

# CollegeCounts<sup>SM</sup>

Alabama's 529 Fund

## ADVISOR PLAN

Accountants' Report and Financial Statements

September 30, 2012



Offered by the  
State of Alabama

UBT 529 Fund Services a Division of



*Program Manager*

# CollegeCounts 529 Fund Advisor Plan

## September 30, 2012

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## Independent Accountants' Report

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

We have audited the accompanying statement of fiduciary net assets and statement of changes in fiduciary net assets of the CollegeCounts 529 Fund Advisor Plan (the Plan), as of September 30, 2012, and for the year then ended. These financial statements are the responsibility of the Program Manager and the Board of Trustees (collectively, hereinafter referred to as "management"). Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the CollegeCounts 529 Fund Advisor Plan as of September 30, 2012, and the changes in fiduciary net assets for year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2013, on our consideration of the Plan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*BKD, LLP*

January 4, 2013

## **CollegeCounts 529 Fund Advisor Plan Management's Discussion and Analysis**

The following is a discussion and analysis of the financial performance of the State of Alabama's CollegeCounts 529 Fund Advisor Plan (the "Plan") as of September 30, 2012, and for the year then ended. CollegeCounts 529 Fund assets are held in the Alabama College Education Savings ("ACES") Trust Fund. Union Bank & Trust Company ("Union Bank") manages the CollegeCounts 529 Fund under a Program Management Agreement with the Board of Trustees of the ACES Trust Fund. The CollegeCounts 529 Fund is intended to be a qualified state tuition program under Section 529 of the Internal Revenue Code. The CollegeCounts 529 Fund was created pursuant to an Alabama statute to encourage the investment of funds to be used for qualified higher education expenses at eligible educational institutions. You should consider the information presented in this section in conjunction with the Plan's financial statements and the Notes to the Financial Statements.

### **CollegeCounts 529 Fund Advisor Plan**

The Plan is one of two 529 college savings plans offered by the CollegeCounts 529 Board to help families save for college. The CollegeCounts 529 Advisor Plan contains accounts that are opened with the assistance of a financial advisor. The Advisor Plan had \$770.7 million in net assets as of September 30, 2012. The CollegeCounts 529 Board oversees the Advisor Plan. Union Bank & Trust Company serves as Program Manager and Northern Trust Securities, Inc. is the Distributor.

The Advisor Plan offers investors 3 Age-Based Options, 6 Target Portfolios, and 19 Individual Fund Portfolios. The Portfolios are invested in underlying mutual funds from T. Rowe Price, PIMCO, BlackRock, Northern, Cohen & Steers, Lord Abbett, Neuberger Berman, Lazard, Fidelity, American Century, and William Blair.

### **Financial Highlights**

The following financial highlights occurred during the year ending September 30, 2012:

- The Plan had contributions of \$100.6 million and withdrawals of \$81.0 million during the year;
- At September 30, 2012, the Plan's net assets totaled \$770.7 million, an increase of \$133.6 million, or 21% since September 30, 2011;
- The Plan earned \$16.2 million from investment income and recognized \$103.8 million from net realized gain (loss) and net appreciation (depreciation) in fair value of investments during the year. The Plan incurred \$6.0 million for operating expenses during the year.

### **Overview of the Financial Statements**

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

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

The Statement of Fiduciary Net Assets presents information on the Plan’s assets and liabilities, with the difference between the two reported as net assets as of September 30, 2012. This statement is prepared using the accrual basis of accounting. Contributions and withdrawals are recognized on trade date; expenses and liabilities are recognized when services are provided, regardless of when cash is received or paid.

The Statement of Changes in Fiduciary Net Assets presents information showing how the Plan’s net assets changed during the year ending September 30, 2012, another important factor that needs to be considered in order to determine the financial health of the CollegeCounts 529 Fund. This statement presents information showing how the plan’s net assets changed during the year ending September 30, 2012 based on activities from securities transactions and market activity. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid.

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

## **Financial Analysis**

### **Net Assets**

The following is a condensed Statement of Fiduciary Net Assets for the Program as of September 30, 2012:

<b>Total Assets</b>	<b>\$ 772,587,580</b>
<b>Less Total Liabilities</b>	<b><u>1,924,681</u></b>
<b>Net Assets Held in Trust</b>	<b><u>\$ 770,662,899</u></b>

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

## Changes in Fiduciary Net Assets

The following is a condensed Statement of Changes in Fiduciary Net Assets for the year ended September 30, 2012:

Total Additions	\$ 116,752,408
Total Deductions	86,985,979
Net Realized Gain and Net Appreciation in Fair Value of Investments	<u>103,793,318</u>
Net Increase	133,559,747
Net Assets Held in Trust, Beginning of Year	<u>637,103,152</u>
Net Assets Held in Trust, End of Year	<u>\$ 770,662,899</u>

**CollegeCounts 529 Fund Advisor Plan**  
**Statement of Fiduciary Net Assets**  
**September 30, 2012**

**Assets**

Investments, at fair value	\$ 771,079,933
Cash	935,597
Accrued investment income	<u>572,050</u>
Total assets	<u>772,587,580</u>

**Liabilities**

Distributions payable to shareholders	407
Accrued expenses	<u>1,924,274</u>
Total liabilities	<u>1,924,681</u>

