

**CollegeInvest College Savings Program Funds**  
**Financial Statements and Independent Auditor's Reports**  
**Financial Audit**  
**Years Ended June 30, 2015 and 2014**  
**Compliance Audit**  
**Year Ended June 30, 2015**

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December 4, 2015

Members of the Legislative Audit Committee:

We have completed the financial statement audits of CollegeInvest College Savings Program Funds as of and for the years ended June 30, 2015 and 2014. Our audits were 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 audits 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.

*BKD, LLP*

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**CollegeInvest**  
**College Savings Program Funds**  
**June 30, 2015**

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**CollegInvest**  
**College Savings Program Funds**  
**Year Ended June 30, 2015**

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**REPORT SUMMARY**

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**Purposes and Scope**

The Office of the State Auditor, State of Colorado, engaged BKD, 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, 2015. BKD, LLP performed the 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.

The purposes and scope of our audits were to (i) express opinions on each fiduciary fund of CollegInvest College Savings Program Funds as of and for the fiscal years ended June 30, 2015 and 2014 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, 2015.

**Audit Opinions and Reports**

We expressed unmodified opinions on each fiduciary fund of CollegInvest College Savings Program Funds as of and for the years ended June 30, 2015 and 2014.

**Summary of Key Findings and Recommendations**

There were no findings for the year ended June 30, 2015.

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

There were no findings for the year ended June 30, 2014.

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**CollegInvest**  
**College Savings Program Funds**  
**Year Ended June 30, 2015**

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**DESCRIPTION OF  
COLLEGEINVEST  
COLLEGE SAVINGS PROGRAM FUNDS**

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**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 Fund, Direct Portfolio Fund, Smart Choice College Savings Funds, and Stable Value Plus Fund), an Internal Revenue Code Section 529A Achieving a Better Life Experience (ABLE) savings program, a scholarship trust program (CollegInvest Early Achievers Scholarship Fund), a nursing teacher loan forgiveness program (Nursing Teacher Loan Forgiveness Fund), and a Financial Need Scholarship Fund, which are administered by CollegInvest. The programs assist students in meeting the expenses incurred in availing themselves of higher education opportunities. The Executive Director of the Colorado Department of Higher Education has responsibility for oversight and management of CollegInvest and appoints the Director of CollegInvest. In addition, CollegInvest has a nine person Advisory Board of Directors (Board) designated 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.

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.

**CollegInvest**  
**College Savings Program Funds**  
Year Ended June 30, 2015

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

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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

Members of the Legislative Audit Committee:

### Report on the Financial Statements

We have audited the accompanying financial statements of each fiduciary fund of CollegeInvest (a division of the Department of Higher Education, State of Colorado) College Savings Program Funds as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise CollegeInvest College Savings Program Funds' basic financial statements listed in the table of contents.

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of each fiduciary fund of CollegeInvest College Savings Program Funds as of June 30, 2015 and 2014, and the changes in net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 – Organization and Summary of Significant Accounting Policies, the financial statements of the CollegeInvest College Savings Program Funds are intended to present the net position, and the changes in 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 financial position of the State of Colorado as of June 30, 2015 and 2014, 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. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the CollegeInvest College Savings Program Funds' basic financial statements. The accompanying supplementary information – combining schedules for the Scholars Choice Fund, Direct Portfolio Fund and Smart Choice Fund listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015, on our consideration of CollegeInvest College Savings Program Funds' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CollegeInvest College Savings Program Funds' internal control over financial reporting and compliance.

*BKD, LLP*

Denver, Colorado  
December 4, 2015

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**CollegelInvest**  
**College Savings Program Funds**  
**Management’s Discussion and Analysis**  
**(Unaudited)**  
**June 30, 2015 and 2014**

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, 2015 and 2014, prepared by management. The Funds are Internal Revenue Code (IRC) Section 529 college savings plans administered by CollegelInvest. CollegelInvest, 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 CollegelInvest (Program). The Funds are presented as fiduciary funds (specifically, private-purpose trust funds) in the State of Colorado Comprehensive Annual 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 Statement of Fiduciary Net Position, the Statement 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 Statement of Fiduciary Net Position presents information on all of the Funds’ assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial results of the Funds are improving or deteriorating.

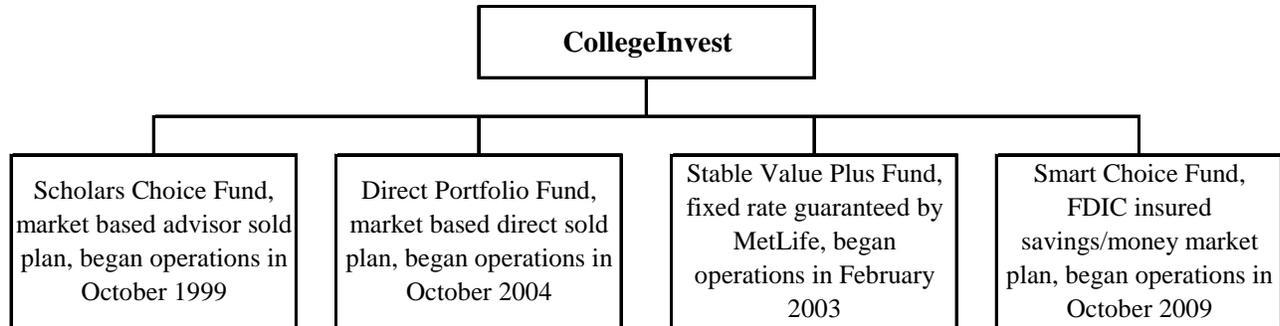
The Statement of Changes in Fiduciary Net Position presents information that reflects how the Funds’ net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.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

**Analysis of Financial Activities:**

The Executive Director of the Department of Higher Education of the State of Colorado (Executive Director) and CollegelInvest’s Board of Directors (BOD) approve the annual budget. The BOD approves 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, 2015 and 2014**

**Analysis of Financial Activities (continued):**



***Scholars Choice Fund:***

CollegeInvest has an agreement with QS Legg Mason Global Asset Allocation, LLC (QSLMGAA) and Legg Mason Investor Services, LLC (LMIS) to manage the advisor sold accounts of the Scholars Choice Fund (SCF). Both QSLMGAA and LMIS are wholly owned subsidiaries of Legg Mason, Inc. LMIS is responsible for performing or arranging for the performance of administrative duties and record-keeping functions, and QSLMGAA performs investment advisory functions for the SCF. As of May 30, 2014, Legg Mason acquired QS Investors (QS), a leading customized solutions and global quantitative equities manager. QS and LMGAA became part of a combined investment platform in order to leverage the firms’ combined multi-manager asset allocation and quantitative equity expertise. On June 30, 2014, Legg Mason Global Asset Allocation, LLC’s name was changed to QS Legg Mason Global Asset Allocation, LLC. The agreement with QSLMGAA is for management of the advisor sold accounts only and expires on December 31, 2022, subject to possible extension.

CollegeInvest acts as trustee to the SCF, and QSLMGAA 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 13 investment options in which participants may invest. Each investment option is comprised of one or more of the 15 portfolios 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.

**CollegInvest**  
**College Savings Program Funds**  
**Management’s Discussion and Analysis**  
**(Unaudited)**  
**June 30, 2015 and 2014**

**Analysis of Financial Activities (continued):**

***Direct Portfolio Fund:***

In 2004, CollegInvest entered into an agreement 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.

CollegInvest 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 eight portfolios within DPF. These investment options are designed to help meet diverse investment goals of investors.

***Stable Value Plus Fund:***

CollegInvest administers the Stable Value Plus Fund. CollegInvest entered into a funding agreement in January 2003 (MetLife Agreement) with MetLife Insurance Company of Connecticut (MetLife), a wholly owned subsidiary of MetLife, Inc., to provide a guarantee on the principal and earnings of the Stable Value Plus Fund (SVP). The SVP offers an investment return based on an interest rate that is reset annually by MetLife each January 1. The agreement expires on December 31, 2017, with the option to extend two additional one-year periods.

