

CollegeInvest College Savings Program Funds
Financial Statements and Independent Auditor's Reports
Financial Audit
Years Ended June 30, 2022 and 2021
Compliance Audit
Year Ended June 30, 2022

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To the Members of the Legislative Audit Committee and the Board of Directors for CollegeInvest:

We have completed the financial statement audits of CollegeInvest College Savings Program Funds as of and for the year ended June 30, 2022. Our audit was conducted 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.

We were engaged to conduct our audit pursuant to Section 2-3-103, C.R.S., which authorizes the State Auditor to conduct or cause to be conducted audits of all departments, institutions and agencies of State government. The reports which we have issued as a result of this engagement are set forth in the table of contents which follows.

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November 29, 2022

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CollegeInvest
College Savings Program Funds
June 30, 2022 and 2021

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CollegInvest
College Savings Program Funds
Years Ended June 30, 2022 and 2021

REPORT SUMMARY

Purposes and Scope

The Office of the State Auditor, State of Colorado, engaged Eide Bailly, LLP to conduct the financial and compliance audit of CollegInvest (a division of the Department of Higher Education, State of Colorado) College Savings Program Funds as of and for the year ended June 30, 2022. Eide Bailly, LLP performed this 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. Further, Eide Bailly, LLP did not audit the financial statements for the year ended June 30, 2021. Those financial statements were audited by other auditors.

The purposes and scope of our audit were to (i) express opinions on each fiduciary fund of CollegInvest College Savings Program Funds as of and for the fiscal year ended June 30, 2022 and (ii) issue a report on CollegInvest College Savings Program Funds' internal control over financial reporting and on compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters based on our audits of the financial statements performed in accordance with *Government Auditing Standards* for the year ended June 30, 2022.

Audit Opinions and Reports

We expressed an unmodified opinion on the CollegInvest College Savings Program Funds as of and for the year ended June 30, 2022.

Summary of Key Findings and Recommendations

There were no findings for the year ended June 30, 2022.

**Summary of Progress in Implementing
Prior Year Audit Recommendations**

There were no findings for the year ended June 30, 2021.

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CollegeInvest
College Savings Program Funds
Years Ended June 30, 2022 and 2021

**DESCRIPTION OF
COLLEGEINVEST
COLLEGE SAVINGS PROGRAM FUNDS**

Organization

The Colorado General Assembly, pursuant to Colorado Revised Statutes 23-3.1-201, et seq. and 23-3.1-301, et seq., established a student obligation bond program (Student Loan Program Funds, which consist of the Borrower Benefit Fund and Bond Funds), an Internal Revenue Code Section 529 college savings program (Scholars Choice College Savings Program “Scholars Choice Fund,” Direct Portfolio College Savings Plan “Direct Portfolio Fund,” Smart Choice College Savings Plan “Smart Choice Fund,” and Stable Value Plus College Savings Plan “Stable Vale Plus Fund,” collectively referred to as the College Savings Program Funds), and an Internal Revenue Code Section 529A Achieving a Better Life Experience (ABLE) savings program, which are administered by CollegeInvest. The Bond Fund was closed in fiscal year 2022. The college savings programs assist students in meeting the expenses incurred in availing themselves of higher education opportunities. The ABLE savings program helps individuals with disabilities save money while preserving their Supplemental Security Income and Medicaid benefits. This report only includes the financial statements of the College Savings Program Funds. Information on the Student Loan Program Funds (including ABLE) can be found in the State of Colorado Annual Comprehensive Financial Report. The Executive Director of the Colorado Department of Higher Education has responsibility for oversight and management of CollegeInvest and appoints the Director of CollegeInvest. In addition, CollegeInvest has a nine-person Advisory Board of Directors (Board) appointed by the Governor with the consent of the State Senate to serve four year terms.

The College Savings Program Funds were established to provide families with an opportunity to save for future college education expenses. The Funds provide an opportunity to invest on a tax-favored basis toward the “qualified higher education expenses” of a designated beneficiary (the Student) associated with attending an institution of higher education. These institutions include most community colleges; public and private four-year colleges, universities, graduate and post-graduate programs; and certain proprietary and vocational schools throughout the United States. “Qualified higher education expenses” include tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a student at an eligible institution of higher education plus, subject to certain limitations, room and board expenses for a student attending such an institution on at least a half-time basis.

CollegInvest
College Savings Program Funds
Years Ended June 30, 2022 and 2021

**DESCRIPTION OF
COLLEGEINVEST
COLLEGE SAVINGS PROGRAM FUNDS (continued)**

The College Savings Program Funds consist of four funds with various options to meet the savings needs of participants. The individual funds and available options are described throughout these financial statements and in greater detail in the notes to the financial statements.

The Colorado Constitution and other State laws prohibit the State from providing its full faith and credit to obligations of other entities, such as the College Savings Program Funds. As a result, payments from the College Savings Program Funds are not guaranteed in any way by the State, and are not considered to have created a debt or obligation of the State. Such payments are limited obligations, payable from each College Savings Program Fund, but not from the other assets of CollegInvest.



Independent Auditor's Report

To the Members of the Legislative Audit Committee and the Board of Directors for CollegeInvest:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CollegeInvest (a division of the Department of Higher Education, State of Colorado) College Savings Program Funds (CollegeInvest) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise CollegeInvest's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective fiduciary financial position of CollegeInvest as of June 30, 2022, and the respective changes in fiduciary financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

The financial statements of CollegeInvest for the year ended June 30, 2021, were audited by another auditor, who expressed an unmodified opinion on those statements on November 22, 2021.

Relationship with the State of Colorado

As discussed in Note 1 – Organization and Summary of Significant Accounting Policies, the financial statements of CollegeInvest are intended to present the fiduciary net position, and the changes in fiduciary net position, of only that portion of the financial reporting entity, State of Colorado, that is attributable to the transactions of the CollegeInvest College Savings Program Funds. They do not purport to, and do not, present fairly the fiduciary financial position of the State of Colorado as of June 30, 2022 and 2021, and the changes in its fiduciary financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

What inspires you, inspires us. | eidebailly.com

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CollegeInvest's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2022, on our consideration of CollegenInvest's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CollegenInvest's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CollegenInvest's internal control over financial reporting and compliance.

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Denver, Colorado
November 29, 2022

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CollegeInvest
College Savings Program Funds
Management's Discussion and Analysis
(Unaudited)
June 30, 2022 and 2021

This section of the College Savings Program Funds' (Funds) financial statements is a discussion and analysis of the financial performance of the Funds for the years ended June 30, 2022 and 2021, prepared by management. The Funds are Internal Revenue Code (IRC) Section 529 college savings plans administered by CollegeInvest. CollegeInvest, a division of the Department of Higher Education of the State of Colorado, administers the Funds. The Scholars Choice, Direct Portfolio, Stable Value Plus, and Smart Choice Funds are plans within the Section 529 college savings program of CollegeInvest (Program). The Funds are presented as fiduciary activities (specifically, private-purpose trust funds) in the State of Colorado's Annual Comprehensive Financial Report. Management is responsible for the financial statements, footnotes, and this discussion. The management's discussion and analysis should be read in conjunction with the Funds' financial statements.

Overview of the Financial Statements:

This annual report contains two sections – management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include the Statements of Fiduciary Net Position, the Statements of Changes in Fiduciary Net Position, and the Notes to Financial Statements. The Notes to Financial Statements present additional information to support the financial statements and are commonly referred to as "Notes." Their purpose is to clarify and expand on the information in the financial statements.

The Statements of Fiduciary Net Position present information on all of the Funds' assets and liabilities, with the difference between the two reported as fiduciary net position, held in trust. Over time, increases or decreases in the fiduciary net position may serve as a useful indicator of whether the financial results of the Funds are improving or deteriorating.

The Statements of Changes in Fiduciary Net Position present information that reflects how the Funds' fiduciary net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, additions to and deductions from fiduciary net position are reported in the statements for some items that will only result in cash flows in future fiscal periods.

Analysis of Financial Activities:

CollegeInvest's Board of Directors (BOD) approves the annual budget and the investment policies of the Funds. Inception of the Funds is as follows:

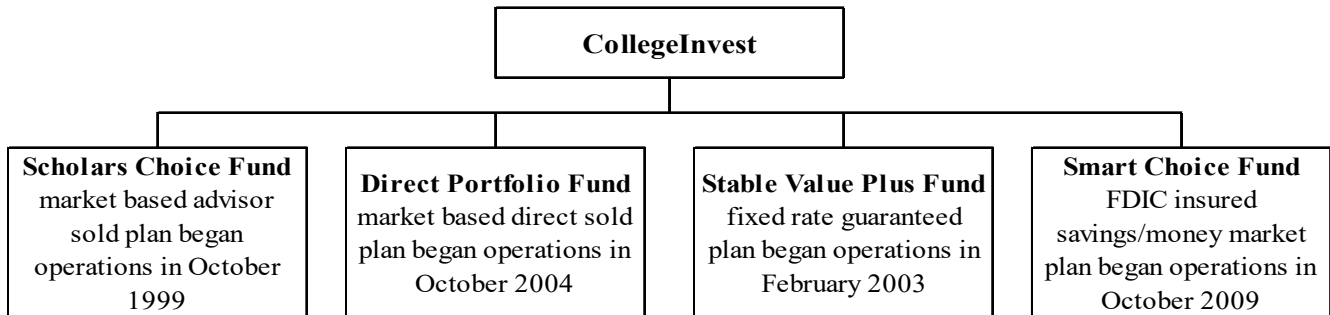
CollegeInvest

College Savings Program Funds

Management's Discussion and Analysis (Unaudited)

June 30, 2022 and 2021

Analysis of Financial Activities (continued):



Scholars Choice Fund:

CollegeInvest has an agreement with TIAA-CREF Tuition Financing, Inc. (TFI) to manage the advisor sold accounts of the Scholars Choice Fund (SCF). The TFI contract is a ten year contract expiring on July 19, 2031, subject to possible extension. TFI is responsible for investment advisory, asset allocation, recordkeeping, reporting and other services for the SCF. Nuveen Securities, LLC, is a wholly owned subsidiary of TFI, and is responsible for the marketing and distribution of the SCF.

During fiscal year 2021, CollegeInvest gave notice of termination of the Services Agreement between CollegeInvest and QS Investors, LLC (“QS”) and Legg Mason Investor Services, LLC (“LMIS”), and contracted with TFI to serve as the successor manager for the Program. QS and LMIS remained as managers through fiscal year 2021. The transfer of program assets, records and management responsibilities to TFI was completed on July 19, 2021.

CollegeInvest acts as trustee to the SCF, and TIAA holds the assets of the SCF in a segregated custody account. Assets of the SCF are held “in trust” for the exclusive benefit of account owners and beneficiaries. The SCF offers 10 enrollment year investment portfolios and 18 other investment portfolios, including 4 target allocation portfolios and 14 individual fund portfolios in which participants may invest. Each investment portfolio is comprised of one or more of the 25 underlying funds within the SCF. The investment return for the SCF is based on the market performance of underlying investments. These investment options are designed to help meet diverse investment goals of investors.

