u>8,642,731</u>	<u>14,680,071</u>	<u>22,385,951</u>	<u>26,986,162</u>
Vanguard Total International Stock Index Fund		-	-	696,537	3,384,923	8,578,206	13,328,390	16,317,107
<b>International Equity Total</b>		<u>-</u>	<u>-</u>	<u>696,537</u>	<u>3,384,923</u>	<u>8,578,206</u>	<u>13,328,390</u>	<u>16,317,107</u>
<b>Fair Value of Investments, End of Year</b>		<u>\$ 1,049,146</u>	<u>\$ 6,973,846</u>	<u>\$ 17,909,549</u>	<u>\$ 31,769,644</u>	<u>\$ 41,479,299</u>	<u>\$ 47,887,184</u>	<u>\$ 46,717,545</u>
<b>Fair Value of Investments, End of Year</b>		\$ 1,049,146	\$ 6,973,846	\$ 17,909,549	\$ 31,769,644	\$ 41,479,299	\$ 47,887,184	\$ 46,717,545
<b>Plus Cash and Accrued Investment Income</b>		1,614	4,212	38,181	62,449	174,170	46,423	33,053
<b>Less Payables and Accrued Expenses</b>		(37)	(11,093)	(6,298)	(6,495)	(48,082)	(153,054)	(11,501)
<b>Fiduciary Net Position Held in Trust, End of Year</b>		<u>\$ 1,050,723</u>	<u>\$ 6,966,965</u>	<u>\$ 17,941,432</u>	<u>\$ 31,825,598</u>	<u>\$ 41,605,387</u>	<u>\$ 47,780,553</u>	<u>\$ 46,739,097</u>

**CollegeCounts 529 Fund**  
**Combining Schedule of Fiduciary Net Position**  
**September 30, 2015**

	<b>CollegeCounts 529 Fund</b>	<b>CollegeCounts 529 Fund Advisor Plan</b>	<b>Eliminations</b>	<b>Combined Totals</b>
<b>Fiduciary Assets</b>				
Investments, at fair value	\$ 259,686,056	\$ 968,918,537	\$ -	\$ 1,228,604,593
Cash	294,620	159,603	-	454,223
Receivables for contributions	298,065	488,013	-	786,078
Accrued investment income	113,605	636,525	-	750,130
Total fiduciary assets	<u>260,392,346</u>	<u>970,202,678</u>	<u>-</u>	<u>1,230,595,024</u>
<b>Liabilities</b>				
Distributions payable to shareholders	118	324	-	442
Withdrawals payable	203,081	476,919	-	680,000
Accrued expenses	312,647	1,350,848	-	1,663,495
Total liabilities	<u>515,846</u>	<u>1,828,091</u>	<u>-</u>	<u>2,343,937</u>
<b>Fiduciary Net Position Held in Trust</b>	<u>\$ 259,876,500</u>	<u>\$ 968,374,587</u>	<u>\$ -</u>	<u>\$ 1,228,251,087</u>

**CollegeCounts 529 Fund**  
**Combining Schedule of Changes in Fiduciary Net Position**  
**For the Year Ended September 30, 2015**

	<b>CollegeCounts 529 Fund</b>	<b>CollegeCounts 529 Fund Advisor Plan</b>	<b>Eliminations</b>	<b>Combined Totals</b>
<b>Additions</b>				
Contributions	\$ 54,434,441	\$ 122,344,260	\$ (27,626,424)	\$ 149,152,277
Investment income				
Dividends and interest	5,789,043	48,193,692	-	53,982,735
Total additions	<u>60,223,484</u>	<u>170,537,952</u>	<u>(27,626,424)</u>	<u>203,135,012</u>
<b>Deductions</b>				
Withdrawals	17,668,554	105,195,876	(27,626,424)	95,238,006
Management fees	629,135	7,833,077	-	8,462,212
Total deductions	<u>18,297,689</u>	<u>113,028,953</u>	<u>(27,626,424)</u>	<u>103,700,218</u>
<b>Net Realized Loss and Net Depreciation in Fair Value of Investments</b>	<u>(10,510,337)</u>	<u>(67,987,122)</u>	<u>-</u>	<u>(78,497,459)</u>
<b>Net Increase (Decrease)</b>	31,415,458	(10,478,123)	-	20,937,335
<b>Fiduciary Net Position Held in Trust, Beginning of Year</b>	<u>228,461,042</u>	<u>978,852,710</u>	<u>-</u>	<u>1,207,313,752</u>
<b>Fiduciary Net Position Held in Trust, End of Year</b>	<u>\$ 259,876,500</u>	<u>\$ 968,374,587</u>	<u>\$ -</u>	<u>\$ 1,228,251,087</u>

**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, 2015, and the related statements 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 January 7, 2016.

***Internal Control Over Financial Reporting***

Management of the Plan is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the Plan's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. 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 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*.

### ***Purpose of this Report***

The purpose of this communication 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 compliance. This communication 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  
January 7, 2016

## 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 as defined in section 8(a) of the Program Management Agreement dated July 1, 2010, during the year ended September 30, 2015. Management is responsible for the Plan's compliance with those the provisions of the agreement. Our responsibility is to express an opinion on the Plan's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the compliance of the Plan with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Plan's compliance with specified requirements.

In our opinion, the Plan complied, in all material respects, with the aforementioned provisions for the year ended September 30, 2015.

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 these specified parties.

*BKD, LLP*

Lincoln, Nebraska  
January 7, 2016