**Net Assets Held in Trust** \$ 770,662,899



**CollegeCounts 529 Fund Advisor Plan**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended September 30, 2012**

<b>Additions</b>	
Contributions	\$ 100,561,547
Investment income	
Dividends and interest	<u>16,190,861</u>
Total additions	<u>116,752,408</u>
<b>Deductions</b>	
Withdrawals	80,976,301
Management and administrative fees	<u>6,009,678</u>
Total deductions	<u>86,985,979</u>
<b>Net Realized Gain and Net Appreciation in Fair Value of Investments</b>	<u>103,793,318</u>
<b>Net Increase</b>	133,559,747
<b>Net Assets Held in Trust, Beginning of Year</b>	<u>637,103,152</u>
<b>Net Assets Held in Trust, End of Year</b>	<u><u>\$ 770,662,899</u></u>

# **CollegeCounts 529 Fund Advisor Plan**

## **Notes to the Financial Statements**

### **September 30, 2012**

#### **Note 1: Description of the Plan**

The following provides a brief description of the CollegeCounts 529 Fund Advisor Plan (the Plan). For more information about the Plan, call 866.529.2228 or visit [www.CollegeCounts529advisor.com](http://www.CollegeCounts529advisor.com) to obtain a Disclosure Statement.

#### ***General***

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

Plan assets are held for the benefit of account owners and their designated beneficiaries in the CollegeCounts 529 Fund Advisor Plan, thereby ensuring the assets of the Plan can only be used for the benefit of account owners and their beneficiaries.

These financial statements present only the activities and balances attributable to the CollegeCounts 529 Fund Advisor Plan and do not include any balances or activities attributable to the CollegeCounts 529 Fund. See the attached supplementary information which includes Combining Schedules for the two college savings plans and the transfers of contributions and withdrawals between plans. The audited financial statements of the CollegeCounts 529 Fund are available separately.

#### ***Plan Administration***

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

**CollegeCounts 529 Fund Advisor Plan**  
**Notes to the Financial Statements**  
**September 30, 2012**

**Note 2: Significant Accounting Policies**

***Basis of Accounting***

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

***Investments***

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

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

***Cash***

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

***Distributions Payable to Shareholders***

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

# CollegeCounts 529 Fund Advisor Plan

## Notes to the Financial Statements

### September 30, 2012

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

##### **Contributions**

Individuals or entities that have properly executed an enrollment form with the Plan may establish an account to which cash contributions may be made, subject to certain account balance limitations. Contributions received prior to the close of the New York Stock Exchange are recorded as increases in net assets on the date they are received, provided that all related documentation is found to be in good order. Contributions are reported net of applicable initial sales charges, as more fully discussed in Note 4.

Account owners may elect to invest their contributions in one or more of several different investment options, which are Individual Fund Portfolios, Age-Based Portfolios or Target Portfolios based upon the account owner's investing preference and risk tolerance. The investment options are composed of mutual funds and one money-market fund offered by PIMCO, BlackRock, T. Rowe Price, Northern Funds, Fidelity, American Century, William Blair Funds, Lazard, Neuberger Berman, Lord Abbett, or Cohen & Steers ("Investment Managers"). Effective June 20, 2012, Cohen & Steers replaced Harbor Funds as an Investment Manager. All remaining assets totaling approximately \$22,343,000 were transferred from the Harbor Large Cap Value 529 Portfolio to the Cohen & Steers Dividend Value 529 Portfolio on June 20, 2012. The transfers between funds are included in each fund's exchanges in and exchanges out for the year ended September 30, 2012.

The Individual Fund Portfolios consist of 19 single mutual funds. The six Target Portfolios are allocated among equity, real estate, fixed income, and money market securities. These allocations are maintained over the life of the account.

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

The Plan offers Class A, C, and F Units for each investment option. The Plan only offers Class B units to account owners who acquired Class B units prior to the transition of the Plan from the Higher Education 529 Fund. Each class of units has different fee structures as outlined in the Note 4. A full description of the respective fees associated with each class of units is located in the Program Disclosure Statement.

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

**CollegeCounts 529 Fund Advisor Plan**  
**Notes to the Financial Statements**  
**September 30, 2012**

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

***Withdrawals***

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

***Unit Valuation***

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

***Exchanges***

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

***Income Taxes***

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

***Use of Estimates***

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

**CollegeCounts 529 Fund Advisor Plan**  
**Notes to the Financial Statements**  
**September 30, 2012**

**Note 3: Investments**

The Underlying Fund allocations at September 30, 2012 are as follows:

Portfolio	Investment	Balance
American Century Equity Growth 529 Portfolio	American Century Equity Growth Fund	\$ 1,150,214
BlackRock Cash Funds 529 Portfolio	BlackRock Cash Funds	8,738,383
BlackRock Inflation Protected Bond 529 Portfolio	BlackRock Inflation Protected Bond Fund	2,532,483
Cohen & Steers Dividend Value 529 Portfolio	Cohen & Steers Dividend Value Fund	23,006,259
Fidelity Advisor Mid Cap II 529 Portfolio	Fidelity Advisor Mid Cap II Fund	8,749,026
Lazard Emerging Markets Equity 529 Portfolio	Lazard Emerging Markets Equity Fund	3,865,489
Lord Abbett Developing Growth 529 Portfolio	Lord Abbett Developing Growth Fund	1,741,230
Neuberger Berman International Large Cap 529	Neuberger Berman International Large Cap Fund	7,850,918
Northern Bond Index 529 Portfolio	Northern Bond Index Fund	5,436,659
Northern Equity Index 529 Portfolio	Northern Equity Index Fund	8,945,462
Northern International Equity Index 529 Portfolio	Northern International Equity Index Fund	4,722,515
Northern Mid Cap Index 529 Portfolio	Northern Mid Cap Index Fund	3,770,495
Northern Small Company Index 529 Portfolio	Northern Small Company Index Fund	1,750,504
PIMCO Short-Term 529 Portfolio	PIMCO Short-Term Fund	10,474,678
PIMCO Total Return 529 Portfolio	PIMCO Total Return Fund	16,542,612
T. Rowe Price Balanced 529 Portfolio	T. Rowe Price Balanced Fund	38,548,578
T. Rowe Price Large-Cap Growth 529 Portfolio	T. Rowe Price Large-Cap Growth Fund	8,299,560
T. Rowe Price Real Estate 529 Portfolio	T. Rowe Price Real Estate Fund	1,674,142
William Blair Small Cap Value 529 Portfolio	William Blair Small Cap Value Fund	8,500,226
CollegeCounts Conservative Money Market Fund	BlackRock Cash Funds	7,465,807
CollegeCounts Fixed Income Fund	BlackRock Inflation Protected Bond Fund	3,255,547
CollegeCounts Fixed Income Fund	Northern Bond Index Fund	5,158,007
CollegeCounts Fixed Income Fund	PIMCO Total Return Fund	5,162,815
CollegeCounts Fixed Income Fund	BlackRock Cash Funds	13,586,662
Total CollegeCounts Fixed Income Fund		<u>27,163,031</u>
CollegeCounts Fund 20	Cohen & Steers Dividend Value Fund	2,250,246
CollegeCounts Fund 20	Lord Abbett Developing Growth Fund	323,229
CollegeCounts Fund 20	Northern Equity Index Fund	5,194,396
CollegeCounts Fund 20	Northern Mid-Cap Index Fund	640,018
CollegeCounts Fund 20	Northern Small Cap Value Fund	318,635
CollegeCounts Fund 20	T. Rowe Price Large Cap Growth Fund	1,609,923
CollegeCounts Fund 20	BlackRock Inflation Protected Bond Fund	7,156,103
CollegeCounts Fund 20	Northern Bond Index Fund	18,837,919
CollegeCounts Fund 20	PIMCO Total Return Fund	19,469,405
CollegeCounts Fund 20	Northern International Equity Index Fund	1,271,045
CollegeCounts Fund 20	Neuberger Berman International Large Cap Fund	1,281,798
CollegeCounts Fund 20	BlackRock Cash Funds	6,544,567
Total CollegeCounts Fund 20		<u>64,897,284</u>

**CollegeCounts 529 Fund Advisor Plan**  
**Notes to the Financial Statements**  
**September 30, 2012**

**Note 3: Investments - Continued**

Portfolio	Investment	Balance
CollegeCounts Fund 40	Cohen & Steers Dividend Value Fund	\$ 7,564,345
CollegeCounts Fund 40	Lord Abbett Developing Growth Fund	1,631,537
CollegeCounts Fund 40	Northern Equity Index Fund	13,532,854
CollegeCounts Fund 40	Northern Mid-Cap Index Fund	1,619,637
CollegeCounts Fund 40	Northern Small Cap Value Fund	1,634,272
CollegeCounts Fund 40	T. Rowe Price Large Cap Growth Fund	6,454,063
CollegeCounts Fund 40	BlackRock Inflation Protected Bond Fund	9,819,604
CollegeCounts Fund 40	Northern Bond Index Fund	25,130,023
CollegeCounts Fund 40	PIMCO Total Return Fund	30,586,763
CollegeCounts Fund 40	Lazard Emerging Markets Equity Fund	1,118,881
CollegeCounts Fund 40	Northern International Equity Index Fund	3,237,816
CollegeCounts Fund 40	Neuberger Berman International Large Cap Fund	5,402,597
CollegeCounts Fund 40	T. Rowe Price Real Estate Fund	<u>1,052,062</u>
Total CollegeCounts Fund 40		<u>108,784,454</u>
CollegeCounts Fund 60	Cohen & Steers Dividend Value Fund	14,720,707
CollegeCounts Fund 60	Lord Abbett Developing Growth Fund	4,498,979
CollegeCounts Fund 60	Northern Equity Index Fund	22,129,913
CollegeCounts Fund 60	Northern Mid-Cap Index Fund	2,918,056
CollegeCounts Fund 60	Northern Small Cap Value Fund	4,472,233
CollegeCounts Fund 60	T. Rowe Price Large Cap Growth Fund	14,739,266
CollegeCounts Fund 60	BlackRock Inflation Protected Bond Fund	10,263,705
CollegeCounts Fund 60	Northern Bond Index Fund	20,673,083
CollegeCounts Fund 60	PIMCO Total Return Fund	28,090,294
CollegeCounts Fund 60	Lazard Emerging Markets Equity Fund	2,248,590
CollegeCounts Fund 60	Northern International Equity Index Fund	8,823,653
CollegeCounts Fund 60	Neuberger Berman International Large Cap Fund	11,101,637
CollegeCounts Fund 60	T. Rowe Price Real Estate Fund	<u>2,822,382</u>
Total CollegeCounts Fund 60		<u>147,502,498</u>
CollegeCounts Fund 80	Cohen & Steers Dividend Value Fund	19,435,131
CollegeCounts Fund 80	Lord Abbett Developing Growth Fund	5,556,339
CollegeCounts Fund 80	Northern Equity Index Fund	26,452,845
CollegeCounts Fund 80	Northern Mid-Cap Index Fund	2,762,058
CollegeCounts Fund 80	Northern Small Cap Value Fund	5,547,900
CollegeCounts Fund 80	T. Rowe Price Large Cap Growth Fund	19,473,130
CollegeCounts Fund 80	BlackRock Inflation Protected Bond Fund	6,945,565
CollegeCounts Fund 80	Northern Bond Index Fund	6,972,488