CollegeInvest
College Savings Program Funds
Management's Discussion and Analysis
(Unaudited)
June 30, 2022 and 2021

Analysis of Financial Activities (continued):

Direct Portfolio Fund:

CollegeInvest has an agreement in place with Ascensus College Savings Recordkeeping Services, LLC (Ascensus) and The Vanguard Group, Inc. (Managers) to provide administrative and record-keeping duties to the Direct Portfolio Fund (DPF). The contract expires on December 31, 2024, subject to possible extension.

CollegeInvest acts as trustee to the DPF, and the Managers hold the assets of the DPF in a segregated custody account. Assets of the DPF are held “in trust” for the exclusive benefit of account owners and beneficiaries. The investment return for DPF is based on the market performance of investments. DPF offers 11 investment options, including three age-based options and eight blended and individual portfolios, in which participants may invest. Each investment option is comprised of one or more of the 14 portfolios within DPF. These investment options are designed to help meet diverse investment goals of investors.

Stable Value Plus Fund:

CollegeInvest administers the Stable Value Plus Fund (SVP). In October 2019, CollegeInvest partnered with Nationwide Mutual Insurance Company (Nationwide) to offer a Deferred Fixed Annuity Contract (Nationwide Contract) for the SVP. The contract provides a guarantee on the principal and earnings of the SVP. The contract expires on June 30, 2029, subject to possible extension.

CollegeInvest had prior servicing and funding agreements with Brighthouse Insurance Company (Brighthouse), a wholly owned subsidiary of MetLife, Inc., to provide a guarantee on the principal and earnings of SVP. CollegeInvest provided notice of discontinuance of the service agreement (Brighthouse Agreement) in October 2019. Per the Brighthouse funding agreement, the funds held at Brighthouse will be transferred in four equal installments to Nationwide over a three year and 60 day period. The last transfer will occur on December 23, 2022 when both agreements will terminate.

CollegeInvest
College Savings Program Funds
Management's Discussion and Analysis
(Unaudited)
June 30, 2022 and 2021

Analysis of Financial Activities (continued):

Stable Value Plus Fund (continued):

The SVP offers an investment return based on an interest rate that is set annually by Nationwide January 1. The Brighthouse interest rate is set at 2% (1.29% after administrative fee) for the three year and 60 day period. Under the Nationwide contract the minimum investment return on accounts in the SVP could be as low as 0.51%, which is the minimum annual rate of 1.50% less the maximum CollegeInvest administrative fee of 0.99%. The rate, net of CollegeInvest's administrative fee of 0.71%, has been as follows:

| Date | Rate |
|-------------------------------------|-------------|
| January 1, 2019 – December 31, 2019 | 2.49% |
| January 1, 2020 – December 31, 2020 | 2.49% |
| January 1, 2021 – December 31, 2021 | 2.09% |
| January 1, 2022 – June 30, 2022 | 1.79% |

As of June 30, 2022, CollegeInvest's fiduciary net assets held at Nationwide and Brighthouse are approximately \$143 million and \$32 million, respectively.

Smart Choice Fund:

CollegeInvest has an agreement in place with FirstBank Holding Company (FirstBank), a Colorado banking company, to offer a college savings option called the Smart Choice College Savings Plan (SCCS). CollegeInvest acts as trustee for the plan and FirstBank provides administrative and record-keeping duties. The plan is offered to provide an additional tax-advantaged savings vehicle for participants to utilize in saving for post-secondary education by providing the benefits of a 529 plan along with the stability and security of an FDIC insured bank. The product offerings through the SCCS are a One-Year Time Savings Account and a Money Market Savings Account. The agreement expires September 30, 2029, subject to possible extension.

The interest rate paid on amounts deposited into the money market savings account and the one-year time savings account will be established by FirstBank. However, the rates for each type of account must not be less than 0.10% of the interest rate publicly offered directly by FirstBank on similar money market and savings accounts. The rates are variable and are published daily by FirstBank on their website. The interest rate will be calculated, and may be adjusted if needed, every Wednesday and on the first day of each month, and is net of all administrative and other charges of FirstBank. The average interest rate paid during fiscal years 2022 and 2021 was 0.07%.

CollegInvest
College Savings Program Funds
Management's Discussion and Analysis
(Unaudited)
June 30, 2022 and 2021

Analysis of Financial Activities (continued):

Comparison of Current Year Results to Prior Year:

Condensed Statements of Fiduciary Net Position as of June 30:

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|---|----------------------|---------------------|
| | (dollar amounts expressed in thousands) | | |
| Cash and investments | \$ 10,172,617 | \$ 11,386,125 | \$ 9,319,569 |
| Receivables and other | <u>20,579</u> | <u>41,324</u> | <u>28,796</u> |
| Total fiduciary assets | 10,193,196 | 11,427,449 | 9,348,365 |
| Total liabilities | <u>33,784</u> | <u>52,420</u> | <u>40,865</u> |
| Total fiduciary net position, held in trust | <u>\$ 10,159,412</u> | <u>\$ 11,375,029</u> | <u>\$ 9,307,500</u> |

Combined cash and investments of the Programs decreased by \$1.2 billion, or 10.7%, from June 30, 2021 to June 30, 2022 due primarily to investment loss of \$1.4 billion and administrative expenses of \$41.4 million offset by net contributions (participant contributions less benefits paid to participants and withdrawals) of \$177.3 million.

As compared to the prior year, combined cash and investments of the Program increased by \$2.1 billion, or 22.2%, from June 30, 2020 to June 30, 2021 due primarily to investment earnings and fees of \$1.9 billion and net contributions (participant contributions less benefits paid to participants and withdrawals) of \$219.0 million, which were offset by administrative expenses of \$33.8 million.

Receivables consist primarily of receivables for investments sold, dividends and interest receivable, and due from Student Loan Program Funds. Receivables decreased by \$20.7 million in 2022 and increased by \$12.5 million in 2021. The fluctuation in both years is primarily due to the timing and amount of fund shares sold, receivables for investments sold, and dividends and interest receivable. The year-to-year changes are a reflection of investment decisions made by the participants and the corresponding action taken by the plan manager to process the required transactions.

CollegelInvest
College Savings Program Funds
Management's Discussion and Analysis
(Unaudited)
June 30, 2022 and 2021

Comparison of Current Year Results to Prior Year (continued):

Liabilities consist of amounts payable for underlying fund investments purchased, payables for withdrawals approved but not yet paid, service and administrative fees payable, unearned revenue, and due to participants. Total liabilities decreased by \$18.6 million in fiscal year 2022 as compared to an increase of \$11.6 million in 2021. The decrease in the liabilities is due to timing and amount of the payables for underlying fund investments purchased and payables for withdrawals approved but not yet paid in the SCF and DPF. The year-to-year changes are a reflection of investment decisions made by the participants and the corresponding action taken by the plan manager to process the required transactions. In fiscal year 2021 the large increase is due to timing and amount of the payables for investments purchased and the amounts payable for fund shares repurchased in the SCF.

Condensed Statements of Changes in Fiduciary Net Position for the Years Ended June 30:

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|---|----------------------|---------------------|
| | (dollar amounts expressed in thousands) | | |
| Net investment income (loss) | \$ (1,350,454) | \$ 1,882,858 | \$ 355,752 |
| Participant contributions | 1,276,064 | 1,152,699 | 1,066,766 |
| Fees | <u>1,356</u> | <u>1,315</u> | <u>1,240</u> |
| Total additions | <u>(73,034)</u> | <u>3,036,872</u> | <u>1,423,758</u> |
| Benefits paid to participants and withdrawals | 1,098,759 | 933,664 | 881,303 |
| Administrative, marketing and service fee expense | <u>41,356</u> | <u>33,769</u> | <u>32,152</u> |
| Total deductions | <u>1,140,115</u> | <u>967,433</u> | <u>913,455</u> |
| Change in fiduciary net position before transfers | (1,213,149) | 2,069,439 | 510,303 |
| Transfers and change in due to participants | <u>(2,468)</u> | <u>(1,910)</u> | <u>(458)</u> |
| Change in net position | (1,215,617) | 2,067,529 | 509,845 |
| Fiduciary net position, beginning of year | <u>11,375,029</u> | <u>9,307,500</u> | <u>8,797,655</u> |
| Fiduciary net position, end of year | <u>\$ 10,159,412</u> | <u>\$ 11,375,029</u> | <u>\$ 9,307,500</u> |

CollegInvest
College Savings Program Funds
Management's Discussion and Analysis
(Unaudited)
June 30, 2022 and 2021

Comparison of Current Year Results to Prior Year (continued):

Net investment earnings (losses) are comprised of dividends, interest earnings, net realized and unrealized gains and losses from security transactions less investment fees. Net investment earnings were (\$1.4) billion, \$1.9 billion and \$356 million for the years ended June 30, 2022, 2021 and 2020, respectively. The significant decrease in 2022 investment earnings is due to negative market conditions. The significant increase in 2021 investment earnings was due to record fiscal and monetary stimulus which led to a strong equity market recovery from the COVID-19 pandemic. Investment returns are also dependent on individual investor behavior and the timing of benefits paid to participants as funds are utilized to pay for college or for withdrawals. The Program participant contributions, net of benefits paid to participants and withdrawals, decreased by \$41.7 million to \$177.3 million for the year ended June 30, 2022, and increased by \$33.6 million to \$219.0 million for the year ended June 30, 2021.

Participant contributions and benefits paid to participants and withdrawals were as follows:

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|---|--------------------------|--------------------------|
| | (dollar amounts expressed in thousands) | | |
| Participant contributions: | | | |
| Scholars Choice Fund | \$ 464,520 | \$ 433,817 | \$ 418,375 |
| Direct Portfolio Fund | 717,043 | 620,446 | 553,272 |
| Stable Value Plus Fund | 38,519 | 44,827 | 37,849 |
| Smart Choice Fund | <u>55,982</u> | <u>53,609</u> | <u>57,270</u> |
| Total participant contributions | \$ <u>1,276,064</u> | \$ <u>1,152,699</u> | \$ <u>1,066,766</u> |
| Benefits paid to participants and withdrawals: | | | |
| Scholars Choice Fund | \$ 574,274 | 509,717 | 465,911 |
| Direct Portfolio Fund | 433,657 | 343,882 | 328,602 |
| Stable Value Plus Fund | 40,320 | 34,205 | 37,331 |
| Smart Choice Fund | <u>50,508</u> | <u>45,860</u> | <u>49,459</u> |
| Total benefits paid to participants and withdrawals | \$ <u>1,098,759</u> | \$ <u>933,664</u> | \$ <u>881,303</u> |
| Net participant contributions | \$ <u><u>177,305</u></u> | \$ <u><u>219,035</u></u> | \$ <u><u>185,463</u></u> |

CollegeInvest
College Savings Program Funds
Management's Discussion and Analysis
(Unaudited)
June 30, 2022 and 2021

Comparison of Current Year Results to Prior Year (continued):

Participant contributions were 11.9%, 11.1% and 11.8% of average net position for the years ended June 30, 2022, 2021 and 2020, respectively. Benefits paid to participants and withdrawals were 10.2%, 9.0% and 9.7% of average net position for the years ended June 30, 2022, 2021 and 2020, respectively.