Under the MetLife Agreement, MetLife has agreed that the annual interest rate calculated each year will not be less than the greater of (i) the Colorado minimum nonforfeiture interest rate for annuity contracts (currently 3.00%), or (ii) 2.00%. The current minimum investment return on accounts in the SVP could be as low as 2.01%, which is the current minimum annual rate of 3.00% less the maximum CollegInvest administrative fee of 0.99%. The rate, net of CollegInvest’s administrative fee, has been as follows:

<b>Date</b>	<b>Rate</b>
July 1, 2012 – December 31, 2013	3.04%
January 1, 2014 – December 31, 2014	2.64%
January 1, 2015 – June 30, 2015	3.09%

**CollegelInvest**  
**College Savings Program Funds**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**June 30, 2015 and 2014**

**Analysis of Financial Activities (continued):**

***Smart Choice Fund:***

In October 2009, CollegelInvest entered into an agreement with FirstBank Holding Company (FirstBank), a Colorado banking company, to begin offering a college savings option called the Smart Choice College Savings Plan (SCCS). CollegelInvest acts as trustee for the Plan and FirstBank provides 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 Plan and a Money Market Savings Plan. The agreement expires September 30, 2019, with an option to extend for up to two additional two-year periods.

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. The average interest rate paid during fiscal years 2015 and 2014 was 0.11% and 0.14%, respectively.

**Comparison of Current Year Results to Prior Year:**

*Condensed Statements of Fiduciary Net Position as of June 30:*

	<u>2015</u>	<u>2014</u>	<u>2013</u>
	(dollar amounts expressed in thousands)		
Cash and investments	\$ <b>6,319,019</b>	\$ 5,903,085	\$ 4,975,367
Receivables and other	<b>15,886</b>	11,511	12,355
Total fiduciary assets	<b>6,334,905</b>	5,914,596	4,987,722
Total liabilities	<b>16,670</b>	12,446	13,499
Total fiduciary net position, held in trust	<b>\$ 6,318,235</b>	<b>\$ 5,902,150</b>	<b>\$ 4,974,223</b>

Combined cash and investments of the Program increased by \$415.9 million, or 7.0%, from June 30, 2014 to June 30, 2015, due primarily to net contributions (participant contributions less benefits paid to participants and withdrawals) of \$242.9 million and investment earnings and fees of \$201.2 million, which were offset by administrative expenses of \$28.8 million.

**CollegInvest**  
**College Savings Program Funds**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**June 30, 2015 and 2014**

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

Combined cash and investments of the Program increased by \$927.7 million, or 18.7%, from June 30, 2013 to June 30, 2014, due primarily to net contributions (participant contributions less benefits paid to participants and withdrawals) of \$243.5 million and investment earnings and fees of \$711.2 million, which were offset by administrative expenses of \$27.3 million.

Receivables consist primarily of receivables for fund shares sold, receivables for investments sold, dividends and interest receivable, and due from Student Loan Program Funds. Receivables increased by \$4.4 million in 2015 and decreased by \$844,000 in 2014. The fluctuation in both years is primarily due to the 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.

Liabilities consist of amounts payable for investments purchased, amounts payable for fund shares repurchased, service and investment fees payable, unearned revenue, and due to participants. Total liabilities increased by \$4.2 million in fiscal year 2015 and decreased by \$1.1 million in fiscal year 2014. The fluctuation in both years is primarily due to the amount of the payables for investments purchased and the amounts payable for fund shares repurchased in the SCF. 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.

**CollegInvest**  
**College Savings Program Funds**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**June 30, 2015 and 2014**

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
	(dollar amounts expressed in thousands)		
Net investment earnings	\$ 201,203	\$ 711,192	\$ 466,940
Participant contributions	791,119	740,958	659,903
Fees	1,143	745	939
Total additions	<u>993,465</u>	<u>1,452,895</u>	<u>1,127,782</u>
Benefits paid to participants and withdrawals	548,259	497,459	457,860
Administrative, marketing and service fee expense	28,784	27,310	24,797
Total deductions	<u>577,043</u>	<u>524,769</u>	<u>482,657</u>
Change in fiduciary net position before transfers	416,422	928,126	645,125
Transfers and change in due to participants	(337)	(199)	(228)
Change in net position	<u>416,085</u>	<u>927,927</u>	<u>644,897</u>
Fiduciary net position, beginning of year	<u>5,902,150</u>	<u>4,974,223</u>	<u>4,329,326</u>
Fiduciary net position, end of year	<u>\$ 6,318,235</u>	<u>\$ 5,902,150</u>	<u>\$ 4,974,223</u>

Net investment earnings are comprised of dividends, interest earnings, net realized and unrealized gains and losses from security transactions less investment fees. Net realized and unrealized gains and losses on security transactions were \$1.2 million, \$576.8 million and \$348.7 million for the years ended June 30, 2015, 2014 and 2013, respectively. Increases and decreases in net realized and unrealized gains and losses on security transactions reflect market conditions during each corresponding year. 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. Interest and dividend earnings were \$202.0 million, \$136.3 million and \$119.9 million for the years ended June 30, 2015, 2014 and 2013, respectively. Interest and dividend earnings primarily reflect overall economic conditions and the investment holdings during each year. The Program participant contributions, net of benefits paid to participants and withdrawals, decreased by \$639,000 to \$242.9 million for the year ended June 30, 2015, and increased by \$41.5 million to \$243.5 million for the year ended June 30, 2014.

**CollegInvest**  
**College Savings Program Funds**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**June 30, 2015 and 2014**

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

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
	(dollar amounts expressed in thousands)		
Participant contributions:			
Scholars Choice Fund	\$ 365,666	\$ 357,115	\$ 331,420
Direct Portfolio Fund	348,352	316,145	277,240
Stable Value Plus Fund	40,972	36,148	24,916
Smart Choice Fund	36,129	31,550	26,327
Total participant contributions	<u>791,119</u>	<u>740,958</u>	<u>659,903</u>
Benefits paid to participants and withdrawals:			
Scholars Choice Fund	323,519	305,822	296,763
Direct Portfolio Fund	174,254	150,483	129,849
Stable Value Plus Fund	19,991	17,557	14,244
Smart Choice Fund	30,495	23,597	17,004
Total benefits paid to participants and withdrawals	<u>548,259</u>	<u>497,459</u>	<u>457,860</u>
Net participant contributions	<u>\$ 242,860</u>	<u>\$ 243,499</u>	<u>\$ 202,043</u>

Participant contributions were 12.9%, 13.6% and 14.2% of average net position for the years ended June 30, 2015, 2014 and 2013, respectively. Benefits paid to participants and withdrawals were 9.0%, 9.1% and 9.8% of average net position for the years ended June 30, 2015, 2014 and 2013, respectively.

Fees are primarily comprised of funds received from Legg Mason and the Managers for marketing and promotion of the Funds. CollegInvest utilized \$520,000 and \$586,000 in fees from Legg Mason and the Managers, respectively, for the year ended June 30, 2015. CollegInvest utilized \$336,000 and \$379,000 in fees from Legg Mason and the Managers, respectively, for the year ended June 30, 2014.

Administrative and service fees are charged to participants as a percentage of net position based on the investment option chosen. These charges were approximately 0.5% of average net position for the years ended June 30, 2015, 2014 and 2013.

**CollegeInvest**  
**College Savings Program Funds**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
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**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 MetLife 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 Wendy Hause, Chief Financial Officer, CollegeInvest, 1560 Broadway, Suite 1700, Denver, Colorado 80202.

**CollegInvest**  
**College Savings Program Funds**  
**Statements of Fiduciary Net Position**  
**June 30, 2015 and 2014**  
**(Dollar amounts expressed in thousands)**

	2015					2014				
	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
<b>Fiduciary assets:</b>										
Cash and cash equivalents	\$ -	\$ -	\$ 375	\$ 40,079	\$ 40,454	\$ -	\$ -	\$ 176	\$ 34,377	\$ 34,553
Investments, at fair value	3,707,456	2,469,378	101,731	-	6,278,565	3,567,447	2,222,785	78,300	-	5,868,532
Receivable for portfolio units sold and investments sold	7,534	-	-	-	7,534	4,069	-	-	-	4,069
Interest receivable	-	1,550	-	-	1,550	4	1,320	-	-	1,324
Due from plan managers	185	123	168	3	479	174	109	132	3	418
Due from (to) Student Loan Program Funds	5,377	1,034	(85)	(3)	6,323	4,839	914	(50)	(3)	5,700
<b>Total fiduciary assets</b>	<b>3,720,552</b>	<b>2,472,085</b>	<b>102,189</b>	<b>40,079</b>	<b>6,334,905</b>	<b>3,576,533</b>	<b>2,225,128</b>	<b>78,558</b>	<b>34,377</b>	<b>5,914,596</b>
<b>Liabilities:</b>										
Accounts payable	50	33	23	-	106	18	12	22	-	52
Payable for portfolio units repurchased and investments purchased	7,195	-	391	-	7,586	4,037	-	169	-	4,206
Service and investment fees payable	1,637	705	-	-	2,342	1,581	602	-	-	2,183
Unearned revenue	2,214	1,124	-	-	3,338	2,034	1,010	-	-	3,044
Due to participants	3,298	-	-	-	3,298	2,961	-	-	-	2,961
<b>Total liabilities</b>	<b>14,394</b>	<b>1,862</b>	<b>414</b>	<b>-</b>	<b>16,671</b>	<b>10,631</b>	<b>1,624</b>	<b>191</b>	<b>-</b>	<b>12,446</b>
<b>Total fiduciary net position, held in trust</b>	<b>\$ 3,706,158</b>	<b>\$ 2,470,223</b>	<b>\$ 101,775</b>	<b>\$ 40,079</b>	<b>\$ 6,318,235</b>	<b>\$ 3,565,902</b>	<b>\$ 2,223,504</b>	<b>\$ 78,367</b>	<b>\$ 34,377</b>	<b>\$ 5,902,150</b>