**CollegeCounts 529 Fund Advisor Plan**  
**Notes to the Financial Statements**  
**September 30, 2012**

**Note 3: Investments - Continued**

Portfolio	Investment	Balance
CollegeCounts Fund 80	PIMCO Total Return Fund	\$ 13,990,603
CollegeCounts Fund 80	Lazard Emerging Markets Equity Fund	4,212,510
CollegeCounts Fund 80	Northern International Equity Index Fund	9,660,820
CollegeCounts Fund 80	Neuberger Berman International Large Cap Fund	15,316,166
CollegeCounts Fund 80	T. Rowe Price Real Estate Fund	<u>2,667,542</u>
Total CollegeCounts Fund 80		<u>138,993,097</u>
CollegeCounts Fund 100	Cohen & Steers Dividend Value Fund	18,660,439
CollegeCounts Fund 100	Lord Abbett Developing Growth Fund	6,638,207
CollegeCounts Fund 100	Northern Equity Index Fund	22,040,771
CollegeCounts Fund 100	Northern Mid-Cap Index Fund	3,310,564
CollegeCounts Fund 100	Northern Small Cap Value Fund	5,485,730
CollegeCounts Fund 100	T. Rowe Price Large Cap Growth Fund	20,940,676
CollegeCounts Fund 100	Lazard Emerging Markets Equity Fund	5,511,860
CollegeCounts Fund 100	Northern International Equity Index Fund	8,731,213
CollegeCounts Fund 100	Neuberger Berman International Large Cap Fund	15,362,526
CollegeCounts Fund 100	T. Rowe Price Real Estate Fund	<u>3,292,343</u>
Total CollegeCounts Fund 100		<u>109,974,329</u>
		<u>\$ 771,079,933</u>

The following table reconciles the fair value of investments to the net assets held in trust at September 30, 2012:

Fair value of investments, end of year	\$ 771,079,933
Plus cash and accrued investment income	1,507,647
Less payables and accrued expenses	<u>(1,924,681)</u>
Net assets held in trust, end of year	<u>\$ 770,662,899</u>



**CollegeCounts 529 Fund Advisor Plan**  
**Notes to the Financial Statements**  
**September 30, 2012**

**Note 3: Investments - Continued**

The following table calculates the net realized gain and net appreciation in the value of investments for the year ended September 30, 2012:

Fair value of investments, end of year	\$ 771,079,933
Less cost of investments purchased and investment income reinvested during the year	(115,244,761)
Plus proceeds from investments sold during the year and management and administrative fees	85,061,298
Less net assets held in trust, beginning of year	<u>(637,103,152)</u>
Net realized gain and net appreciation in fair value of investments	<u>\$ 103,793,318</u>

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

**Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Plan's investment policy does not specifically address credit risk, as permitted investments are generally mutual funds. At September 30, 2012, approximately 19% of the investments in the plan have an AAA risk rating and approximately 76% have a Baa>AA risk rating. Approximately 5% of the investments in the plan are money market mutual funds which are not rated.

**Interest Rate Risk** – Although BlackRock Cash Funds, BlackRock Inflation Protected Bond Fund, Northern Bond Index Fund, PIMCO Short-Term Fund, PIMCO Total Return Fund and T. Rowe Price Balanced Fund are invested primarily in short and intermediate-term bonds, these Underlying Funds are exposed to interest rate risk, which is the risk that changes in interest rates will adversely affect their fair values. As of September 30, 2012, the average duration and effective maturity of holdings in each of these mutual funds was as follows:

	<u>Average Duration</u>	<u>Average Maturity</u>
BlackRock Cash Funds	n/a	0.2 years
BlackRock Inflation Protected Bond Fund	8.1 years	10.2 years
Northern Bond Index Fund	4.3 years	6.2 years
PIMCO Short-Term Fund	0.9 years	1.1 years
PIMCO Total Return Fund	4.0 years	5.9 years
T. Rowe Price Balanced Fund	4.5 years	6.6 years

# CollegeCounts 529 Fund Advisor Plan

## Notes to the Financial Statements

### September 30, 2012

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

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

**Concentration of Credit Risk** – The Plan places no limit on the amount that may be invested in any one issuer; however, approximately 95% of the investments are with mutual funds and approximately 5% are invested in money market funds.

**Foreign Currency Risk** – This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The Plan's exposure to foreign currency risk derives from its investment in Underlying Funds with international holdings. The Plan had no investments denominated in foreign currency at September 30, 2012.

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

##### ***Annual Account Fee***

An annual account fee of \$12 is assessed on accounts when neither the account owner nor the designated beneficiary is an Alabama resident. The fees, which are deducted annually from respective accounts in November, were approximately \$433,000 for the year ended September 30, 2012.

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

All classes of units of each investment option are assessed a program manager fee of 0.32%, which is accrued daily and paid to the Program Manager for providing administrative and management services. All units are also assessed a state administration fee of 0.10%. These fees are accrued daily and paid to the Program to be used for the purpose of administering and marketing the Program and paying certain costs associated with the administration of the Plan. These fees are reflected as an expense in the daily net asset value calculation for each Portfolio, and are calculated based on the average daily net assets with respect to a Portfolio.

Class A units and Class C units invested in Underlying Funds, except for BlackRock Cash Funds 529 Portfolio or the Age-Based Conservative (21+) Portfolio, are assessed an annual account servicing fee of 0.25% and 0.50%, respectively, based on the average daily net assets which remain invested for more than twelve months this fee is paid to the financial advisors through which account owners invest in the Plan, depending on the nature and terms of agreements.