Fees are primarily comprised of funds received from TFI, Legg Mason and the Managers for marketing and promotion of the Funds. CollegeInvest utilized \$380,000 in fees from TFI for the year ended June 30, 2022, and \$366,000 and \$354,000 in fees from Legg Mason for the year ended June 30, 2021 and 2020, respectively. CollegeInvest utilized \$976,000, \$855,000 and \$801,000 in fees from the Managers for the year ended June 30, 2022, 2021, and 2020, respectively.

Administrative and service fees are charged to participants as a percentage of net position based on the investment option chosen. These charges were approximately 0.4%, 0.3%, and 0.4% of average net position for the years ended June 30, 2022, 2021 and 2020, respectively.

Economic Factors:

- Performance of individual participant accounts and individual portfolios within the Program is dependent on risk factors associated with market-based investments. Fair market valuation of participant accounts may fluctuate based on market performance.
- Amounts contributed to the Program by participants may be more or less than the amounts needed by beneficiaries to attend a particular institution of higher education and do not guarantee acceptance into any institution of higher education.
- Participants are responsible for selecting portfolios in accordance with their risk tolerance. The Program does not guarantee return of principal or a certain investment rate of return on investments. Under the Nationwide and FirstBank agreements, the return of principal and certain investment rates of return are guaranteed for the SVP and the SCCS, respectively.

Requests for Information:

This report is designed to provide a general overview of the Funds' finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Nicole Vigil, Chief Financial Officer, CollegeInvest, 1600 Broadway, Suite 2300, Denver, Colorado 80202.

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CollegInvest
College Savings Program Funds
Statements of Fiduciary Net Position
June 30, 2022 and 2021
(Dollar amounts expressed in thousands)

| | 2022 | | | | | 2021 | | | | |
|--|----------------------------|-----------------------------|------------------------------|-------------------------|--|----------------------------|-----------------------------|------------------------------|-------------------------|--|
| | Scholars Choice Fund | Direct Portfolio Fund | Stable Value Plus Fund | Smart Choice Fund | Total Private- Purpose Trust Funds | Scholars Choice Fund | Direct Portfolio Fund | Stable Value Plus Fund | Smart Choice Fund | Total Private- Purpose Trust Funds |
| Fiduciary assets: | | | | | | | | | | |
| Cash and cash equivalents | \$ 1,628 | \$ 5,707 | \$ 251 | \$ 90,032 | \$ 97,618 | \$ - | \$ - | \$ 393 | \$ 84,477 | \$ 84,870 |
| Investments, at fair value | 4,622,659 | 5,277,579 | 174,761 | - | 10,074,999 | 5,374,032 | 5,754,496 | 172,727 | - | 11,301,255 |
| Receivable for portfolio units sold and investments sold | 1,473 | 4,011 | - | - | 5,484 | 11,517 | - | - | - | 11,517 |
| Dividends and interest receivable | - | 4,364 | - | - | 4,364 | 10,351 | 3,421 | - | - | 13,772 |
| Due from plan managers | 232 | 262 | 305 | 7 | 806 | 265 | 279 | 297 | 7 | 848 |
| Due from (to) Student Loan Program Funds | 10,516 | (248) | (336) | (7) | 9,925 | 12,347 | 1,914 | 933 | (7) | 15,187 |
| Total fiduciary assets | 4,636,508 | 5,291,675 | 174,981 | 90,032 | 10,193,196 | 5,408,512 | 5,760,110 | 174,350 | 84,477 | 11,427,449 |
| Liabilities: | | | | | | | | | | |
| Accounts payable | 6 | 14 | 3 | - | 23 | 50 | 4 | 14 | - | 68 |
| Payable for portfolio units repurchased and investments purchased | 2,923 | 1,937 | 189 | - | 5,049 | 21,079 | - | 584 | - | 21,663 |
| Service and investment fees payable | 4,118 | 1,280 | - | - | 5,398 | 1,623 | 1,503 | - | - | 3,126 |
| Unearned revenue | - | - | 12,572 | - | 12,572 | 4,288 | 2,188 | 12,813 | - | 19,289 |
| Due to participants | 10,742 | - | - | - | 10,742 | 8,274 | - | - | - | 8,274 |
| Total liabilities | 17,789 | 3,231 | 12,764 | - | 33,784 | 35,314 | 3,695 | 13,411 | - | 52,420 |
| Total fiduciary net position, held in trust | \$ 4,618,719 | \$ 5,288,444 | \$ 162,217 | \$ 90,032 | \$ 10,159,412 | \$ 5,373,198 | \$ 5,756,415 | \$ 160,939 | \$ 84,477 | \$ 11,375,029 |

The accompanying notes are an integral part of the financial statements.

CollegInvest
College Savings Program Funds
Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2022 and 2021
(Dollar amounts expressed in thousands)

| | 2022 | | | | | 2021 | | | | |
|--|----------------------------|-----------------------------|------------------------------|-------------------------|--|----------------------------|-----------------------------|------------------------------|-------------------------|---|
| | Scholars Choice Fund | Direct Portfolio Fund | Stable Value Plus Fund | Smart Choice Fund | Total Private- Purpose Trust Funds | Scholars Choice Fund | Direct Portfolio Fund | Stable Value Plus Fund | Smart Choice Fund | Total Private Purpose Trust Funds |
| Additions: | | | | | | | | | | |
| Net investment income (loss) | (619,255) | (735,656) | 4,289 | 168 | (1,350,454) | 894,352 | 983,846 | 4,589 | 165 | 1,882,952 |
| Participant contributions | 464,520 | 717,043 | 38,519 | 55,982 | 1,276,064 | 433,817 | 620,446 | 44,827 | 53,609 | 1,152,699 |
| Fees | 380 | 976 | - | - | 1,356 | 366 | 855 | - | - | 1,221 |
| Total additions | (154,355) | (17,637) | 42,808 | 56,150 | (73,034) | 1,328,535 | 1,605,147 | 49,416 | 53,774 | 3,036,872 |
| Deductions: | | | | | | | | | | |
| Benefits paid to participants and withdrawals | 574,274 | 433,657 | 40,320 | 50,508 | 1,098,759 | 509,717 | 343,882 | 34,205 | 45,860 | 933,664 |
| Service fees | 22,372 | 12,231 | - | - | 34,603 | 15,473 | 11,706 | - | - | 27,179 |
| Administrative fees | 3,097 | 3,470 | 1,210 | 87 | 7,864 | 2,995 | 3,052 | 1,152 | 80 | 7,279 |
| Marketing expenses | 380 | 976 | - | - | 1,356 | 366 | 855 | - | - | 1,221 |
| Excess (reduced) operating expenses | (918) | (1,024) | (490) | (35) | (2,467) | (526) | (875) | (480) | (29) | (1,910) |
| Total deductions | 599,205 | 449,310 | 41,040 | 50,560 | 1,140,115 | 528,025 | 358,620 | 34,877 | 45,911 | 967,433 |
| Change in fiduciary net position before transfers | (753,560) | (466,947) | 1,768 | 5,590 | (1,213,149) | 800,510 | 1,246,527 | 14,539 | 7,863 | 2,069,439 |
| Intraplan administrative fee transfers | 1,549 | (1,024) | (490) | (35) | - | 1,384 | (875) | (480) | (29) | - |
| Change in due to participants | (2,468) | - | - | - | (2,468) | (1,910) | - | - | - | (1,910) |
| Change in fiduciary net position | (754,479) | (467,971) | 1,278 | 5,555 | (1,215,617) | 799,984 | 1,245,652 | 14,059 | 7,834 | 2,067,529 |
| Fiduciary net position, beginning of year | 5,373,198 | 5,756,415 | 160,939 | 84,477 | 11,375,029 | 4,573,214 | 4,510,763 | 146,880 | 76,643 | 9,307,500 |
| Fiduciary net position, end of year | \$ 4,618,719 | \$ 5,288,444 | \$ 162,217 | \$ 90,032 | \$ 10,159,412 | \$ 5,373,198 | \$ 5,756,415 | \$ 160,939 | \$ 84,477 | \$ 11,375,029 |

The accompanying notes are an integral part of the financial statements.

CollegeInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies:

Pursuant to Colorado Revised Statutes 23-3.1-201, et seq., and 23-3.1-301, et seq., as amended, CollegeInvest is a division of the Colorado Department of Higher Education (Department) of the State of Colorado. The Executive Director of the Department has responsibility for oversight and management of CollegeInvest. In addition, CollegeInvest has a nine-person Advisory Board of Directors (Board) appointed by the Governor, with the consent of the State Senate, to serve four-year terms.

The Colorado General Assembly established a Section 529 college savings program (Program). The Program includes the Scholars Choice Fund (SCF), Direct Portfolio Fund (DPF), Stable Value Plus Fund (SVP), and Smart Choice Fund (SCCS) (the Funds), all of which are administered by CollegeInvest. CollegeInvest also administers the Student Loan Program Funds, which is an enterprise fund consisting of the Borrower Benefit Fund, the Bond Fund, and the Section 529A Achieving a Better Life Experience savings program. The Bond Fund was closed in fiscal year 2022. Separate financial statements were not prepared for the Student Loan Program Funds; however, information and related disclosures associated with this fund may be found in the State of Colorado Annual Comprehensive Financial Report. This report contains information relating only to the College Savings Program Funds. The operations of the Funds are presented as fiduciary activities (specifically private purpose trust funds) under accounting principles generally accepted in the United States of America. CollegeInvest receives no grants from, and is not otherwise financially assisted by, the State or any local government of the state. CollegeInvest is an enterprise activity under Section 20, Article X of the Colorado Constitution (TABOR).

The Colorado Constitution and other State laws prohibit the State from providing its full faith and credit to obligations of entities such as the Funds. As a result, payments from the Funds are not guaranteed in any way by the state, and shall not be considered to have created a debt or obligation of the state. Such payments are limited obligations, payable from participants' individual accounts in the Funds, but not from the other assets of CollegeInvest, or the state. Similarly, investments in the Funds are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other State or federal government agency, except for SCCS, which is insured by the FDIC, subject to the applicable limits. Investments in SCF and DPF are not deposits or other obligations of TIAA-CREF Tuition Financing, Inc., Ascensus, The Vanguard Group, Inc., or any depository institution or affiliate of Ascensus or The Vanguard Group, Inc. Investments in SVP are obligations of Nationwide and Brighthouse.

CollegeInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

Reporting Entity:

The Program was authorized in the 1999 legislative session and, as a result, the Funds were established to provide families with additional opportunities to save for future college educational expenses. The Funds account for the operations and fiduciary activities of the Section 529 savings program as private-purpose trusts, where both principal and earnings on principal may be spent for the trust's intended purpose. Participant contributions and the earnings thereon are invested to assist in meeting the obligations for future higher education expenses of a named student. The payments of general and administrative expenses and other activities of the Funds necessary to fulfill their purposes are recorded within the Funds. There are no other funds of CollegeInvest combined in the accompanying financial statements. Thus, the accompanying statements are not intended to present the financial position or changes in financial position, of CollegeInvest as a whole in conformity with accounting principles generally accepted in the United States of America. Additionally, the Funds are also presented as fiduciary activities (specifically private-purpose trust funds) in the State of Colorado Annual Comprehensive Financial Report. The financial statements of the CollegeInvest College Savings Program Funds are intended to present the fiduciary net position and changes in fiduciary net position for only that portion of the financial reporting entity, State of Colorado that is attributable to the transactions of CollegeInvest College Savings Program Funds. They do not purport to, and do not present fairly, the financial position of the State of Colorado as of June 30, 2022 and 2021, and the changes in its financial position, or, where applicable, its cash flows, for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Each Fund in the Program was established as a Section 529 plan under the Internal Revenue Code (IRC). The Funds offer certain federal and state tax advantages to investors. The primary tax advantage to participants in the Funds is the ability to exclude from federal taxable income the earnings on any withdrawals that are used for qualified higher education expenses, as that term is defined in Section 529 of the IRC. If a participant is subject to Colorado income tax, earnings on qualified withdrawals are excluded from state taxable income. In addition, individuals, estates, and trusts subject to Colorado income tax generally are entitled to a deduction to the extent of their Colorado taxable income for the year for contributions made to a state sponsored Section 529 plan, subject to recapture in subsequent years in which nonqualified withdrawals are made. Note that an otherwise nontaxable rollover to another Section 529 program that is not associated with the State will trigger recapture of the Colorado income tax deduction described above in the year of the rollover.

CollegInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

Reporting Entity (continued):

Scholars Choice Fund:

The Scholars Choice Fund (SCF) began operations in October 1999. SCF offers 28 investment portfolios in which participants may invest. Each investment portfolio is comprised of one or more of the 25 underlying investments as of June 30, 2022.

CollegInvest has an agreement with TIAA-CREF Tuition Financing, Inc. (“TFI”) to manage the advisor sold accounts of the SCF. The TFI contract is a ten year contract expiring on July 19, 2031, subject to possible extension. TFI is responsible for investment advisory, asset allocation, recordkeeping, reporting and other services for the SCF. Nuveen Securities, LLC, is a wholly owned subsidiary of TFI, and is responsible for the marketing and distribution of the SCF.

During fiscal year 2021, CollegInvest gave notice of termination of the Services Agreement between CollegInvest and QS Investors, LLC (“QS”) and Legg Mason Investor Services, LLC (“LMIS”), and contracted with TFI to serve as the successor manager for the Program. QS and LMIS remained as managers through fiscal year 2021. The transfer of program assets, records and management responsibilities to TFI was completed on July 19, 2021.

The investment return for SCF is based on the market performance of investments. Investment options are selected by CollegInvest based on recommendations from TFI.

Participants in the SCF may invest in one or more of the following options:

- Enrollment year investment portfolios: Contributions are invested in one or more of 10 enrollment year investment portfolios according to the target enrollment year of the student. As the student gets older and closer to college years, the investment becomes increasingly conservative over time. Except for the In School Portfolio, each Enrollment Year Investment Portfolio’s Investments in its underlying fund are assessed and rebalanced on a quarterly basis by TFI.

CollegelInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

Reporting Entity (continued):

Scholars Choice Fund (continued):

| Enrollment Year Investment Portfolios |
|--|
| 2038 / 2039 Enrollment Portfolio |
| 2036 / 2037 Enrollment Portfolio |
| 2034 / 2035 Enrollment Portfolio |
| 2032 / 2033 Enrollment Portfolio |
| 2030 / 2031 Enrollment Portfolio |
| 2028 / 2029 Enrollment Portfolio |
| 2026 / 2027 Enrollment Portfolio |
| 2024 / 2025 Enrollment Portfolio |
| 2022 / 2023 Enrollment Portfolio |
| In School Portfolio |

- Target allocation: There are four types of target allocation portfolios available: All Equity Allocation, Growth Allocations, Balanced Allocation, and Conservative Allocation.
- Individual Fund Portfolio: There are 14 individual fund portfolios, each of which invests in a single underlying Fund.

| Individual Fund Portfolios | |
|--|--|
| <i>U.S. Equities</i> | <i>Fixed income</i> |
| TIAA Large Cap U.S. Equity Index Portfolio | Western Asset Core Plus Bond Portfolio |
| Nuveen Dividend Growth Portfolio | Dodge & Cox Global Fixed Income Portfolio |
| Principal Equity Income Portfolio | <i>Cash Equivalents</i> |
| T. Rowe Price Large Cap Growth Portfolio | TIAA Money Market Portfolio |
| Principal Mid Cap Portfolio | <i>Environmental, Social & Governance (ESG)</i> |
| TIAA U.S. Small Cap Portfolio | Nuveen ESG Large Cap U.S. Equity Portfolio |
| <i>Non-U.S. Equities</i> | Nuveen ESG International Developed Equity Portfolio |
| Oakmark International Portfolio | Nuveen ESG U.S. Aggregate Bond Portfolio |
| DFA Emerging Markets Portfolio | |

CollegInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

Reporting Entity (continued):

Scholars Choice Fund (continued):

Prior to July 19, 2022, while QS and LMIS were the Plan Managers, the following portfolios were available for investment options:

Participants in the SCF invested in one or more of the following options:

- Age-Based Options: Contributions were invested in one of seven portfolios according to the age of the student. As the student got older and closer to college years, the investment shifted from equity funds to bond and money market funds as follows:

| Student's Age | Portfolio # | US Equity Funds | Non-US Equity Funds | Fixed Income | Non-US Fixed Income | Money Market Funds |
|--------------------|-------------|-----------------|---------------------|--------------|---------------------|--------------------|
| 0-3 years | 1 | 49% | 31% | 20% | 0% | 0% |
| 4-6 years | 2 | 43% | 27% | 30% | 0% | 0% |
| 7-9 years | 3 | 37% | 23% | 40% | 0% | 0% |
| 10-12 years | 4 | 33% | 17% | 45% | 5% | 0% |
| 13-15 years | 5 | 29% | 11% | 42% | 8% | 10% |
| 16-18 years | 6 | 18% | 2% | 52% | 3% | 25% |
| 19+ years | 7 | 0% | 0% | 50% | 0% | 50% |

- Balanced 50/50 Option: Contributions were invested 50% in equity mutual funds and 50% in bond funds throughout the life of the investment (Portfolio #4 above).
- Years-to-Enrollment Option: Contributions were invested in a series of portfolios that shift from equity mutual funds to bond and money market funds as the student approached college years. These portfolios were identical to Portfolios three through seven in the age-based portfolios.

CollegInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

Reporting Entity (continued):

Scholars Choice Fund (continued):

| Student's Age | Portfolio # | US Equity Funds | Non-US Equity Funds | Fixed Income | Non-US Fixed Income | Money Market Funds |
|----------------------|--------------------|------------------------|----------------------------|---------------------|----------------------------|---------------------------|
| 0-3 years | 1 | 49% | 31% | 20% | 0% | 0% |
| 4-6 years | 2 | 43% | 27% | 30% | 0% | 0% |
| 7-9 years | 3 | 37% | 23% | 40% | 0% | 0% |
| 10-12 years | 4 | 33% | 17% | 45% | 5% | 0% |
| 13-15 years | 5 | 29% | 11% | 42% | 8% | 10% |
| 16-18 years | 6 | 18% | 2% | 52% | 3% | 25% |
| 19+ years | 7 | 0% | 0% | 50% | 0% | 50% |

There are no equivalent years-to-enrollment portfolios #1 and #2 as noted within the age-based option portfolio tables within the previous page.

- All Equity Option: Contributions were invested in equity mutual funds throughout the life of the account.
- All Fixed Income Option: Contributions were invested in bond funds throughout the life of the account.
- Equity 80% Option: Contributions were invested 80% in equity mutual funds and 20% in fixed income investments (Portfolio #1 per previous page). The investment objective of this option was to seek long-term capital appreciation through investments in equity mutual funds while maintaining 20% exposure to the relatively more stable returns of fixed income investments through investment in fixed income mutual funds.
- Fixed Income 80% Option: Contributions were invested 80% in fixed income and money market fund investments and 20% in equity mutual funds (Portfolio #6). The investment objective of this option was to seek the relatively more stable returns of a fixed income investment through investments in fixed income mutual funds while maintaining 20% exposure to the long-term capital appreciation potential of investments in equity mutual funds.

CollegelInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

Reporting Entity (continued):

Scholars Choice Fund (continued):

- Cash Reserve Option: Contributions were invested in the Western Institutional Government Reserves Fund. The investment objective of the Cash Reserve Option was to seek maximum current income and preservation of capital.
- Individual Fund Options: Contributions were invested in the U.S. Aggressive Equity, U.S. Core Equity, U.S. Small Cap Equity, International Equity and Global Fixed Income. Each of the Individual Fund Portfolios invested all of its assets in a single Fund, as specified in the “Current Underlying Fund for Individual Fund Portfolio” tab under the “Target Fund Allocations” listed in the Program Disclosure Statement. While each of the Individual Fund Portfolios invested all of its assets in a single specified Fund, the Individual Fund Portfolios themselves were not mutual funds. The Fund in which an Individual Fund Portfolio invests all of its assets was subject to change.

Direct Portfolio Fund:

The Direct Portfolio Fund (DPF) began operations in October 2004. DPF offers 11 investment options, including three age-based options and eight blended and individual portfolios, in which participants may invest. Each investment option is comprised of one or more of 14 active portfolios within DPF as of June 30, 2022.

As the trustee for DPF, CollegelInvest entered into an agreement (DPF Service Agreement) with Ascensus and The Vanguard Group, Inc. (Managers) to manage the DPF. This contract expires on December 31, 2024, subject to possible extension. The investment return for DPF is based on the market performance of investments. Investment options are selected by CollegelInvest based on recommendations from the Managers.

Participants may invest in one or more of the following 11 options:

- Age-Based Options: Contributions are invested in one of three portfolios according to the age of the beneficiary. Money invested in age-based options are automatically transferred over time to successive Portfolios with asset allocations that change from equity funds to fixed income and to short-term reserve funds as the beneficiary approaches college age.

CollegInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

Reporting Entity (continued):

Direct Portfolio Fund (continued):

Within the age-based options, participants may invest according to risk tolerance in either a conservative, moderate, or aggressive range of asset allocations as follows:

| Beneficiary's Age | Conservative | Moderate | Aggressive |
|--------------------------|--|--|--|
| Newborn through 4 | 62.5% stock funds 37.5% bond funds | 87.5% stock funds 12.5% bond funds | Aggressive Growth Portfolio 100% stock funds |
| 5 through 6 | Moderate Growth Portfolio 50% stock funds 50% bond funds | Growth Portfolio 75% stock funds 25% bond funds | 87.5% stock funds 12.5% bond funds |
| 7 through 8 | 37.5% stock funds 62.5% bond funds | 62.5% stock funds 37.5% bond funds | 87.5% stock funds 12.5% bond funds |
| 9 through 10 | Conservative Growth Portfolio 25% stock funds 75% bond funds | Moderate Growth Portfolio 50% stock funds 50% bond funds | Growth Portfolio 75% stock funds 25% bond funds |
| 11 through 12 | 12.5% stock funds 87.5% bond funds | 37.5% stock funds 62.5% bond funds | 62.5% stock funds 37.5% bond funds |
| 13 through 14 | Income Portfolio 75% bond funds 25% short-term reserve funds | Conservative Growth Portfolio 25% stock funds 75% bond funds | Moderate Growth Portfolio 50% stock funds 50% bond funds |
| 15 through 16 | 50% bond funds 50% short-term reserve funds | 12.5% stock funds 87.5% bond funds | 37.5% stock funds 62.5% bond funds |
| 17 through 18 | 25% bond funds 75% short-term reserve funds | Income Portfolio 75% bond funds 25% short-term reserve funds | Conservative Growth Portfolio 25% stock funds 75% bond funds |
| 19 or older | Interest Accumulation Portfolio 100% short-term reserve funds | Income Portfolio 75% bond funds 25% short-term reserve funds | 12.5% stock funds 87.5% bond funds |

As of May 15, 2020 and beyond, the breakdown of age-based option portfolios are as follows with the subsequent portfolio and fund changes. Effective October 9, 2020, Colorado Short-Term Reserves Account replaced Vanguard Federal Money Market Fund within the Income, 50%Bond/50% Money Market, 25%Bond/75% Money Market, and the Money Market Portfolios. All references to “Vanguard Federal Money Market Fund” are replaced with “Colorado Short-Term Reserves Account.” Additionally, all references to the Money Market Portfolio are replaced with Interest Accumulation Portfolio.

CollegInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

Reporting Entity (continued):

Direct Portfolio Fund (continued):

| Underlying Fund | Aggressive Growth Portfolio | 87.5% Stock/ 12.5% Bond Portfolio | Growth Portfolio | 62.5% Stock/ 37.5% Bond Portfolio | Moderate Growth Portfolio | 37.5% Stock/ 62.5% Bond Portfolio | Conservative Growth Portfolio | 12.5% Stock/ 87.5% Bond Portfolio | Income Portfolio | 50% Bond/ 50% Money Market Portfolio | 25% Bond/ 75% Money Market Portfolio | Money Market Portfolio |
|---|-----------------------------|--------------------------------------|------------------|--------------------------------------|---------------------------|--------------------------------------|-------------------------------|--------------------------------------|------------------|---|---|------------------------|
| Vanguard® Institutional Total Stock Market Index Fund Institutional Plus Shares | 70% | 61.25% | 52.50% | 43.75% | 35% | 26.25% | 17.50% | 8.75% | 0% | 0% | 0% | 0% |
| Vanguard® Total International Stock Index Fund Institutional Plus Shares | 30% | 26.25% | 22.50% | 18.75% | 15% | 11.25% | 7.50% | 3.75% | 0% | 0% | 0% | 0% |
| Total Stock Funds | 100% | 87.50% | 75% | 62.50% | 50% | 37.50% | 25% | 12.50% | 0% | 0% | 0% | 0% |
| Vanguard® Total Bond Market II Index Fund Institutional Shares | 0% | 10% | 20% | 30% | 40% | 50% | 60% | 70% | 42% | 28% | 14% | 0% |
| Vanguard® Total International Bond Index Fund Institutional Shares | 0% | 2.50% | 5% | 7.50% | 10% | 12.50% | 15% | 17.50% | 15% | 10% | 5% | 0% |
| Vanguard® Short-term Inflation-Protected Securities Index Fund | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 18% | 12% | 6% | 0% |
| Total Bond Funds | 0% | 12.50% | 25% | 37.50% | 50% | 62.50% | 75% | 87.50% | 75% | 50% | 25% | 0% |
| Vanguard® Federal Money Market Fund Admiral Shares | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 25% | 50% | 75% | 100% |
| Total Money Market Funds | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 25% | 50% | 75% | 100% |
| TOTAL | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

- **Blended Portfolios and Individual Portfolios:** Contributions are invested in one of eight options. In these options, assets will be allocated to the Portfolio for the life of the investment unless the account owner directs a change in investment option. The Blended Portfolios and the Individual Portfolios are each invested according to a static asset allocation that does not change over time. Within the Blended Portfolios participants may invest according to risk tolerance in either an aggressive, growth, moderate growth, conservative growth, or income focused range of asset allocations.

CollegeInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

Reporting Entity (continued):

Direct Portfolio Fund (continued):

Within the Individual Portfolios participants may invest as follows:

- Stock Index Portfolio: Contributions are invested 100% in Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares and seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.
- Bond Index Portfolio: Contributions are invested 100% in Vanguard Total Bond Market Index Fund Institutional Plus Shares and seeks to track the performance of a broad, market-weighted bond index.
- Interest Accumulation Portfolio: Contributions are invested 100% in Colorado Short-Term Reserves Account and seeks to provide preservation of principal and current income.

Stable Value Plus Fund:

The Stable Value Plus Fund (SVP) began operations in February 2003. In October 2019, CollegeInvest partnered with Nationwide Mutual Insurance Company (Nationwide) to offer a Deferred Fixed Annuity Contract (Nationwide Contract) for SVP. The contract provides a guarantee on the principal and earnings of SVP. The contract expires on June 30, 2029, subject to possible extension.

CollegeInvest had prior servicing and funding agreements with Brighthouse Insurance Company (Brighthouse), a wholly owned subsidiary of MetLife, Inc., to provide a guarantee on the principal and earnings of SVP. CollegeInvest provided notice of discontinuance of the service agreement (Brighthouse Agreement) in October 2019.

CollegeInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

Reporting Entity (continued):

Stable Value Plus Fund (continued):

Nationwide offers an investment return based on an interest rate that is reset annually by Nationwide each January 1. The minimum investment return on accounts in the SVP could be as low as 0.51%, which is the minimum annual rate of 1.50% less the maximum CollegeInvest administrative fee of 0.99%. The current administrative fee is 0.71%.

| Date | Nationwide Rate | Net Rate |
|-------------------------------------|--------------------|----------|
| January 1, 2020 – December 31, 2020 | 3.20% | 2.49% |
| January 1, 2021 – December 31, 2021 | 2.80% | 2.09% |
| January 1, 2022 – June 30, 2022 | 2.50% | 1.79% |

The prior Brighthouse funding agreement paid an annual rate of 2.0% from July 1, 2020 to June 30, 2022. The rate, net of CollegeInvest's administrative fee was 1.29% from July 1, 2020 through June 30, 2022.

CollegeInvest funded the interest shortfall between the Nationwide's net rate and Brighthouse's net rate of 2.49% and 1.29%, respectively, from July 1, 2020 to December 31, 2020, 2.09% and 1.29%, respectively, from January 1, 2021 to December 31, 2021 and 1.79% and 1.29%, respectively from January 1, 2022 to June 30, 2022. A total of \$312,000 and \$766,000 was paid by CollegeInvest for the year ended June 30, 2022 and 2021, respectively.

The plan assets held at Brighthouse will be transferred in four equal installments to Nationwide over a three year and 60 day time period, per the terms in the Brighthouse Funding Agreement. The last transfer will occur on December 23, 2022.

CollegeInvest may terminate the Nationwide Contract at any time. In the event of such termination, CollegeInvest shall direct the investment of SVP assets to alternate investments as permitted by the Nationwide Contract and the investment policy of SVP. There is no assurance that CollegeInvest will be able to obtain such alternate investment or maintain the current investment return for any such alternate investment.

CollegeInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

Reporting Entity (continued):

Smart Choice Fund:

In October 2009, CollegeInvest entered into an agreement with FirstBank, a Colorado banking company, to begin offering a college savings option called the Smart Choice College Savings Plan (SCCS). CollegeInvest acts as trustee for the plan and FirstBank performs administrative and record-keeping duties. The plan is being offered to provide an additional tax-advantaged savings vehicle for participants to utilize in saving for post-secondary education by providing the benefits of a 529 plan along with the stability and security of an FDIC-insured bank. The product offerings through the SCCS are a One-Year Time Savings option and a Money Market Savings option. The agreement expires September 30, 2029, subject to possible extension.

The interest rate paid on amounts deposited into the money market savings account and the one-year time saving account will be established by FirstBank. However, the rates for each type of account must not be less than 0.10% of the interest rate publicly offered directly by FirstBank on similar money market and savings accounts. The rates are variable and are published daily by FirstBank on their website. The interest rate will be calculated, and may be adjusted if needed, every Wednesday and on the first day of each month, and is net of all administrative and other charges of FirstBank.

Basis of Accounting:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, including applicable standards of the Governmental Accounting Standards Board (GASB). The accrual basis of accounting is utilized by the Funds.

Additions to fiduciary net position are recognized in the accounting period in which they are earned and deductions from fiduciary net position are recognized in the period they are incurred.

Cash and Cash Equivalents:

The Fund considers all cash and demand deposit accounts to be cash equivalents.

CollegeInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

Reporting Entity (continued):

Investments and Fiduciary Net Position Additions/Deductions:

TFI has responsibility for investing the assets of each of the SCF's portfolios, and the Managers have responsibility for investing the assets of the DPF's portfolios in equity mutual funds, fixed income mutual funds, money market funds, and other investments (Underlying Funds), in accordance with CollegeInvest's Investment Policy Statements, and the Portfolio selected for investment by the participant. Investments are carried at fair value, which is primarily determined based on market prices at June 30, 2022 and 2021.

Security transactions for the SCF and the DPF are accounted for on a trade-date basis. This may result in receivables and payables for transactions at year-end. Investments in the Underlying Funds are valued at the closing net asset value per share of each Underlying Fund on the day of valuation.

Income distributions and short-term capital gain distributions from the Underlying Funds are recorded on the ex-dividend date as investment and interest earnings are recorded on an accrual basis. Long-term capital gains, if any, from the Underlying Funds are recorded on the ex-dividend date as realized gains. Gains or losses on the sale of the Underlying Funds are calculated by using the specific identification method.