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, 2015 and 2014**  
**(Dollar amounts expressed in thousands)**

	2015					2014				
	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
<b>Additions:</b>										
Gross earnings on investments:										
Interest and dividends	\$ 146,475	\$ 52,414	\$ 3,024	\$ 68	\$ 201,981	\$ 91,586	\$ 42,197	\$ 2,351	\$ 127	\$ 136,261
Net realized and unrealized gains (losses) from securities transactions	(27,955)	29,126	-	-	1,171	341,462	235,315	-	-	576,777
	<u>118,520</u>	<u>81,540</u>	<u>3,024</u>	<u>68</u>	<u>203,152</u>	<u>433,048</u>	<u>277,512</u>	<u>2,351</u>	<u>127</u>	<u>713,038</u>
Less investment fees	(958)	(991)	-	-	(1,949)	(936)	(910)	-	-	(1,846)
Net investment earnings	<u>117,562</u>	<u>80,549</u>	<u>3,024</u>	<u>68</u>	<u>201,203</u>	<u>432,112</u>	<u>276,602</u>	<u>2,351</u>	<u>127</u>	<u>711,192</u>
Participant contributions	365,666	348,352	40,972	36,129	791,119	357,115	316,145	36,148	31,550	740,958
Fees	520	586	1	36	1,143	336	379	1	29	745
<b>Total additions</b>	<u>483,748</u>	<u>429,487</u>	<u>43,997</u>	<u>36,233</u>	<u>993,465</u>	<u>789,563</u>	<u>593,126</u>	<u>38,500</u>	<u>31,706</u>	<u>1,452,895</u>
<b>Deductions:</b>										
Benefits paid to participants and withdrawals	323,519	174,254	19,991	30,495	548,259	305,822	150,483	17,557	23,597	497,459
Service fees	17,283	6,532	-	-	23,815	16,404	6,702	-	-	23,106
Administrative fees	2,170	1,396	598	36	4,200	1,988	1,199	472	29	3,688
Marketing expenses	520	586	-	-	1,106	336	379	-	-	715
Excess (reduced) operating expenses	(855)	379	101	38	(337)	(742)	391	125	27	(199)
<b>Total deductions</b>	<u>342,637</u>	<u>183,147</u>	<u>20,690</u>	<u>30,569</u>	<u>577,043</u>	<u>323,808</u>	<u>159,154</u>	<u>18,154</u>	<u>23,653</u>	<u>524,769</u>
<b>Change in fiduciary net position before transfers</b>	<u>141,111</u>	<u>246,340</u>	<u>23,307</u>	<u>5,664</u>	<u>416,422</u>	<u>465,755</u>	<u>433,972</u>	<u>20,346</u>	<u>8,053</u>	<u>928,126</u>
<b>Intraplan administrative fee transfers</b>	(518)	379	101	38	-	(543)	391	125	27	-
<b>Change in due to participants</b>	(337)	-	-	-	(337)	(199)	-	-	-	(199)
<b>Change in net position</b>	<u>140,256</u>	<u>246,719</u>	<u>23,408</u>	<u>5,702</u>	<u>416,085</u>	<u>465,013</u>	<u>434,363</u>	<u>20,471</u>	<u>8,080</u>	<u>927,927</u>
<b>Fiduciary net position, beginning of year</b>	<u>3,565,902</u>	<u>2,223,504</u>	<u>78,367</u>	<u>34,377</u>	<u>5,902,150</u>	<u>3,100,889</u>	<u>1,789,141</u>	<u>57,896</u>	<u>26,297</u>	<u>4,974,223</u>
<b>Fiduciary net position, end of year</b>	<u>\$ 3,706,158</u>	<u>\$ 2,470,223</u>	<u>\$ 101,775</u>	<u>\$ 40,079</u>	<u>\$ 6,318,235</u>	<u>\$ 3,565,902</u>	<u>\$ 2,223,504</u>	<u>\$ 78,367</u>	<u>\$ 34,377</u>	<u>\$ 5,902,150</u>

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

**CollegeInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

**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) designated 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) (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 Funds, the CollegeInvest Early Achievers Scholarship Fund, the Nursing Loan Forgiveness Fund, the Financial Need Scholarship Fund and the Section 529A Achieving a Better Life Experience savings program. 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 Comprehensive Annual Financial Report. This report contains information relating only to the College Savings Program Funds. The operations of the Funds are accounted for under accounting principles generally accepted in the United States of America as a private-purpose trust. 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 limit. Investments in SCF and DPF are not deposits or other obligations of Legg Mason, Inc., Ascensus, The Vanguard Group, Inc., or any depository institution or affiliate of Ascensus or The Vanguard Group, Inc. Investments in SVP are an obligation of MetLife.

**CollegeInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

**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 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, changes in financial position, or cash flows 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 funds in the State of Colorado Comprehensive Annual Financial report. The financial statements of the CollegeInvest College Savings Program Funds are intended to present the net position and changes in 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, 2015 and 2014, 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.

**CollegeInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

**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 13 investment options in which participants may invest. Each investment option is comprised of one or more of the 15 active portfolios as of June 30, 2015. The accompanying financial statements report on the combined portfolios.

CollegeInvest has an agreement with QS Legg Mason Global Asset Allocation, LLC (QSLMGAA) and Legg Mason Investor Services, LLC (LMIS) to manage the advisor sold accounts of the SCF. Both QSLMGAA and LMIS are wholly owned subsidiaries of Legg Mason, Inc. QSLMGAA performs investment advisory functions and LMIS is responsible for performing or arranging for the performance of administrative duties and record keeping for SCF. The agreement is for management of the advisor sold accounts only and expires on December 31, 2022, subject to possible extension.

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

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

- **Age-Based Option:** Contributions are invested in one of seven portfolios according to the age of the student. As the student gets older and closer to college years, the investment shifts from equity funds to bond and money market funds as follows:

<u>Student's Age</u>	<u>Portfolio #</u>	<u>Bond</u>		
		<u>Equity Funds</u>	<u>Fixed Income</u>	<u>Money Market Funds</u>
0–3 years	1	80%	20%	0%
4–6 years	2	70%	30%	0%
7–9 years	3	60%	40%	0%
10–12 years	4	50%	50%	0%
13–15 years	5	40%	50%	10%
16–18 years	6	20%	55%	25%
19+ years	7	0%	50%	50%

- **Balanced 50/50 Option:** Contributions are invested 50% in equity mutual funds and 50% in bond funds throughout the life of the investment (Portfolio #4).

**CollegInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

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

**Reporting Entity (continued):**

***Scholars Choice Fund (continued):***

- **Years-to-Enrollment Option:** Contributions are invested in a series of portfolios that shift from equity mutual funds to bond and money market funds as the student approaches college years. These portfolios are identical to Portfolios three through seven in the Age-Based Portfolios.

<u>Years to Enrollment</u>	<u>Portfolio #</u>	<u>Bond</u>		<u>Money Market Funds</u>
		<u>Equity Funds</u>	<u>Fixed Income</u>	
10–12 years	3	60%	40%	0%
7–9 years	4	50%	50%	0%
4–6 years	5	40%	50%	10%
1–3 years	6	20%	55%	25%
Less than 1 year	7	0%	50%	50%

- **All Equity Option:** Contributions are invested in equity mutual funds throughout the life of the account.
- **All Fixed Income Option:** Contributions are invested in bond funds throughout the life of the account.
- **Equity 80% Option:** Contributions are invested 80% in equity mutual funds and 20% in fixed income investments (Portfolio #1). The investment objective of this option is 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 are invested 80% in fixed income and money market fund investments and 20% in equity mutual funds (Portfolio #6). The investment objective of this option is 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.

**CollegInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

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

**Reporting Entity (continued):**

***Scholars Choice Fund (continued):***

- Cash Reserve Option: Contributions are invested in the Western Asset Money Market Fund. The investment objective of the Cash Reserve Option is to seek maximum current income and preservation of capital.
- Individual Fund Options: Contributions are 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 will invest 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 will invest all of its assets in a single specified Fund, the Individual Fund Portfolios themselves are not mutual funds. The Fund in which an Individual Fund Portfolio invests all of its assets is 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 eight active portfolios within DPF as of June 30, 2015.

As the trustee for DPF, CollegInvest 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. The investment return for DPF is based on the market performance of investments. Investment options are selected by CollegInvest based on recommendations from the Managers.

**CollegInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

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

**Reporting Entity (continued):**

***Direct Portfolio Fund (continued):***

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 the Age-Based Options is automatically transferred over time to successive Portfolios with asset allocations that change from equity funds to fixed income and money market funds as the beneficiary approaches college age. 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:

<b>Beneficiary's Age</b>	<b>Conservative</b>	<b>Moderate</b>	<b>Aggressive</b>
Newborn through 5	Moderate Growth Portfolio 50% stock funds 50% bond funds	Growth Portfolio 75% stock funds 25% bond funds	Aggressive Growth Portfolio 100% stock funds
6 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 15	Income Portfolio 75% bond funds 25% money market funds	Conservative Growth Portfolio 25% stock funds 75% bond funds	Moderate Growth Portfolio 50% stock funds 50% bond funds
16 through 18	Income Portfolio 75% bond funds 25% money market funds	Income Portfolio 75% bond funds 25% money market funds	Conservative Growth Portfolio 25% stock funds 75% bond funds
19 or older	Money Market Portfolio 100% money market funds	Income Portfolio 75% bond funds 25% money market funds	Income Portfolio 75% bond funds 25% money market funds

- **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 as follows:

**CollegInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

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

**Reporting Entity (continued):**

*Direct Portfolio Fund (continued):*

<b>Underlying Fund</b>	<b>Aggressive Growth Portfolio</b>	<b>Growth Portfolio</b>	<b>Moderate Growth Portfolio</b>	<b>Conservative Growth Portfolio</b>	<b>Income Portfolio</b>
Vanguard® Institutional Total Stock Market Index Fund Institutional Plus Shares	80%	60%	40%	20%	0%
Vanguard® Total International Stock Index Fund Institutional Plus Shares	20%	15%	10%	5%	0%
<b>Total Stock Funds</b>	<b>100%</b>	<b>75%</b>	<b>50%</b>	<b>25%</b>	<b>0%</b>
Vanguard® Total Bond Market II Index Fund Institutional Shares	0%	20%	40%	60%	40%
Vanguard® Total International Bond Index Fund Institutional Shares	0%	5%	10%	15%	10%
Vanguard® Inflation-Protected Securities Fund Institutional Shares	0%	0%	0%	0%	25%
<b>Total Bond Funds</b>	<b>0%</b>	<b>25%</b>	<b>50%</b>	<b>75%</b>	<b>75%</b>
Vanguard® Prime Money Market Fund Institutional Shares	0%	0%	0%	0%	25%
<b>Total Money Market Funds</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>25%</b>
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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 International Bond Market Index Fund Institutional Shares and seeks to track the performance of a broad, market-weighted bond index.
- **Money Market Portfolio:** Contributions are invested 100% in Vanguard Prime Money Market Fund Institutional Shares and seeks to provide preservation of principal and current income.

**CollegInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

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

**Reporting Entity (continued):**

***Stable Value Plus Fund:***

The Stable Value Plus Fund (SVP) began operations in February 2003. In January 2003, CollegInvest entered into an agreement with MetLife (the MetLife Agreement) to provide a guarantee on the principal and earnings of the Stable Value Plus Fund. Under the MetLife Agreement, the rate of return is reset annually each January 1. The MetLife Agreement expires on December 31, 2017, with the option to extend two additional one-year periods. MetLife has agreed that the annual interest rate calculated each year will not be less than the greater of (i) the Colorado minimum nonforfeiture interest rate for annuity contracts (currently 3.00%), or (ii) 2.00%. The current minimum investment return on accounts in the fund could be as low as 2.01%, which is the current minimum annual rate of 3.00% less the maximum CollegInvest administrative fee of .99%.

MetLife agreed to pay an annual rate of 3.75% from July 1, 2013 through December 31, 2013, 3.35% from January 1, 2014 through December 31, 2014, and 3.80% from January 1, 2015 to June 30, 2015. The rate, net of CollegInvest's administrative fee, was 3.04% from July 1, 2013 through December 31, 2013, 2.64% from January 1, 2014 through December 31, 2014, and 3.09% from January 1, 2015 through June 30, 2015.

CollegInvest may discontinue the MetLife Agreement at any time. In the event of such discontinuance, CollegInvest shall direct the investment of SVP assets to alternate investments as permitted by the MetLife Agreement and the investment policy of SVP. There is no assurance that CollegInvest will be able to obtain such alternate investment or maintain the current investment return for any such alternate investment.

The MetLife Agreement provides that participants are not permitted to transfer amounts from their Account in SVP directly to a Colorado Competing Fixed Interest Fund if not satisfied with the investment or if the MetLife Agreement is discontinued. In CollegInvest DPF, the Income Portfolio and the Money Market Portfolio (whether a stand-alone option or part of an age-based option) have each been determined by MetLife to be a Colorado Competing Fixed Interest Fund.

In CollegInvest SCF, the Cash Reserve Option has been determined by MetLife to be a Colorado Competing Fixed Interest Fund. In SCCS, both the One-Year Time Savings and Money Market Savings options have been determined by MetLife to be a Colorado Competing Fixed Interest Fund.

**CollegInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

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

**Reporting Entity (continued):**

***Smart Choice Fund***

In October 2009, CollegInvest 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). CollegInvest 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, 2019, with an option to extend for up to two additional two-year periods.

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 and standards of the Governmental Accounting Standards Board (GASB). The accrual basis of accounting is utilized by the Funds.

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

**CollegInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

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

**Investments and Net Position Additions/Deductions:**

QS Legg Mason Global Asset Allocation, LLC (QSLMGAA) 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 CollegInvest's Investment Policy Statements, and the Portfolio selected for investment by the participant.

CollegInvest has responsibility for transferring the assets of the participants of the SVP to MetLife in accordance with the MetLife Agreement. 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 MetLife. 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 CollegInvest 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.

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.

Investments are carried at fair value, which is primarily determined based on market prices at June 30, 2015 and 2014.

**CollegeInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

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

**Due from (to) Student Loan Program Funds/Unearned Revenue:**

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 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. Marketing and scholarship commitments received from LMIS and the Managers in excess of actual expenses are held in the Borrower Benefit Fund and recorded as unearned revenue in the SCF and DPF. Total unearned revenue recorded in these funds was \$3.3 million and \$3.0 million for the years ended June 30, 2015 and 2014, respectively. CollegeInvest will utilize these commitments for marketing and scholarships as designated in the contracts with LMIS and the managers.

**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, 2015 and 2014, \$3.3 million and \$3.0 million in fees were accumulated in reserves that were greater than actual expenses, respectively. As of June 30, 2015, the \$3.3 million reserve is restricted for future expenses of CollegeInvest in its capacity as administrator of the Program. It is CollegeInvest's intent to maintain this reserve at approximately 12 to 18 months of estimated expenses, which CollegeInvest estimates to be between \$4.3 million and \$6.5 million.

**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 \$350,000. 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 \$350,000 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.

**CollegeInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

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

**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.

**Investment, Service and Administrative Fees:**

***Scholars Choice Fund:***

CollegeInvest has a service agreement (SCF Service Agreement) with QS Legg Mason Global Asset Allocation, LLC (QSLMGAA) and Legg Mason Investor Services, LLC (LMIS) pursuant to which QSLMGAA and LMIS are responsible for providing administrative, record-keeping, marketing, and investment management services to SCF. Both QSLMGAA and LMIS are wholly owned subsidiaries of Legg Mason, Inc. The SCF Service Agreement states that QSLMGAA will receive investment 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. During the years ended June 30, 2015 and 2014, the investment fees paid by SCF were \$958,000 and \$936,000, respectively, under the SCF Service Agreement. In addition, 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 QSLMGAA monthly, solely from the assets of SCF. SCF paid service fees of \$17.3 million and \$16.4 million for the years ended June 30, 2015 and 2014, respectively.

**CollegeInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

**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, 2013 through June 30, 2015, CollegeInvest received an administrative fee at an annual rate of 0.06% of average daily net assets. SCF paid administrative fees of \$2.2 million and \$2.0 million for the years ended June 30, 2015 and 2014, 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, 2015, DPF paid investment fees of \$991,000 and service fees of \$6.5 million. During the year ended June 30, 2014, DPF paid investment fees of \$910,000 and service fees of \$6.7 million. 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, 2013 through June 30, 2015 CollegeInvest received an administrative fee at an annual rate of 0.06% of average daily net assets. DPF paid administrative fees of \$1.4 million and \$1.2 million for the years ended June 30, 2015 and 2014, respectively.

***Stable Value Plus Fund:***

Contributions are invested by deposit under the service agreement (MetLife Agreement) between CollegeInvest and MetLife. Deposits made under the MetLife Agreement become commingled with the general account of MetLife. MetLife is obligated to repay the amounts deposited under

**CollegeInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

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

**Investment, Service and Administrative Fees (continued):**

***Stable Value Plus Fund (continued):***

calculated each year under the MetLife Agreement is net of all administrative and other charges of MetLife.

The MetLife Agreement 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, 2013 through June 30, 2015, the fee was 0.71%. SVP paid administrative fees on behalf of its participants of \$598,000 and \$472,000 for the years ended June 30, 2015 and 2014, 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 \$36,000 and \$29,000 for the years ended June 30, 2015 and 2014, respectively.

**2. Cash, Cash Equivalents and Investments:**

**Cash and Cash Equivalents:**

As contributions are received from participants, the cash is held in the respective Fund until such time as it may be invested in the underlying funds of the chosen investment portfolios. With respect to the SCF and DPF, depending upon the timing of the cash receipts, there could be up to

**CollegeInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
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**2. Cash, Cash Equivalents and Investments (continued):**

**Cash and Cash Equivalents (continued):**

two days' delay between actual receipt of cash and the investment made on behalf of the participant. Cash and cash equivalents are held in trust by the Funds' Managers as of June 30, 2015 and 2014. With respect to SVP, contributions will be invested with MetLife within 30 days of receipt by CollegeInvest. Interest earned on contributions prior to investment with MetLife will accrue to CollegeInvest and will be used to offset administrative expenses. SVP had deposits that were not yet transferred to MetLife of \$391,000 and \$169,000 as of June 30, 2015 and 2014, respectively.

All cash deposits of the SVP Funds are held by a bank. Payments and cash receipts are deposited to a demand deposit account daily. 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 in the Underlying Funds. All cash deposits of the SCCS Funds are held by FirstBank.

*Cash deposits as of June 30 are as follows:*

	2015	2014	
	(dollar amounts expressed in thousands)		
Demand deposit accounts	\$ 375	\$ 176	
Money market accounts	40,079	34,377	
Total cash deposits	\$ 40,454	\$ 34,553	

**Custodial Credit Risk – Cash Deposits:**

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. As of June 30, 2015 and 2014, there were no uncollateralized amounts in the SCCS.

**CollegInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

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

**Investments:**

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

	<u>2015</u>		<u>2014</u>
	(dollar amounts expressed in thousands)		
Scholars Choice Fund	\$ 3,707,456	\$	3,567,447
Direct Portfolio Fund	2,469,378		2,222,785
Stable Value Plus Fund	101,731		78,300
Total investments	<u>\$ 6,278,565</u>	\$	<u>5,868,532</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, 2015 and 2014**

**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.

**CollegInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

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

**Investment Authority and Policy (continued):**

***Scholars Choice Fund and Direct Portfolio Fund (continued):***

[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 EAFE benchmark plus 10% and a minimum of eight countries should be represented in the underlying portfolio.

***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, 2015, the MetLife Insurance Company of Connecticut'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.

**CollegInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

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

**Investment Authority and Policy (continued):**

*The Funds' investments, at fair value, as of June 30 are as follows:*

	<u>2015</u>	<u>2014</u>
	(dollar amounts expressed in thousands)	
Vanguard Institutional Total Stock Market Index Fund		
Institutional Plus Shares	\$ 1,049,930	\$ 1,056,271
Western Asset Core Plus Bond Portfolio	671,850	639,488
Vanguard Total Bond Market II Index Fund Institutional Shares	644,189	562,375
Legg Mason BW Diversified Large Cap Value Fund	465,290	423,489
Western Asset Institutional Liquid Reserves	394,555	353,527
Western Asset Short-Term Bond Fund	379,175	338,996
ClearBridge Aggressive Growth Fund	362,156	441,254
QS Legg Mason Batterymarch U.S. Large Cap Equity Trust	361,632	281,177
Vanguard Total International Stock Index Fund Institutional Plus Shares	343,329	210,093
Western Asset Inflation Indexed Plus Bond Fund	235,939	218,325
ClearBridge Appreciation Fund	227,967	282,735
Vanguard Total International Bond Index Fund Institutional Shares	173,667	140,753
Thornburg International Value Fund	170,083	321,444
Vanguard Prime Money Market Fund Institutional Shares	169,953	155,775
Templeton Foreign Fund Templeton Foreign Fund A	161,061	-
Investment Agreement – MetLife	101,731	78,300
Western Asset Global High Yield Bond Fund	100,761	100,727
Royce Pennsylvania Mutual Fund	99,427	83,964
ClearBridge Small Cap Growth Fund	74,697	79,842
Vanguard Short-Term Inflation-Protected Securities Index Fund Institutional Share:	50,002	61,220
Vanguard Total Bond Market Index Fund Institutional Plus Shares	38,292	35,727
Legg Mason BW Global Opportunities Bond Fund	2,364	1,399
Legg Mason Repurchase Agreement	499	1,080
Vanguard Cash Management Trust	16	571
	<u>\$ 6,278,565</u>	<u>\$ 5,868,532</u>

**CollegInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

**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. CollegInvest provides participants investment opportunities in various portfolios that are constructed from a range of mutual funds that it has selected. CollegInvest does not actively manage interest rate risk except through its mutual fund selection process. QSLMGAA 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.

	<u>2015</u>		<u>2014</u>
	<u>Duration</u>	<u>Weighted Average Maturity</u>	<u>Duration</u>
			<u>Weighted Average Maturity</u>
Western Asset Core Plus Bond Portfolio	<b>6.5 years</b>		5.6 years
Vanguard Total Bond Market II Index Fund Institutional Shares	<b>5.7 years</b>		5.6 years
Western Asset Institutional Liquid Reserves		<b>44 days</b>	58 days
Western Asset Short-Term Bond Fund	<b>1.4 years</b>		3.0 years
Western Asset Inflation Indexed Plus Bond Fund	<b>7.9 years</b>		6.7 years
Vanguard Total International Bond Index Fund Institutional Shares	<b>7.3 years</b>		6.8 years
Western Asset Global High Yield Bond	<b>4.1 years</b>		3.2 years
Short-Term Inflation-Protected Securities Index Fund	<b>2.4 years</b>		N/A
Vanguard Inflation-Protected Securities Fund Institutional Shares	N/A		7.9 years
Vanguard Total Bond Market Index Fund Institutional Plus Shares	<b>5.7 years</b>		5.6 years
Legg Mason BW Global Opportunities Bond Fund	<b>6.6 years</b>		6.9 years

**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

**CollegeInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

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

**Credit Risk (continued):**

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 seeks 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, 2015 and 2014, 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 QSLMGAA 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 MetLife. Contributions are required to be invested with MetLife within 30 days of receipt by CollegeInvest.

Withdrawals from SCF or DPF result in the redemption of units, based on the unit value next determined following QSLMGAA'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

**CollegInvest**  
**College Savings Program Funds**  
**Notes To Financial Statements**  
**June 30, 2015 and 2014**

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

**Units (continued):**

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. Net Position:**

All of the Funds' fiduciary net position of \$6.3 billion and \$5.9 billion as of June 30, 2015 and 2014, respectively, are net assets held in trust on behalf of investors in the Funds.