**CollegeCounts 529 Fund Advisor Plan**  
**Notes to the Financial Statements**  
**September 30, 2012**

**Note 4: Fees and Expenses - Continued**

***Sales Charges***

With certain exceptions, account owners investing in Class A units are required to pay an initial sales charge of up to 3.50% for each new contribution. Account owners in Class B units are required to pay a contingent deferred sales charge if they withdraw a contribution within a specified period of time, not to exceed 5%. Account owners investing in Class C or Class F units are not required to pay an initial sales charge. All or a portion of these sales charges are paid to financial advisors through which account owners invest in the Plan, depending on the nature and terms of agreements.

For contributions and withdrawals with trade dates during the year ended September 30, 2012, initial sales charges and contingent deferred sales charges totaled approximately \$1,141,000.

***Underlying Fund Expenses***

Fees related to the management of each of the Underlying Funds are paid directly to the related fund manager or advisor and reduce the amount of income available for distribution to account owners. These expenses are not reflected in the Plan's financial statements. The expense ratios of the Underlying Funds, which are the ratios of the total operating expenses of the Underlying Funds as a percentage of their average daily net assets, vary over time and ranged from 0.12% to 0.58% for Age-Based Portfolios, 0.23% to 0.58% for Target Portfolios, and 0.10% to 1.15% for the Individual Fund Portfolios during the year ended September 30, 2012.

Management and administrative fees related to the year ended September 30, 2012, are comprised of the following amounts attributable to the Program Manager, the State and the financial advisors:

Program management fees	\$ 2,270,635
State administration fees	705,272
Financial advisor and servicing fees	<u>3,033,771</u>
Total management and administrative fees	<u><u>\$ 6,009,678</u></u>

**Note 5: Risks and Uncertainties**

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

**CollegeCounts 529 Fund Advisor Plan**  
**Notes to the Financial Statements**  
**September 30, 2012**

**Note 5: Risks and Uncertainties - Continued**

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

**Note 6: Subsequent Events**

Subsequent events have been evaluated through January 4, 2013, which is the date the financial statements were available to be issued.

Effective October 10, 2012, the Plan made changes to investment alternatives in order to provide additional diversification and enhance investment options. The Plan added the following new Underlying Funds within the Age-Based, Target, and Individual Fund Portfolios: Touchstone High Yield Fund, Templeton International Bond Fund, ING Global Real Estate Fund, DFA International Small Company Portfolio, and Credit Suisse Commodity Return Strategy Fund. The Plan also added the Fidelity Advisor Investment Grade Bond Fund as an Individual Fund Portfolio and removed the Fidelity Advisor Mid Cap II 529 Portfolio. The current assets and any future contributions directed to Fidelity Advisor Mid Cap II 529 Portfolio will be automatically invested into the existing Northern Mid Cap Index 529 Portfolio.

Additional details of the changes are included in the Disclosure Statement found at [www.CollegeCounts529advisor.com](http://www.CollegeCounts529advisor.com).

## **Supplemental Schedules**

**CollegeCounts 529 Fund Advisor Plan**  
**Schedule of Fiduciary Net Assets by Portfolio**  
**September 30, 2012**

	Portfolio						
	American Century Equity Growth 529 Portfolio	BlackRock Cash Funds 529 Portfolio	BlackRock Inflation Protected Bond 529 Portfolio	Cohen & Steers Dividend Value 529 Portfolio	Fidelity Advisor Mid Cap II 529 Portfolio	Harbor Large Cap Value 529 Portfolio	Lazard Emerging Markets Equity 529 Portfolio
<b>Assets</b>							
Investments, at fair value	\$ 1,150,214	\$ 8,738,383	\$ 2,532,483	\$ 23,006,259	\$ 8,749,026	\$ -	\$ 3,865,489
Cash	-	28,786	34,488	-	-	-	-
Accrued investment income	-	1,330	-	85,402	-	-	-
Total assets	<u>1,150,214</u>	<u>8,768,499</u>	<u>2,566,971</u>	<u>23,091,661</u>	<u>8,749,026</u>	<u>-</u>	<u>3,865,489</u>
<b>Liabilities</b>							
Distributions payable to shareholders	-	221	-	-	-	-	-
Accrued expenses	24,730	665	3,229	81,483	21,777	-	15,596
Total liabilities	<u>24,730</u>	<u>886</u>	<u>3,229</u>	<u>81,483</u>	<u>21,777</u>	<u>-</u>	<u>15,596</u>
<b>Net Assets Held in Trust</b>	<u>\$ 1,125,484</u>	<u>\$ 8,767,613</u>	<u>\$ 2,563,742</u>	<u>\$ 23,010,178</u>	<u>\$ 8,727,249</u>	<u>\$ -</u>	<u>\$ 3,849,893</u>
<b>Unit Information</b>							
<b>Class A</b>							
Total net assets - fee structure A	\$ 523,842	\$ 4,155,363	\$ 1,362,433	\$ 14,836,143	\$ 5,439,678	\$ -	\$ 1,840,981
Units outstanding	39,039	4,155,474	114,279	1,383,445	459,637	-	171,944
Net asset value per unit, ending	\$ 13.42	\$ 1.00	\$ 11.92	\$ 10.72	\$ 11.83	\$ -	\$ 10.71
Net asset value per unit, beginning	\$ 10.32	\$ 1.00	\$ 11.03	\$ 10.00	\$ 10.09	\$ 9.84	\$ 8.89
<b>Class B</b>							
Total net assets - fee structure B	\$ 51,318	\$ 1,389,634	\$ 280,455	\$ 2,913,798	\$ 1,298,665	\$ -	\$ 140,006
Units outstanding	3,887	1,389,684	23,900	272,272	111,524	-	13,283
Net asset value per unit, ending	\$ 13.20	\$ 1.00	\$ 11.73	\$ 10.70	\$ 11.64	\$ -	\$ 10.54
Net asset value per unit, beginning	\$ 10.23	\$ 1.00	\$ 10.94	\$ 10.00	\$ 10.00	\$ 9.75	\$ 8.82
<b>Class C</b>							
Total net assets - fee structure C	\$ 501,942	\$ 3,106,197	\$ 839,102	\$ 4,688,743	\$ 1,937,959	\$ -	\$ 1,059,549
Units outstanding	37,630	3,106,304	70,729	437,525	164,645	-	99,459
Net asset value per unit, ending	\$ 13.34	\$ 1.00	\$ 11.86	\$ 10.72	\$ 11.77	\$ -	\$ 10.65
Net asset value per unit, beginning	\$ 10.29	\$ 1.00	\$ 11.01	\$ 10.00	\$ 10.06	\$ 9.81	\$ 8.87
<b>Class F</b>							
Total net assets - fee structure F	\$ 48,382	\$ 116,419	\$ 81,752	\$ 571,494	\$ 50,947	\$ -	\$ 809,357
Units outstanding	3,586	116,421	6,819	53,255	4,282	-	75,129
Net asset value per unit, ending	\$ 13.49	\$ 1.00	\$ 11.99	\$ 10.73	\$ 11.90	\$ -	\$ 10.77
Net asset value per unit, beginning	\$ 10.36	\$ 1.00	\$ 11.07	\$ 10.00	\$ 10.12	\$ 9.87	\$ 8.92