CollegeInvest has responsibility for transferring the assets of the participants of the SVP to Nationwide in accordance with the Nationwide Contract. Investments in the Underlying Funds are purchased weekly and are valued at the closing net asset value per share on the date of transfer to Nationwide. Interest earnings are credited to participant accounts daily. Distributions from the SVP are valued on the date immediately preceding the date that a payment is made by CollegeInvest in satisfaction of a withdrawal request.

All contributions received from participants of the SCCS will be made to a plan account and, at the direction of the account owner, will be deposited in a One-Year Time Savings Account or a Money Market Savings Account with FirstBank through its individually chartered bank.

CollegeInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

Investments and Fiduciary Net Position Additions/Deductions (continued):

Due from (to) Student Loan Program Funds:

CollegeInvest utilizes the Borrower Benefit Fund (within the Student Loan Program Funds of CollegeInvest) for payment of general and administrative expenses including salaries and related pension and other postemployment benefits and other activities necessary to fulfill the purposes of the various funds administered by CollegeInvest, including the College Savings Program Funds. Expenses paid from the Borrower Benefit Fund related to the Funds are reimbursed by the Funds through the administrative fee. The amount of administrative fees received and held in the Borrower Benefit Fund that exceeds expenses paid by the Borrower Benefit Fund results in a receivable, and vice-versa. In addition, marketing and scholarship commitments and reserve, are held in the Borrower Benefit Fund and are recorded as a receivable on the College Savings Funds.

Unearned Revenue:

Colorado legislation passed in 2019 required CollegeInvest to transfer funds from the Colorado CollegeInvest Scholarship Program to the SVP for creation of Child Kickstarter (First Step) Accounts. The CollegeInvest First Step program provides a \$100 contribution to the CollegeInvest account of a beneficiary born or adopted in the State of Colorado on or after January 1, 2020. The amount recorded as First Step unearned revenue was approximately \$12.6 million for the years ended June 30, 2022 and 2021. In addition, CollegeInvest recorded \$250,000 of unearned revenue as of June 30, 2021 for the Colorado Comeback Cash Scholarship Promotion as the final drawing and winners were announced in July 2021. The scholarship prizes are invested in a CollegeInvest account until the beneficiary attends a 529 qualified education institution. The total amount recorded as SVP unearned revenue was \$12.6 million and \$12.8 million for the years ended June 30, 2022 and 2021, respectively.

For the year ended June 30, 2021, marketing and scholarship commitments received from LMIS and the Managers in excess of actual expenses were held in the Borrower Benefit Fund and recorded as unearned revenue in the SCF and DPF in the amount of \$6.5 million. For the year ended June 30, 2022, the marketing commitments received from TFI and the Managers are held in the Borrower Benefit Fund and recorded as revenue in the year it was earned.

CollegeInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

Fee Limitation/Due to Participants:

To the extent that administrative fees collected from participants exceed the expenses of the Program, CollegeInvest shall 1) determine if such revenues are required to fund subsequent year expenses of the Program; 2) determine if such fees are required to fund prior years' unfunded expenses of the Program; or 3) reduce future fees of the plan participants for the following year.

As of June 30, 2022 and 2021, \$10.7 million and \$8.3 million in fees were accumulated in reserves that were greater than actual expenses, respectively. As of June 30, 2022, the \$10.7 million reserve is restricted for future expenses of CollegeInvest in its capacity as administrator of the Program. It is CollegeInvest's intent to maintain up to a 36 month reserve of estimated expenses.

Participant Contributions:

The aggregate balance limit for the Funds and all other Colorado Section 529 plans for a particular beneficiary from all sources, excluding income, is \$500,000. The balance limit is set by CollegeInvest based on Internal Revenue Service (IRS) guidelines and is subject to change. In particular, if the IRS adopts final regulations, it may require or permit a maximum balance limit that differs from the \$500,000 limit. No additional contributions may be made to an account if the balance limit is reached; however, the account may continue to grow beyond this limit through earnings.

Withdrawals:

A qualified withdrawal is a withdrawal made to pay qualified higher education expenses of the beneficiary. The earnings on qualified withdrawals are not subject to federal income tax. All withdrawals other than for this purpose are considered non-qualified withdrawals. Non-qualified withdrawals are subject to federal income tax plus a 10% penalty on earnings per Section 529 of the Internal Revenue Code. A non-qualified withdrawal is not subject to the 10% penalty only if the withdrawal is: (i) made on account of the death or disability of the beneficiary; (ii) made on account of a scholarship received by the beneficiary, to the extent that the withdrawal does not exceed the amount of the scholarship; or (iii) a non-taxable transfer to another account or to another Section 529 plan on behalf of a beneficiary or for a different beneficiary who is a family member of the original student. A non-qualified withdrawal may also be subject to recapture in the event a deduction has been taken from Colorado taxable income.

CollegeInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

Exchanges, Conversions and Transfers

Subject to certain limitations and restrictions, account owners may generally direct that their amount balance be reinvested in one or more different investment options twice per calendar year. Transfers of funds between investment options are referred to as “exchanges.”

In the SCF, Class C units automatically convert to Class A units in the sixth year after purchase. These transactions are referred to as “conversions.”

Under certain conditions, account assets may be transferred from one beneficiary to another or from one account owner to another. These transactions are referred to as “transfers.”

The amounts of contributions and withdrawals reported on the statement of changes in fiduciary net position do not include exchanges, conversions or transfers, as these types of transactions have no impact on the overall financial position of CollegeInvest.

Investment, Service and Administrative Fees:

Scholars Choice Fund:

The SCF Service Agreement states that TFI will receive plan manager and service fees at an annual percentage rate of average daily net assets. The rate structures can be found in the Plan Disclosure Statement for the Scholars Choice Fund.

This rate will vary with the Unit Class the account owner chooses. According to the SCF Service Agreement, each participant bears certain ongoing service fees that will vary with the Unit Classes the participant chooses. These direct service fees provide for the costs associated with distribution, servicing, and administration of the Unit Classes. Such direct service fees reduce the value of the participant’s account as incurred. Such fees are payable to TFI monthly, solely from the assets of SCF. SCF paid service fees of \$21.6 million for the year ended June 30, 2022.

Under the SCF Service Agreement with LMIS, the SCF paid \$78,600 and \$1.0 million, respectively in investment fees and \$724,800 and \$15.5 million, respectively in service fees for the years ended June 30, 2022 and 2021.

CollegeInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

Investment, Service and Administrative Fees (continued):

Scholars Choice Fund (continued):

The SCF Service Agreement states that CollegeInvest will receive an administrative fee at an annual rate of up to 0.10% of average daily net assets. These fees represent charges to SCF for actual administrative costs of CollegeInvest. Such fees are payable to CollegeInvest monthly, solely from the assets of the SCF. From July 1, 2020 through June 30, 2022, CollegeInvest received an administrative fee at an annual rate of 0.06% of average daily net assets. SCF paid administrative fees of \$3.1 million and \$3.0 million for the years ended June 30, 2022 and 2021, respectively.

Direct Portfolio Fund:

CollegeInvest entered into a service agreement (DPF Service Agreement) with Ascensus and The Vanguard Group, Inc. (Managers), pursuant to which the Managers are responsible for providing administrative, record-keeping, marketing, and investment management services to the DPF. During the year ended June 30, 2022, and 2021, DPF paid investment fees of \$2.0 million and \$1.8 million and service fees of \$12.2 million and \$11.7 million, respectively. Such direct investment and service fees reduce the value of the participant's account as incurred. Such fees are payable to the Managers monthly, solely from the assets of the DPF.

Under the DPF Service Agreement, CollegeInvest receives an administrative fee at an annual rate of up to 0.10% of average daily net assets. These fees represent charges to DPF for actual administrative costs of CollegeInvest. Such fees are payable to CollegeInvest monthly, solely from the assets of DPF. From July 1, 2019 through June 30, 2022 CollegeInvest received an administrative fee at an annual rate of 0.06% of average daily net assets. DPF paid administrative fees of \$3.5 million and \$3.1 million for the years ended June 30, 2022 and 2021, respectively.

Stable Value Plus Fund:

Contributions are invested by deposit under the Deferred Fixed Annuity Contract (Nationwide Contract) between CollegeInvest and Nationwide. Deposits made under the Nationwide Contract become commingled with the general account of Nationwide. Nationwide is obligated to repay the amounts deposited under the Nationwide Contract and an investment return as described above. The annual interest rate calculated each year under the Nationwide Contract is net of all administrative and other charges of Nationwide.

CollegeInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

1. Organization and Summary of Significant Accounting Policies (continued):

Investment, Service and Administrative Fees (continued):

Stable Value Plus Fund (continued):

The Nationwide Contract states that CollegeInvest will receive an administrative fee at an annual rate of up to 0.99% of the average daily net assets of the Fund. Such fees are payable to CollegeInvest solely from account owners and cannot exceed actual expenses of administering the Fund as defined by statute. For the period from July 1, 2020 through June 30, 2022, the fee was 0.71%. SVP paid administrative fees on behalf of its participants of \$1.2 million and \$1.1 million for the years ended June 30, 2022 and 2021, respectively.

Smart Choice Fund:

All monies received as contributions to the accounts under the service agreement (SCCS Service Agreement) between CollegeInvest and FirstBank shall be deposited by FirstBank into the Trust Account and invested according to the respective Investment Option or Options, as directed by the account owner. The SCCS Service Agreement requires FirstBank to repay the amounts deposited along with any interest earned on their deposit. The interest rate will be calculated, and may be adjusted if needed, every Wednesday and on the first day of each month and is net of all administrative and other charges of FirstBank.

Under the SCCS Service Agreement, CollegeInvest receives an administrative fee at an annual rate of up to 0.10% of average daily net assets. These fees represent charges to SCCS for actual administrative costs of CollegeInvest. Such fees are payable to CollegeInvest monthly, solely from the assets of SCCS. SCCS paid administrative fees on behalf of its participants of \$87,000 and \$80,000 for the years ended June 30, 2022 and 2021, respectively.

2. Cash, Cash Equivalents and Investments:

Cash and Cash Equivalents:

Cash and cash equivalents generally include contributions received that have not yet been invested in underlying funds and/or redemption proceeds from underlying funds for withdrawals that have not yet been distributed in accordance with the account owner's instructions.

CollegeInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

2. Cash, Cash Equivalents and Investments (continued):

Cash and Cash Equivalents (continued):

All cash deposits of the SCF and DPF are held by a custodian on behalf of the manager of each Fund until it is invested and/or redeemed from the Underlying Funds. Depending upon the timing of the cash receipts or payment, there could be up to two days' delay between actual receipt/payment of cash and the investment transaction. Cash and cash equivalents are held in trust by the Funds' Managers as of June 30, 2022 and 2021.

All cash deposits of the SVP Funds are held by a bank. Payments and cash receipts are deposited to a demand deposit account daily. Contributions will be invested with Nationwide within 30 days of receipt by CollegeInvest. Interest earned on contributions prior to investment with Nationwide will accrue to CollegeInvest and will be used to offset administrative expenses. SVP had deposits that were not yet transferred to Nationwide of \$188,700 and \$584,000 as of June 30, 2022 and 2021, respectively.