**4. Intraplan Administrative Fee Transfers:**

CollegInvest receives 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 CollegInvest for the payment of administrative expenses incurred by CollegInvest in connection with the operation of the Program in accordance with and as permitted by applicable law. Effective July 1, 2013 through June 30, 2015, the fee for SVP was 0.71%, 0.10% for SCCS, and 0.06% for SCF and DPF. SCF transferred \$379,000 and \$391,000 to DPF for the payment of expenses in excess of fees collected during fiscal years ended June 30, 2015 and 2014, respectively. Additionally, SCF transferred \$38,000 and \$27,000 to SCCS for the payment of expenses in excess of fees collected during the fiscal years ended June 30, 2015 and 2014, respectively. SCF transferred \$101,000 and \$125,000 to SVP for the payment of expenses in excess of fees collected during the fiscal years ended June 30, 2015 and 2014, respectively.

**5. 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.

SUPPLEMENTARY INFORMATION

**CollegInvest**  
**Scholars Choice Fund**  
**Supplementary Schedule – Combining Schedule of Fiduciary Net Position**  
**June 30, 2015**  
**(Dollar amounts expressed in thousands)**

	Portfolio <u>1</u>	Portfolio <u>2</u>	Portfolio <u>3</u>	Portfolio <u>4</u>	Portfolio <u>5</u>	Portfolio <u>6</u>	Portfolio <u>7</u>
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments, at fair value	357,640	170,993	312,544	747,179	584,202	535,715	266,592
Receivable for portfolio units sold and investments sold	587	347	729	1,151	1,270	1,524	597
Interest receivable	-	-	-	-	-	-	-
Due from plan managers	18	9	16	37	29	27	13
Due from Student Loan Program Funds	518	248	453	1,083	847	779	387
Total fiduciary assets	<u>358,763</u>	<u>171,597</u>	<u>313,742</u>	<u>749,450</u>	<u>586,348</u>	<u>538,045</u>	<u>267,589</u>
Accounts payable	5	2	4	11	8	7	4
Payable for portfolio units repurchased and investments purchased	554	266	682	1,133	1,226	1,487	589
Service and investment fees payable	149	68	133	333	263	256	134
Deferred revenue	213	102	187	446	349	320	160
Due to participants	318	152	278	664	520	477	237
Total liabilities	<u>1,239</u>	<u>590</u>	<u>1,284</u>	<u>2,587</u>	<u>2,366</u>	<u>2,547</u>	<u>1,124</u>
Total fiduciary net position, held in trust	<u>\$ 357,524</u>	<u>\$ 171,007</u>	<u>\$ 312,458</u>	<u>\$ 746,863</u>	<u>\$ 583,982</u>	<u>\$ 535,498</u>	<u>\$ 266,465</u>

<u>Fixed Income</u>	<u>Equity</u>	<u>Cash Reserve</u>	<u>U.S. Aggressive Equity Individual Fund Portfolio</u>	<u>U.S. Core Equity Individual Fund Portfolio</u>	<u>U.S. Small Cap Equity Individual Fund Portfolio</u>	<u>International Equity Individual Fund Portfolio</u>	<u>Global Fixed Income Individual Fund Portfolio</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
35,979	601,826	67,396	10,879	7,742	2,623	3,782	2,364	3,707,456
72	929	142	41	9	26	89	21	7,534
-	-	-	-	-	-	-	-	-
2	30	3	1	0	0	0	0	185
52	872	98	16	11	4	6	3	5,377
<u>36,105</u>	<u>603,657</u>	<u>67,639</u>	<u>10,937</u>	<u>7,762</u>	<u>2,653</u>	<u>3,877</u>	<u>2,388</u>	<u>3,720,552</u>
0	8	1	-	-	-	-	-	50
68	868	139	39	8	26	89	21	7,195
17	268	6	4	3	1	1	1	1,637
21	359	40	7	5	2	2	1	2,214
32	536	60	10	7	2	3	2	3,298
<u>138</u>	<u>2,039</u>	<u>246</u>	<u>60</u>	<u>23</u>	<u>31</u>	<u>95</u>	<u>25</u>	<u>14,394</u>
<u>\$ 35,967</u>	<u>\$ 601,618</u>	<u>\$ 67,393</u>	<u>\$ 10,877</u>	<u>\$ 7,739</u>	<u>\$ 2,622</u>	<u>\$ 3,782</u>	<u>\$ 2,363</u>	<u>\$ 3,706,158</u>

**CollegInvest**  
**Scholars Choice Fund**  
**Supplementary Schedule – Combining Schedule of**  
**Changes in Fiduciary Net Position**  
**Year Ended June 30, 2015**  
**(Dollar amounts expressed in thousands)**

	Portfolio 1	Portfolio 2	Portfolio 3	Portfolio 4	Portfolio 5	Portfolio 6	Portfolio 7
<b>Additions:</b>							
Gross earnings on investments:							
Dividends	\$ 18,672	\$ 9,039	\$ 15,582	\$ 33,787	\$ 19,592	\$ 10,202	\$ 1,666
Net realized and unrealized gains (losses) from securities transactions	<u>(2,271)</u>	<u>(1,441)</u>	<u>(3,014)</u>	<u>(8,502)</u>	<u>(5,284)</u>	<u>(2,711)</u>	<u>(1,879)</u>
	16,401	7,598	12,568	25,285	14,308	7,491	(213)
Less investment fees	<u>(70)</u>	<u>(22)</u>	<u>(37)</u>	<u>(186)</u>	<u>(181)</u>	<u>(128)</u>	<u>(46)</u>
Net investment earnings	<u>16,331</u>	<u>7,576</u>	<u>12,531</u>	<u>25,099</u>	<u>14,127</u>	<u>7,363</u>	<u>(259)</u>
Participant contributions	68,047	29,828	38,421	64,669	41,936	34,226	17,708
Fees	<u>50</u>	<u>24</u>	<u>44</u>	<u>105</u>	<u>82</u>	<u>75</u>	<u>37</u>
Total additions	<u>84,428</u>	<u>37,428</u>	<u>50,996</u>	<u>89,873</u>	<u>56,145</u>	<u>41,664</u>	<u>17,486</u>
<b>Deductions:</b>							
Benefits paid to participants and withdrawals	21,029	3,176	5,316	42,832	13,518	57,032	94,164
Service fees	1,548	739	1,441	3,643	2,754	2,692	1,350
Administrative fees	206	103	187	452	338	306	147
Marketing expenses	50	24	44	105	82	75	37
Reduced operating expenses	<u>(82)</u>	<u>(39)</u>	<u>(72)</u>	<u>(170)</u>	<u>(135)</u>	<u>(124)</u>	<u>(62)</u>
Total deductions	<u>22,751</u>	<u>4,003</u>	<u>6,916</u>	<u>46,862</u>	<u>16,557</u>	<u>59,981</u>	<u>95,636</u>
Portfolio exchanges, net	<u>(40,592)</u>	<u>(37,293)</u>	<u>(44,033)</u>	<u>(63,045)</u>	<u>10,015</u>	<u>62,987</u>	<u>111,870</u>
Change in fiduciary net assets before transfers	21,085	(3,868)	47	(20,034)	49,603	44,670	33,720
Administrative fee transfer	(50)	(24)	(44)	(104)	(82)	(75)	(37)
Change in due to participants	<u>(33)</u>	<u>(16)</u>	<u>(28)</u>	<u>(68)</u>	<u>(53)</u>	<u>(49)</u>	<u>(24)</u>
Change in net assets	21,002	(3,908)	(25)	(20,206)	49,468	44,546	33,659
Fiduciary net position, beginning of year	<u>336,522</u>	<u>174,915</u>	<u>312,483</u>	<u>767,069</u>	<u>534,514</u>	<u>490,952</u>	<u>232,806</u>
Fiduciary net position, end of year	<u>\$ 357,524</u>	<u>\$ 171,007</u>	<u>\$ 312,458</u>	<u>\$ 746,863</u>	<u>\$ 583,982</u>	<u>\$ 535,498</u>	<u>\$ 266,465</u>