**CollegeCounts 529 Fund Advisor Plan**  
**Schedule of Fiduciary Net Assets by Portfolio**  
**September 30, 2012**

	Portfolio						
	Lord Abbett Developing Growth 529 Portfolio	Neuberger Berman International Large Cap 529 Portfolio	Northern Bond Index 529 Portfolio	Northern Equity Index 529 Portfolio	Northern International Equity Index 529 Portfolio	Northern Mid Cap Index 529 Portfolio	Northern Small Company Index 529 Portfolio
<b>Assets</b>							
Investments, at fair value	\$ 1,741,230	\$ 7,850,918	\$ 5,436,659	\$ 8,945,462	\$ 4,722,515	\$ 3,770,495	\$ 1,750,504
Cash	-	-	2,994	-	-	-	-
Accrued investment income	-	-	1,550	-	-	-	-
Total assets	<u>1,741,230</u>	<u>7,850,918</u>	<u>5,441,203</u>	<u>8,945,462</u>	<u>4,722,515</u>	<u>3,770,495</u>	<u>1,750,504</u>
<b>Liabilities</b>							
Distributions payable to shareholders	-	-	-	-	-	-	-
Accrued expenses	16,101	19,542	7,253	25,801	15,355	23,147	12,900
Total liabilities	<u>16,101</u>	<u>19,542</u>	<u>7,253</u>	<u>25,801</u>	<u>15,355</u>	<u>23,147</u>	<u>12,900</u>
<b>Net Assets Held in Trust</b>	<u>\$ 1,725,129</u>	<u>\$ 7,831,376</u>	<u>\$ 5,433,950</u>	<u>\$ 8,919,661</u>	<u>\$ 4,707,160</u>	<u>\$ 3,747,348</u>	<u>\$ 1,737,604</u>
<b>Unit Information</b>							
<b>Class A</b>							
Total net assets - fee structure A	\$ 920,081	\$ 4,596,662	\$ 3,318,690	\$ 5,176,631	\$ 2,761,909	\$ 1,976,895	\$ 942,766
Units outstanding	64,390	423,059	300,599	392,724	265,994	152,453	73,258
Net asset value per unit, ending	\$ 14.29	\$ 10.87	\$ 11.04	\$ 13.18	\$ 10.38	\$ 12.97	\$ 12.87
Net asset value per unit, beginning	\$ 11.16	\$ 9.39	\$ 10.58	\$ 10.20	\$ 9.11	\$ 10.12	\$ 9.79
<b>Class B</b>							
Total net assets - fee structure B	\$ 134,854	\$ 1,021,031	\$ 708,404	\$ 1,403,084	\$ 749,977	\$ 493,655	\$ 275,107
Units outstanding	9,593	95,509	65,215	108,186	73,409	38,690	21,727
Net asset value per unit, ending	\$ 14.06	\$ 10.69	\$ 10.86	\$ 12.97	\$ 10.22	\$ 12.76	\$ 12.66
Net asset value per unit, beginning	\$ 11.06	\$ 9.31	\$ 10.48	\$ 10.11	\$ 9.03	\$ 10.03	\$ 9.71
<b>Class C</b>							
Total net assets - fee structure C	\$ 539,267	\$ 1,755,958	\$ 1,398,590	\$ 2,306,409	\$ 1,165,040	\$ 1,054,938	\$ 515,632
Units outstanding	37,937	162,485	127,363	175,925	112,807	81,793	40,287
Net asset value per unit, ending	\$ 14.21	\$ 10.81	\$ 10.98	\$ 13.11	\$ 10.33	\$ 12.90	\$ 12.80
Net asset value per unit, beginning	\$ 11.13	\$ 9.36	\$ 10.55	\$ 10.17	\$ 9.09	\$ 10.09	\$ 9.77
<b>Class F</b>							
Total net assets - fee structure F	\$ 130,927	\$ 457,725	\$ 8,266	\$ 33,537	\$ 30,234	\$ 221,860	\$ 4,099
Units outstanding	9,112	41,877	752	2,529	2,896	17,025	317
Net asset value per unit, ending	\$ 14.37	\$ 10.93	\$ 10.99	\$ 13.26	\$ 10.44	\$ 13.03	\$ 12.93
Net asset value per unit, beginning	\$ 11.19	\$ 9.42	\$ 10.48	\$ 10.23	\$ 9.14	\$ 10.15	\$ 9.82