All cash deposits of the SCCS Funds are held by FirstBank.

Custodial Credit Risk – Cash Deposits:

Cash deposits as of June 30 are as follows:

| | <u>2022</u> | <u>2021</u> |
|-------------------------|---|------------------|
| | (dollar amounts expressed in thousands) | |
| Demand deposit accounts | \$ 251 | \$ 393 |
| Money market accounts | <u>90,032</u> | <u>84,477</u> |
| Total cash deposits | <u>\$ 90,283</u> | <u>\$ 84,870</u> |

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, CollegeInvest will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Monies in the SVP demand deposit accounts are insured by federal depository insurance for the first \$250,000. Deposits in excess of the \$250,000 limit are collateralized subject to the provisions of the State's Public Deposit Protection Act (PDPA) for monies held within the state. Monies held in the SCF and DPF are uncollateralized. Individual accounts in the SCCS that are greater than \$250,000 are uncollateralized. There were no uncollateralized accounts in the SCCS as of June 30, 2022 and one uncollateralized account as of June 30, 2021.

CollegInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

2. Cash, Cash Equivalents and Investments (continued):

Investments:

Investments, at fair value, for each Fund as of June 30 are as follows:

| | 2022 | 2021 |
|------------------------|---|----------------------|
| | (dollar amounts expressed in thousands) | |
| Scholars Choice Fund | \$ 4,622,659 | \$ 5,374,032 |
| Direct Portfolio Fund | 5,277,579 | 5,754,496 |
| Stable Value Plus Fund | 174,761 | 172,727 |
| Total investments | <u>\$ 10,074,999</u> | <u>\$ 11,301,255</u> |

Investment Authority and Policy:

Scholars Choice Fund and Direct Portfolio Fund:

The Board approves the investment policies for both the SCF and DPF. Investments of assets in the SCF and DPF and the underlying portfolios are selected and managed in accordance with the standards set forth in the Colorado Revised Statutes Sections 15-1-304 and 15-1.1-102. Consistent with these standards, the Board, or its designated committee, will determine from time to time suitable investment parameters for the SCF and the DPF, which seek to control risk through portfolio diversification. Generally, investments include money market mutual funds and bond and equity mutual funds. Each mutual fund in which an underlying portfolio is invested shall comply with the investment policy's permitted investment guidelines.

CollegInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

2. Cash, Cash Equivalents and Investments (continued):

Investment Authority and Policy (continued):

Scholars Choice Fund and Direct Portfolio Fund (continued):

The table below identifies the significant investment types that are authorized for the SCF and DPF:

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer [A] |
|----------------------------------|---------------------|---------------------------------------|--|
| U.S. Treasury Obligations | None | None | None |
| U.S. Agency Securities | None | None | None |
| Certificates of Deposit | 12 months | [B] | [B] |
| Commercial Paper | 9 months | None | None |
| General or Revenue Obligations | None | None | None |
| Repurchase Agreements [C] | None | None | None |
| Investment Agreements | None | None | None |
| Banker's Acceptances | None | None | None |
| Domestic Equity Securities | N/A | [D] | [D] |
| Foreign Equity Securities | N/A | [E] | [E] |
| Money Market Funds | N/A | None | None |
| Cash Management Accounts | N/A | None | None |

[A] No more than 10% of the total amount of the fixed-income portion shall be committed to the securities of any one issuer at the time of purchase, with the exception of securities issued or guaranteed by the full faith and credit of the United States or AAA rated securities issued by governmental agencies as to which there is no limit.

[B] No more than 5% of the assets of the short-term investment account shall be committed to certificates of deposit from one institution.

[C] Repurchase agreements must be secured by U.S. Treasury Obligations or U.S. Agency Securities.

[D] No more than 5% of the total amount of the underlying portfolio in the securities of any one issuer; no more than 5% of the outstanding shares of any single corporation; and no more than 25% of the total amount of the underlying portfolio in any one industry.

[E] No more than 5% of the total amount of the underlying portfolio in the securities of any one issuer; no more than 5% of the outstanding shares of any single corporation; investment in any one country shall be no more than a) 25% of the total amount of the underlying portfolio or, b) the country weight in the MSCI ACWI ex US benchmark plus 10% and a minimum of eight countries should be represented in the underlying portfolio.

CollegelInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

2. Cash, Cash Equivalents and Investments (continued):

Investment Authority and Policy (continued):

Stable Value Plus Fund:

The Board approves the investment policy for the SVP. Generally, investments include any funding agreement, guaranteed interest contract, guaranteed investment contract, annuity contract, repurchase agreement, or other similar investments which are issued by an insurance company or other investment provider with financial strength ratings in any one of the three highest rating categories by two or more nationally recognized rating agencies which regularly rate the ability of such investment providers to pay claims. The SVP may terminate any agreement with an existing investment provider should two or more of the nationally recognized rating agencies reduce their rating of the provider to a category that is below the lowest “A” rating. As of June 30, 2022 and 2021, the Nationwide Mutual Insurance Company’s rating met the requirements of the investment policy.

Smart Choice Fund:

The Board, with the approval of the Executive Director of the Department, has the responsibility to select a financial institution to manage the plan assets. The SCCS will offer a number of investment options in interest-bearing accounts provided by FirstBank that reflect a conservative and safe risk tolerance for participants saving for post-secondary education. Generally, investments may include a regular savings account, a time savings account, a money market account, a time deposit account or a premier time account. Monies in these accounts are insured by the FDIC for the first \$250,000.

CollegelInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

2. Cash, Cash Equivalents and Investments (continued):

Investment Authority and Policy (continued):

The College Savings Program Funds' investments, at fair value, as of June 30 are as follows:

| | 2022 | 2021 |
|--|---|--------------|
| | (dollar amounts expressed in thousands) | |
| Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares | \$ 2,049,387 | \$ 2,320,149 |
| Vanguard Total Bond Market II Index Fund Institutional Shares | 1,169,274 | 1,238,826 |
| TIAA-CREF Core Bond Fund I | 897,263 | - |
| Vanguard Total International Stock Index Fund Institutional Plus Shares | 889,941 | 999,640 |
| TIAA Life Funding Agreement | 825,458 | - |
| TIAA-CREF Growth & Income Fund I | 546,976 | - |
| Vanguard Total International Bond Index Fund Institutional Shares | 539,804 | 570,705 |
| TIAA-CREF International Equity Index Fund I | 493,079 | - |
| Colorado Short-Term Reserves Accounts | 460,690 | 440,404 |
| TIAA-CREF Equity Index Fund | 328,101 | - |
| TIAA-CREF Inflation Linked Bond Fund | 223,389 | - |
| Principal Equity Income Fund I | 213,968 | - |
| T. Rowe Price Large Cap Growth Fund I | 200,120 | - |
| Nuveen Strategic Income Fund R6 | 175,543 | - |
| Investment Agreement – Nationwide/MetLife | 174,761 | 172,727 |
| TIAA CREF Real Estate Securities Fund | 147,386 | - |
| TIAA-CREF Emerging Markets Equity Index Fund I | 123,798 | - |
| TIAA-CREF Money Market Fund | 118,398 | - |
| TIAA-CREF Quant Small Cap Equity Fund I | 94,755 | - |
| TIAA-CREF High Yield Fund I | 91,252 | - |
| Vanguard Short-Term Inflation-Protected Securities Index Fund Institutional Share: | 88,819 | 92,955 |
| Vanguard Total Bond Market Index Fund Institutional Plus Shares | 79,664 | 91,195 |
| TIAA-CREF S&P 500 Index Fund I | 71,812 | - |
| Western Asset Core Plus Bond Fund | 38,951 | 723,901 |
| Oakmark International Fund I | 16,511 | - |
| Dodge & Cox Global Bond Fund | 7,184 | - |
| Nuveen Dividend Growth Fund | 3,095 | - |
| Principal MidCap Institutional | 2,119 | - |
| Nuveen ESG Large-Cap ETF | 1,345 | - |
| DFA Emerging Markets Core Equity Portfolio I | 876 | - |
| Nuveen ESG International Developed Markets Equity ETF | 757 | - |
| Nuveen ESG U.S. Aggregate Bond ETF | 457 | - |
| Dreyfus Government Cash Management Institutional Fund | 66 | |

CollegelInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

2. Cash, Cash Equivalents and Investments (continued):

The College Savings Program Funds' investments, at fair value, as of June 30 are as follows:

| | <u>2022</u> | <u>2021</u> |
|--|---|----------------------|
| | (dollar amounts expressed in thousands) | |
| Western Asset Institutional Government Reserves | - | 743,873 |
| Western Asset Short-Term Bond Fund | - | 594,605 |
| QS U.S. Large Cap Equity Fund | - | 590,411 |
| Thornburg International Value Fund | - | 400,063 |
| Western Asset Inflation Indexed Plus Bond Fund | - | 378,037 |
| Templeton Foreign Fund | - | 376,678 |
| ClearBridge Appreciation Fund | - | 306,811 |
| ClearBridge Large Cap Growth Fund | - | 289,123 |
| BW Global Opportunities Bond Fund | - | 266,252 |
| BW Diversified Large Cap Value Fund | - | 249,288 |
| QS Global Dividend Fund | - | 207,659 |
| ClearBridge Small Cap Fund | - | 133,939 |
| ClearBridge Aggressive Growth Fund | - | 63,697 |
| ClearBridge Small Cap Growth Fund | - | 49,695 |
| Vanguard Cash Management Trust | - | 622 |
| Vanguard Federal Money Market Fund Investor Shares | - | - |
| | <u>\$ 10,074,999</u> | <u>\$ 11,301,255</u> |

CollegeInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

2. Cash, Cash Equivalents and Investments (continued):

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. CollegeInvest provides participants investment opportunities in various portfolios that are constructed from a range of mutual funds that it has selected. CollegeInvest does not actively manage interest rate risk except through its mutual fund selection process. TFI and the Managers of the Funds primarily report interest rate risk evaluation of the fixed income mutual funds in the various portfolios based on the duration method.

| | 2022 | 2021 |
|--|-----------|---------------------------------|
| | Duration | Weighted Average Maturity |
| BW Global Opportunities Bond Fund | | 2.7 years |
| Colorado Short-Term Reserves Account | 3.3 years | 3.2 years |
| Dodge & Cox Global Bond Fund | 4.5 years | |
| Nuveen ESG U.S. Aggregate Bond ETF | 6.4 years | |
| Nuveen Strategic Income Fund R6 | 4.5 years | |
| TIAA-CREF Core Bond Fund I | 6.3 years | |
| TIAA-CREF High Yield Fund I | 4.3 years | |
| TIAA-CREF Inflation Linked Bond Fund | 4.6 years | |
| Vanguard Short-Term Inflation-Protected Securities Index Fund Institutional Shares | 2.5 years | 2.6 years |
| Vanguard Total Bond Market II Index Fund Institutional Shares | 6.7 years | 6.8 years |
| Vanguard Total Bond Market Index Fund Institutional Plus Shares | 6.7 years | 6.8 years |
| Vanguard Total International Bond Index Fund Institutional Shares | 7.7 years | 8.4 years |
| Western Asset Core Plus Bond Fund | 8.0 years | 7.1 years |
| Western Asset Inflation Indexed Plus Bond Fund | | 7.7 years |
| Western Asset Institutional Government Reserves | | 41 days |
| Western Asset Short-Term Bond Fund | | 1.9 years |

CollegeInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

2. Cash, Cash Equivalents and Investments (continued):

Credit Risk:

Generally, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment options in SCF and DPF attempt to diversify risk by offering multiple portfolio options with a range of credit risk characteristics. Investments of the underlying portfolios shall be selected and managed in accordance with the standards set forth in Section 15-1-304, C.R.S., that is: (a) with the care which men of prudence, discretion and intelligence exercise in the management of the property of another, not in regard to speculation but in regard to the permanent disposition of funds, considering the probable income as well as the probable safety of capital; and (b) for the sole benefit of the beneficiary. Investment decisions shall be made in accordance with the prudent investor rule set forth in Section 15-1.1-102, C.R.S. Consistent with the above, the BOD, or its designated Committee, will determine, from time to time, suitable investment parameters for the SCF and DPF which seek to control risk through portfolio diversification. Additionally, CollegeInvest's investment policy states that all mutual fund assets are subject to the provisions of the Investment Company Act of 1940. As of June 30, 2022 and 2021, investments in the SCF, DPF and SCCS portfolios and the Funding Agreement were unrated. The underlying securities of the repurchase agreement are explicitly guaranteed by the U.S. government and are not subject to credit risk disclosures.

Units:

The beneficial interests of each participant and beneficiary in the net position of all portfolios except SCCS are represented by units. Contributions to and redemptions from the portfolios are subject to terms and limitations defined in the participation agreement between the participant and the respective plan. Contributions to SCF and DPF (other than by electronic funds transfers) will purchase units in a portfolio at the net asset value per unit for that portfolio calculated no later than the business day following the day payment is received by TFI or the Managers. Contributions by electronic funds transfers will purchase units at the unit value calculated on the day of transfer or, in certain cases, on the day that the monies become available. Contributions to SVP, including contributions received by electronic transfer, will purchase units at the net asset value calculated on the business day immediately preceding the date the contributions are invested with Nationwide. Contributions are required to be invested with Nationwide within 30 days of receipt by CollegeInvest.

CollegeInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

2. Cash, Cash Equivalents and Investments (continued):

Units (continued):

Withdrawals from SCF or DPF result in the redemption of units, based on the unit value next determined following TFI's or the Manager's receipt of the withdrawal request. Unit values for each portfolio are determined daily. There are no distributions of net investment gains or net investment income to the portfolios' participants or beneficiaries. Withdrawals from SVP result in the redemption of units, based on the unit value determined on the date immediately preceding the date that a payment is made by CollegeInvest in satisfaction of a withdrawal request. Unit values for the Fund are determined daily. There are no distributions of net investment gains or net investment income to the participants or beneficiaries.

3. Disclosures About Fair Value of Assets and Liabilities:

Units:

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 (unadjusted) in active markets for an identical asset or liability that a government can access at the measurement date
- Level 2:** Inputs other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities 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 for an asset or liability

CollegInvest
College Savings Program Funds
Notes To Financial Statements
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3. Disclosures About Fair Value of Assets and Liabilities (continued):

Recurring Measurements:

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of fiduciary net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30:

| Investments | 2022 | | | 2021 | | |
|--------------------------------|----------------|--|------------|----------------|--|------------|
| | Carrying value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Exempt | Carrying value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Exempt |
| (\$ in thousands) | | | | | | |
| Stock Mutual Funds | \$ 6,009,483 | \$ 6,009,483 | \$ - | \$ 5,987,153 | \$ 5,987,153 | \$ - |
| Bond Mutual Funds | 3,311,601 | 3,311,601 | - | 3,516,072 | 3,956,476 | - |
| Colorado ST Reserve Fund | 460,690 | - | 460,690 | 440,404 | - | 440,404 |
| Guaranteed Investment Contract | 174,761 | - | 174,761 | 172,727 | - | 172,727 |
| Money Market Funds | 118,464 | 118,398 | 66 | 1,184,899 | 743,873 | 622 |
| Total | \$ 10,074,999 | \$ 9,439,482 | \$ 635,517 | \$ 11,301,255 | \$ 10,687,502 | \$ 613,753 |

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of fiduciary net position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended June 30, 2022 and 2021.

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. CollegInvest does not have any investments classified as Level 2 or Level 3.

CollegeInvest
College Savings Program Funds
Notes To Financial Statements
June 30, 2022 and 2021

4. Net Position:

All of the Funds' fiduciary net position of \$10.2 billion and \$11.4 billion as of June 30, 2022 and 2021, respectively, are net position held in trust on behalf of investors in the Funds.

5. Intraplan Administrative Fee Transfers:

CollegeInvest may receive an administrative fee at an annual rate of up to 0.99% of the average daily net assets of SVP, and up to 0.10% of the average daily net assets of SCF, DPF and SCCS. These fees are deducted monthly from each fund and are used by CollegeInvest for the payment of administrative expenses incurred by CollegeInvest in connection with the operation of the Program in accordance with and as permitted by applicable law. From July 1, 2020 through June 30, 2022, the fee for SVP was 0.71%, 0.10% for SCCS, and 0.06% for SCF and DPF.

During the fiscal year ended June 30, 2022, DPF transferred \$1.0 million to SCF, SVP transferred \$490,000 to SCF, and SCCS transferred \$35,000 to SCF for the excess of fees collected over expenses.

During the fiscal year ended June 30, 2021, DPF transferred \$875,000 to SCF, SVP transferred \$480,000 to SCF, and SCCS transferred \$29,000 to SCF for the excess of fees collected over expenses.

6. Capital Markets:

During the last several years, financial markets as a whole have incurred significant fluctuations in values. Because the values of individual investments fluctuate with market conditions, the amount of investment gains or losses that the plan will recognize in its future financial statements, if any, cannot be determined.

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

To the Members of the Legislative Audit Committee and the Board of Directors for CollegeInvest:

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 CollegeInvest (a division of the Department of Higher Education, State of Colorado) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise CollegeInvest's basic financial statements, and have issued our report thereon dated November 29, 2022 which contains an other matter paragraph regarding the financial statements of CollegeInvest for the year ended June 30, 2021 which were audited by another auditor.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Denver, Colorado
November 29, 2022



Independent Auditor's Communication to Those Charged with Governance

To the Members of the Legislative Audit Committee and the Board of Directors for CollegeInvest,

We have audited the financial statements of CollegeInvest as of and for the year ended June 30, 2022 and have issued our report thereon dated November 29, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated June 22, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of the CollegeInvest solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks". We have identified the following as significant risks.

- Management override of controls – Professional standards require auditors to address the possibility of management overriding controls, which is inherent to every entity. Accordingly, we identified as a significant risk that management of the organization may have the ability to override controls that the organization has implemented.
- Fair Value of Investments – There is a risk that the fair value of investments could be misstated if the valuation to fair value is not completed or not completed accurately.
- Administrative Fees – There is a risk that administrative fees are not being taken in accordance with set rates.
- Revenue Recognition – *Generally Accepted Auditing Standards* require a presumed risk of improper revenue recognition, unless otherwise noted. We identified improper revenue recognition as an identified fraud risk due to the possibility that revenue is not recorded appropriately such as in the wrong period, in the incorrect amount, etc. either due to error or fraud.
- Unauthorized Distributions - The risk that distributions from participant accounts are not properly authorized.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by CollegenInvest is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such significant accounting estimates were identified.

Financial Statement Disclosures

There were no financial statement disclosures that we consider to be particularly sensitive or involve significant judgement.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no corrected misstatements identified during the audit. The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

DPF:

| | <u>Debit</u> | <u>Credit</u> |
|---|--------------|---------------|
| Investments Receivable | \$4,377,762 | |
| Investments Payable | | \$572,023 |
| Net Position | | \$3,805,739 |
| <i>To record the impact of investment receivables and payables not recorded at June 30, 2021.</i> | | |

| | <u>Debit</u> | <u>Credit</u> |
|---|--------------|---------------|
| Investments | | \$4,377,762 |
| Investments | \$572,023 | |
| Investment Income | \$3,805,739 | |
| <i>To record the trade impact of investment receivables and payables not recorded at June 30, 2021.</i> | | |

The effect of these uncorrected misstatements, including the effect of the reversal of prior year uncorrected misstatements as of and for the year ended June 30, 2022, is an overstatement of change in fiduciary net position of approximately \$3,805,739, and no impact to fiduciary net position.

SCF:

| | <u>Debit</u> | <u>Credit</u> |
|---|--------------|---------------|
| Investments Receivable | \$1,375,863 | |
| Net Position | \$1,218,538 | |
| Investments Payable | | \$2,594,401 |
| <i>To record the impact of investment receivables and payables not recorded at June 30, 2021.</i> | | |

| | <u>Debit</u> | <u>Credit</u> |
|---|--------------|---------------|
| Investments | | \$1,375,863 |
| Investments | \$2,594,401 | |
| Investment Income | | \$1,218,538 |
| <i>To record the trade impact of investment receivables and payables not recorded at June 30, 2021.</i> | | |

The effect of these uncorrected misstatements, including the effect of the reversal of prior year uncorrected misstatements as of and for the year ended June 30, 2022, is an understatement of change in fiduciary net position of approximately \$1,218,538, and no impact to fiduciary net position.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the CollegeInvest's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

We have made the following modification to our auditor's report, related to CollegeInvest's relationship with the State of Colorado:

As discussed in Note 1 – Organization and Summary of Significant Accounting Policies, the financial statements of CollegeInvest are intended to present the fiduciary net position, and the changes in fiduciary net position, for only that portion of the financial reporting entity, State of Colorado, that is attributable to the transactions of the CollegeInvest College Savings Program Funds. They do not purport to, and do not, present fairly the fiduciary financial position of the State of Colorado as of June 30, 2022 and 2021, and the changes in its fiduciary financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

We have made the following modification to our auditor's report related to the predecessor auditor's report:

The financial statements of CollegeInvest for the year ended June 30, 2021, were audited by another auditor, who expressed an unmodified opinion on those statements on November 22, 2021.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated November 29, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the CollegenInvest we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as CollegenInvest's auditors.

This report is intended solely for the information and use of the CollegenInvest, the Board of Directors for CollegenInvest, management of CollegenInvest, the Legislative Audit Committee, and Office of the State Auditor, and is not intended to be, and should not be, used by anyone other than these specified parties. However, upon release by the Legislative Audit Committee, this report is a public document.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Denver, Colorado
November 29, 2022