Fixed Income	Equity	Cash Reserve	U.S. Aggressive Equity Individual Fund Portfolio	U.S. Core Equity Individual Fund Portfolio	U.S. Small Cap Equity Individual Fund Portfolio	International Equity Individual Fund Portfolio	Global Fixed Income Individual Fund Portfolio	Total
\$ 1,201	\$ 35,645	\$ 186	\$ 121	\$ 248	\$ 217	\$ 217	\$ 100	\$ 146,475
(869)	(1,861)	-	244	77	(255)	38	(227)	(27,955)
332	33,784	186	365	325	(38)	255	(127)	118,520
(7)	(146)	(132)	(1)	(1)	-	(1)	-	(958)
325	33,638	54	364	324	(38)	254	(127)	117,562
3,755	37,997	19,711	4,102	2,387	803	1,335	741	365,666
5	84	9	2	1	1	1	-	520
4,085	71,719	19,774	4,468	2,712	766	1,590	614	483,748
8,289	45,127	32,259	314	197	31	99	136	323,519
195	2,831	8	28	26	8	11	9	17,283
22	357	40	5	3	1	2	1	2,170
5	84	9	2	1	1	1	-	520
(8)	(139)	(16)	(3)	(2)	(1)	(1)	(1)	(855)
8,503	48,260	32,300	346	225	40	112	145	342,637
803	(14,727)	9,976	1,766	1,095	176	506	496	0
(3,615)	8,732	(2,550)	5,888	3,582	902	1,984	965	141,111
(5)	(84)	(9)	(2)	(1)	-	(1)	-	(518)
(3)	(55)	(6)	(1)	(1)	-	-	-	(337)
(3,623)	8,593	(2,565)	5,885	3,580	902	1,983	965	140,256
39,590	593,025	69,958	4,992	4,159	1,720	1,799	1,398	3,565,902
\$ 35,967	\$ 601,618	\$ 67,393	\$ 10,877	\$ 7,739	\$ 2,622	\$ 3,782	\$ 2,363	\$ 3,706,158

**CollegInvest**  
**Scholars Choice Fund**  
**Supplementary Schedule – Combining Schedule of Investments**  
**June 30, 2015**  
**(Dollar amounts expressed in thousands)**

	Portfolio 1	Portfolio 2	Portfolio 3	Portfolio 4	Portfolio 5	Portfolio 6	Portfolio 7
Underlying funds:							
Western Asset Core Plus Bond Portfolio	\$ 64,556	\$ 45,134	\$ 110,810	\$ 226,405	\$ 117,567	\$ 80,386	\$ -
Legg Mason ClearBridge Aggressive Growth Fund	41,016	21,228	42,049	86,311	54,998	35,265	-
Legg Mason BW Diversified Large Cap Value Fund (b)	66,607	27,799	43,468	86,380	65,372	35,053	-
Western Asset Institutional Liquid Reserves (a)	-	-	-	-	59,106	134,711	133,353
Western Asset Short-Term Bond Fund	-	-	-	75,872	88,636	134,676	79,991
Thornburg International Value Fund (b)	28,270	11,806	18,452	36,659	11,423	-	-
Legg Mason ClearBridge Appreciation Fund	25,884	6,748	10,294	33,997	37,605	34,910	-
Legg Mason Batterymarch U.S. Large Cap Equity Fund	66,676	27,811	34,916	53,008	38,455	-	-
Western Asset Inflation Indexed Plus Bond Portfolio	-	-	-	37,831	58,927	80,585	53,183
Western Asset Global High Yield Bond Fund	8,114	6,876	15,682	37,397	29,127	-	-
Royce Pennsylvania Mutual Fund	18,376	8,131	12,542	22,422	5,818	-	-
Legg Mason ClearBridge Small Cap Growth Fund	10,694	4,008	6,438	15,358	5,984	-	-
Legg Mason BW Global Opportunities Bond Fund	-	-	-	-	-	-	-
Templeton Foreign Fund Templeton Foreign Fund A	27,384	11,432	17,871	35,497	11,061	-	-
Repurchase agreement	63	20	22	42	123	129	65
Total investments, at fair value	<u>\$ 357,640</u>	<u>\$ 170,993</u>	<u>\$ 312,544</u>	<u>\$ 747,179</u>	<u>\$ 584,202</u>	<u>\$ 535,715</u>	<u>\$ 266,592</u>

<u>Fixed Income</u>	<u>Equity</u>	<u>Cash Reserve</u>	<u>U.S. Aggressive Equity Individual Fund Portfolio</u>	<u>U.S. Core Equity Individual Fund Portfolio</u>	<u>U.S. Small Cap Equity Individual Fund Portfolio</u>	<u>International Equity Individual Fund Portfolio</u>	<u>Global Fixed Income Individual Fund Portfolio</u>	<u>Total</u>
\$ 26,992	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671,850
-	70,410	-	10,879	-	-	-	-	362,156
-	140,611	-	-	-	-	-	-	465,290
-	-	67,385	-	-	-	-	-	394,555
-	-	-	-	-	-	-	-	379,175
-	59,691	-	-	-	-	3,782	-	170,083
-	70,787	-	-	7,742	-	-	-	227,967
-	140,766	-	-	-	-	-	-	361,632
5,413	-	-	-	-	-	-	-	235,939
3,565	-	-	-	-	-	-	-	100,761
-	29,515	-	-	-	2,623	-	-	99,427
-	32,215	-	-	-	-	-	-	74,697
-	-	-	-	-	-	-	2,364	2,364
-	57,816	-	-	-	-	-	-	161,061
9	15	11	-	-	-	-	-	499
<u>\$ 35,979</u>	<u>\$ 601,826</u>	<u>\$ 67,396</u>	<u>\$ 10,879</u>	<u>\$ 7,742</u>	<u>\$ 2,623</u>	<u>\$ 3,782</u>	<u>\$ 2,364</u>	<u>\$ 3,707,456</u>

**CollegInvest**  
**Direct Portfolio Fund**  
**Supplementary Schedule – Combining Schedule of Fiduciary Net Position**  
**June 30, 2015**  
**(Dollar amounts expressed in thousands)**

	<u>Aggressive Growth</u>	<u>Growth</u>	<u>Moderate Growth</u>	<u>Conservative Growth</u>	<u>Income</u>	<u>Stock Index</u>	<u>Bond Index</u>	<u>Money Market</u>	<u>Total</u>
Fiduciary assets:									
Investments, at fair value	\$ 448,839	\$ 486,145	\$ 470,453	\$ 397,439	\$ 277,730	\$ 249,822	\$ 38,179	\$ 100,771	\$ 2,469,378
Dividends and interest receivable	-	221	426	538	281	-	77	7	1,550
Due from plan managers	22	24	23	20	14	12	2	5	123
Due from Student Loan Program Funds	188	204	197	167	116	105	16	42	1,034
Total fiduciary assets	<u>449,049</u>	<u>486,594</u>	<u>471,099</u>	<u>398,164</u>	<u>278,141</u>	<u>249,939</u>	<u>38,274</u>	<u>100,825</u>	<u>2,472,085</u>
Liabilities:									
Accounts payable	6	6	6	5	4	3	1	1	33
Service and investment fees payable	134	144	139	117	77	77	11	7	705
Deferred revenue	204	221	214	181	127	114	17	46	1,124
Total liabilities	<u>344</u>	<u>371</u>	<u>359</u>	<u>303</u>	<u>208</u>	<u>194</u>	<u>29</u>	<u>54</u>	<u>1,862</u>
Total fiduciary net position, held in trust	<u>\$ 448,705</u>	<u>\$ 486,223</u>	<u>\$ 470,740</u>	<u>\$ 397,861</u>	<u>\$ 277,933</u>	<u>\$ 249,745</u>	<u>\$ 38,245</u>	<u>\$ 100,771</u>	<u>\$ 2,470,223</u>

**CollegInvest**  
**Direct Portfolio Fund**  
**Supplementary Schedule – Combining Schedule of Changes in Fiduciary Net Position**  
**June 30, 2015**  
**(Dollar amounts expressed in thousands)**