**CollegeCounts 529 Fund Advisor Plan**  
**Schedule of Fiduciary Net Assets by Portfolio**  
**September 30, 2012**

	Portfolio						
	PIMCO Short-Term 529 Portfolio	PIMCO Total Return 529 Portfolio	T. Rowe Price Balanced 529 Portfolio	T. Rowe Price Large-Cap Growth 529 Portfolio	T. Rowe Price Real Estate 529 Portfolio	William Blair Small Cap Value 529 Portfolio	CollegeCounts Conservative Money Market Fund
<b>Assets</b>							
Investments, at fair value	\$ 10,474,678	\$ 16,542,612	\$ 38,548,578	\$ 8,299,560	\$ 1,674,142	\$ 8,500,226	\$ 7,465,807
Cash	17,260	43,857	29,073	-	-	-	-
Accrued investment income	7,899	31,488	-	-	-	-	1,180
Total assets	<u>10,499,837</u>	<u>16,617,957</u>	<u>38,577,651</u>	<u>8,299,560</u>	<u>1,674,142</u>	<u>8,500,226</u>	<u>7,466,987</u>
<b>Liabilities</b>							
Distributions payable to shareholders	-	-	-	-	-	-	186
Accrued expenses	8,854	19,170	50,298	32,047	6,032	18,346	7,104
Total liabilities	<u>8,854</u>	<u>19,170</u>	<u>50,298</u>	<u>32,047</u>	<u>6,032</u>	<u>18,346</u>	<u>7,290</u>
<b>Net Assets Held in Trust</b>	<u>\$ 10,490,983</u>	<u>\$ 16,598,787</u>	<u>\$ 38,527,353</u>	<u>\$ 8,267,513</u>	<u>\$ 1,668,110</u>	<u>\$ 8,481,880</u>	<u>\$ 7,459,697</u>
<b>Unit Information</b>							
<b>Class A</b>							
Total net assets - fee structure A	\$ 2,705,849	\$ 6,844,979	\$ 24,593,440	\$ 4,960,702	\$ 829,139	\$ 4,086,870	\$ 2,695,056
Units outstanding	264,087	602,277	2,021,801	368,068	63,045	345,662	2,695,152
Net asset value per unit, ending	\$ 10.25	\$ 11.37	\$ 12.16	\$ 13.48	\$ 13.15	\$ 11.82	\$ 1.00
Net asset value per unit, beginning	\$ 9.98	\$ 10.26	\$ 10.20	\$ 10.46	\$ 10.08	\$ 9.41	\$ 1.00
<b>Class B</b>							
Total net assets - fee structure B	\$ 472,094	\$ 1,122,101	\$ 4,712,076	\$ 777,268	\$ 61,792	\$ 1,128,333	\$ 1,013,842
Units outstanding	46,574	100,347	393,696	58,615	4,774	96,992	1,013,805
Net asset value per unit, ending	\$ 10.14	\$ 11.18	\$ 11.97	\$ 13.26	\$ 12.94	\$ 11.63	\$ 1.00
Net asset value per unit, beginning	\$ 9.93	\$ 10.17	\$ 10.11	\$ 10.37	\$ 9.99	\$ 9.33	\$ 1.00
<b>Class C</b>							
Total net assets - fee structure C	\$ 2,329,110	\$ 5,780,060	\$ 9,045,699	\$ 1,969,360	\$ 371,958	\$ 1,309,596	\$ 3,724,518
Units outstanding	228,506	511,326	747,658	146,911	28,434	111,364	3,724,655
Net asset value per unit, ending	\$ 10.19	\$ 11.30	\$ 12.10	\$ 13.41	\$ 13.08	\$ 11.76	\$ 1.00
Net asset value per unit, beginning	\$ 9.96	\$ 10.23	\$ 10.17	\$ 10.43	\$ 10.05	\$ 9.38	\$ 1.00
<b>Class F</b>							
Total net assets - fee structure F	\$ 4,983,930	\$ 2,851,647	\$ 176,138	\$ 560,183	\$ 405,221	\$ 1,957,081	\$ 26,281
Units outstanding	484,118	249,528	14,404	41,344	30,636	164,545	26,282
Net asset value per unit, ending	\$ 10.29	\$ 11.43	\$ 12.23	\$ 13.55	\$ 13.23	\$ 11.89	\$ 1.00
Net asset value per unit, beginning	\$ 10.01	\$ 10.29	\$ 10.23	\$ 10.49	\$ 10.11	\$ 9.44	\$ 1.00