	Aggressive Growth	Growth	Moderate Growth	Conservative Growth	Income	Stock Index	Bond Index	Money Market	Total
<b>Additions:</b>									
Gross earnings on investments:									
Dividends	\$ 10,421	\$ 11,308	\$ 10,871	\$ 9,207	\$ 4,251	\$ 5,161	\$ 1,049	\$ 146	\$ 52,414
Net realized and unrealized gains (losses) from securities transactions	8,385	7,027	4,289	1,086	(1,865)	10,620	(416)	-	29,126
	18,806	18,335	15,160	10,293	2,386	15,781	633	146	81,540
Less investment fees	(143)	(172)	(181)	(167)	(169)	(46)	(18)	(96)	(992)
Net investment earnings	18,663	18,163	14,979	10,126	2,217	15,735	615	50	80,548
Participant contributions	69,437	72,589	58,802	42,791	37,674	34,103	5,438	27,518	348,352
Fees	106	115	112	95	66	59	9	24	586
<b>Total additions</b>	<b>88,206</b>	<b>90,867</b>	<b>73,893</b>	<b>53,012</b>	<b>39,957</b>	<b>49,897</b>	<b>6,062</b>	<b>27,592</b>	<b>429,486</b>
<b>Deductions:</b>									
Benefits paid to participants and withdrawals	12,456	13,211	13,987	17,483	59,821	13,531	4,699	39,065	174,253
Service fees	1,282	1,370	1,296	1,080	680	715	105	4	6,532
Administrative fees	259	280	269	227	155	138	22	46	1,396
Marketing expenses	106	115	112	94	67	59	9	24	586
Excess operating expenses	69	75	72	61	43	38	6	15	379
<b>Total deductions</b>	<b>14,172</b>	<b>15,051</b>	<b>15,736</b>	<b>18,945</b>	<b>60,766</b>	<b>14,481</b>	<b>4,841</b>	<b>39,154</b>	<b>183,146</b>
Portfolio exchanges, net	(41,363)	(35,598)	(10,782)	11,693	54,910	2,693	1,215	17,232	-
Change in fiduciary net position before transfers	32,671	40,218	47,375	45,760	34,101	38,109	2,436	5,670	246,340
Intraplan administrative fee transfer	69	75	72	61	43	38	6	15	379
Change in net position	32,740	40,293	47,447	45,821	34,144	38,147	2,442	5,685	246,719
Fiduciary net position, beginning of year	415,965	445,930	423,293	352,040	243,789	211,598	35,803	95,086	2,223,504
Fiduciary net position, end of year	\$ 448,705	\$ 486,223	\$ 470,740	\$ 397,861	\$ 277,933	\$ 249,745	\$ 38,245	\$ 100,771	\$ 2,470,223

**CollegInvest**  
**Direct Portfolio Fund**  
**Supplementary Schedule – Combining Schedule of Investments**  
**June 30, 2015**  
**(Dollar amounts expressed in thousands)**

	Aggressive Growth	Growth	Moderate Growth	Conservative Growth	Income	Stock Index	Bond Index	Money Market	Total
Underlying funds:									
Vanguard Institutional Total Stock Market Index Fund Institutional Plus Shares	\$ 313,952	\$ 253,887	\$ 163,501	\$ 68,989	\$ -	\$ 249,601	\$ -	\$ -	\$ 1,049,930
Vanguard Total Bond Market II Index Fund Institutional Shares	-	98,482	189,581	239,248	116,878	-	-	-	644,189
Vanguard Total International Stock Index Fund Institutional Plus Shares	134,735	108,985	70,012	29,597	-	-	-	-	343,329
Vanguard Prime Money Market Fund Institutional Shares	-	-	-	-	69,364	-	-	100,589	169,953
Vanguard Total International Bond Index Fund Institutional Shares	-	24,637	47,409	59,904	41,717	-	-	-	173,667
Vanguard Short-Term Inflation-Protected Securities Index Fund Institutional Shares	-	-	-	-	50,002	-	-	-	50,002
Vanguard Total Bond Market Index Fund Institutional Plus Shares	-	-	-	-	-	-	38,292	-	38,292
Vanguard Cash Management Trust	152	154	(50)	(299)	(231)	221	(113)	182	16
Total investments, at fair value	<u>\$ 448,839</u>	<u>\$ 486,145</u>	<u>\$ 470,453</u>	<u>\$ 397,439</u>	<u>\$ 277,730</u>	<u>\$ 249,822</u>	<u>\$ 38,179</u>	<u>\$ 100,771</u>	<u>\$ 2,469,378</u>

## CollegInvest Smart Choice Fund

### Supplementary Schedule – Combining Schedule of Fiduciary Net Position

June 30, 2015

(Dollar amounts expressed in thousands)

	<u>Money Market Savings</u>	<u>One Year Savings</u>	<u>Total</u>
Fiduciary assets:			
Cash and cash equivalents	\$ 17,834	22,245	40,079
Due from Plan Manager	1	2	3
Due from (to) Plan Manager	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>
Total fiduciary assets	<u>17,834</u>	<u>22,245</u>	<u>40,079</u>
Liabilities:			
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total fiduciary net position, held in trust	<u>\$ 17,834</u>	<u>\$ 22,245</u>	<u>\$ 40,079</u>

**CollegInvest**  
**Smart Choice Fund**  
**Supplementary Schedule – Combining Schedule of**  
**Changes in Fiduciary Net Position**  
**Year Ended June 30, 2015**  
**(Dollar amounts expressed in thousands)**

	Money Market Savings	One Year Savings	Total
Additions:			
Gross earnings on investments:			
Interest	\$ 20	\$ 48	\$ 68
Net investment earnings	20	48	68
Participant contributions	29,040	7,089	36,129
Fees	16	20	36
Total additions	29,076	7,157	36,233
Deductions:			
Benefits paid to participants and withdrawals	27,690	2,805	30,495
Administrative fees	16	20	36
Excess operating expenses	17	21	38
Total deductions	27,723	2,846	30,569
Portfolio exchanges, net	531	(531)	-
Net change in fiduciary net position before transfers	1,884	3,780	5,664
Intraplan administrative fee transfer	17	21	38
Change in net position	1,901	3,801	5,702
Fiduciary net position, beginning of year	15,933	18,444	34,377
Fiduciary net position, end of year	\$ 17,834	\$ 22,245	\$ 40,079

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

Members of the Legislative Audit Committee:

We have audited, in accordance with the 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 each fiduciary fund of CollegeInvest (a division of the Department of Higher Education, State of Colorado) College Savings Program Funds (the Funds) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Funds' basic financial statements, and have issued our report thereon dated December 4, 2015, which contained a paragraph emphasizing a matter regarding the financial statements.

***Internal Control Over Financial Reporting***

Management of the Funds is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the Fund's internal control to determine 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 the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund'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 Fund's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

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

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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fund'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 Fund's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BKD, LLP**

Denver, Colorado  
December 4, 2015

## Independent Auditors' Communication to Legislative Audit Committee

Members of the Legislative Audit Committee:

As part of our audit of the financial statements of CollegeInvest College Savings Program Funds (the Funds) as of and for the year ended June 30, 2015, we wish to communicate the following to you.

### **Auditor's Responsibility Under 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**

An audit performed 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 is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

### **Qualitative Aspects of Significant Accounting Policies and Practices**

#### *Significant Accounting Policies*

The College Savings Program Fund's significant accounting policies are described in Note 1 of the audited financial statements.

### Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- No matters are reportable

### Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Evaluation of investment securities

### Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- No matters are reportable

### Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Areas in which adjustments were proposed include:

#### Proposed Audit Adjustments Recorded

- No matters are reportable

#### Proposed Audit Adjustments Not Recorded

- No matters are reportable

### **Auditor's Judgments About the Quality of the Fund's Accounting Principles**

During the course of the audit, we made the following observations regarding the College Savings Program Funds' application of accounting principles:

- No matters are reportable

### **Disagreements with Management**

The following matters involved disagreements which if not satisfactorily resolved would have caused a modified auditor's opinion on the financial statements:

- No matters are reportable

### **Consultation with Other Accountants**

During our audit, we became aware that management had consulted with other accountants about the following auditing or accounting matters:

- No matters are reportable

### **Significant Issues Discussed with Management**

#### **Prior to Retention**

During our discussion with management prior to our engagement, the following issues regarding application of accounting principles or auditing standards were discussed:

- No matters are reportable

#### **During the Audit Process**

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- Applicability of GASB Statement No. 68 "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27" to CollegeInvest and the College Savings Program Funds

**Difficulties Encountered in Performing the Audit**

Our audit requires cooperative effort between management and the audit team. During our audit, we found significant difficulties in working effectively on the following matters:

- No matters are reportable

**Other Material Written Communications**

Listed below are other material written communications between management and us related to the audit:

- Management representation letter

\* \* \* \* \*

This letter is intended solely for the information and use of the Legislative Audit Committee, Office of the State Auditor, management and others within CollegeInvest and is not intended to be and should not be used by anyone other than these specified parties.

*BKD, LLP*

December 4, 2015