**CollegeCounts 529 Fund Advisor Plan**  
**Schedule of Fiduciary Net Assets by Portfolio**  
**September 30, 2012**

	Portfolio						
	CollegeCounts Fixed Income Fund	CollegeCounts Fund 20	CollegeCounts Fund 40	CollegeCounts Fund 60	CollegeCounts Fund 80	CollegeCounts Fund 100	Plan Total
<b>Assets</b>							
Investments, at fair value	\$ 27,163,031	\$ 64,897,284	\$ 108,784,454	\$ 147,502,498	\$ 138,993,097	\$ 109,974,329	\$ 771,079,933
Cash	-	601,678	-	-	177,461	-	935,597
Accrued investment income	13,301	52,159	93,457	114,220	100,794	69,270	572,050
Total assets	<u>27,176,332</u>	<u>65,551,121</u>	<u>108,877,911</u>	<u>147,616,718</u>	<u>139,271,352</u>	<u>110,043,599</u>	<u>772,587,580</u>
<b>Liabilities</b>							
Distributions payable to shareholders	-	-	-	-	-	-	407
Accrued expenses	46,080	90,968	775,638	229,672	182,908	189,578	1,924,274
Total liabilities	<u>46,080</u>	<u>90,968</u>	<u>775,638</u>	<u>229,672</u>	<u>182,908</u>	<u>189,578</u>	<u>1,924,681</u>
<b>Net Assets Held in Trust</b>	<u>\$ 27,130,252</u>	<u>\$ 65,460,153</u>	<u>\$ 108,102,273</u>	<u>\$ 147,387,046</u>	<u>\$ 139,088,444</u>	<u>\$ 109,854,021</u>	<u>\$ 770,662,899</u>
<b>Unit Information</b>							
<b>Class A</b>							
Total net assets - fee structure A	\$ 13,074,901	\$ 31,845,908	\$ 55,819,624	\$ 81,836,391	\$ 85,971,131	\$ 64,097,150	
Units outstanding	1,232,021	2,780,214	4,706,667	6,773,856	6,999,157	5,149,611	
Net asset value per unit, ending	\$ 10.61	\$ 11.45	\$ 11.86	\$ 12.08	\$ 12.28	\$ 12.45	
Net asset value per unit, beginning	\$ 10.25	\$ 10.38	\$ 10.33	\$ 10.24	\$ 10.10	\$ 9.96	
<b>Class B</b>							
Total net assets - fee structure B	\$ 2,314,181	\$ 8,084,810	\$ 16,162,194	\$ 21,887,782	\$ 18,295,848	\$ 13,694,475	
Units outstanding	221,600	717,372	1,385,157	1,841,380	1,513,748	1,118,152	
Net asset value per unit, ending	\$ 10.44	\$ 11.27	\$ 11.67	\$ 11.89	\$ 12.09	\$ 12.25	
Net asset value per unit, beginning	\$ 10.16	\$ 10.29	\$ 10.24	\$ 10.15	\$ 10.02	\$ 9.87	
<b>Class C</b>							
Total net assets - fee structure C	\$ 11,722,549	\$ 25,013,217	\$ 35,456,277	\$ 41,767,276	\$ 33,281,343	\$ 31,132,169	
Units outstanding	1,110,518	2,195,520	3,005,903	3,475,944	2,724,156	2,514,679	
Net asset value per unit, ending	\$ 10.56	\$ 11.39	\$ 11.80	\$ 12.02	\$ 12.22	\$ 12.38	
Net asset value per unit, beginning	\$ 10.22	\$ 10.35	\$ 10.30	\$ 10.21	\$ 10.07	\$ 9.93	
<b>Class F</b>							
Total net assets - fee structure F	\$ 18,621	\$ 516,218	\$ 664,178	\$ 1,895,597	\$ 1,540,122	\$ 930,227	
Units outstanding	1,745	44,543	55,684	156,060	124,713	74,339	
Net asset value per unit, ending	\$ 10.67	\$ 11.59	\$ 11.93	\$ 12.15	\$ 12.35	\$ 12.51	
Net asset value per unit, beginning	\$ 10.28	\$ 10.48	\$ 10.36	\$ 10.27	\$ 10.13	\$ 9.99	

**CollegeCounts 529 Fund Advisor Plan**  
**Schedule of Changes in Fiduciary Net Assets by Portfolio**  
**For the Year Ended September 30, 2012**

	Portfolio						
	American Century Equity Growth 529 Portfolio	BlackRock Cash Funds 529 Portfolio	BlackRock Inflation Protected Bond 529 Portfolio	Cohen & Steers Dividend Value 529 Portfolio	Fidelity Advisor Mid Cap II 529 Portfolio	Harbor Large Cap Value 529 Portfolio	Lazard Emerging Markets Equity 529 Portfolio
<b>Additions</b>							
Contributions	\$ 528,804	\$ 1,592,850	\$ 552,545	\$ 399,867	\$ 989,083	\$ 1,448,221	\$ 944,801
Exchanges in	289,905	3,138,486	964,767	22,557,935	175,819	677,114	405,671
Investment income							
Dividends and interest	13,857	17,645	39,039	146,350	-	206,434	148,861
Total additions	<u>832,566</u>	<u>4,748,981</u>	<u>1,556,351</u>	<u>23,104,152</u>	<u>1,164,902</u>	<u>2,331,769</u>	<u>1,499,333</u>
<b>Deductions</b>							
Withdrawals	55,452	2,749,988	183,172	691,575	1,012,734	1,605,826	171,593
Exchanges out	131,760	394,077	239,264	832,712	702,808	23,857,323	853,450
Management and administrative fees	6,055	7,319	15,878	51,021	73,361	132,053	22,496
Total deductions	<u>193,267</u>	<u>3,151,384</u>	<u>438,314</u>	<u>1,575,308</u>	<u>1,788,903</u>	<u>25,595,202</u>	<u>1,047,539</u>
<b>Net Realized Gain and Net Appreciation in Fair Value</b>	<u>154,924</u>	<u>-</u>	<u>114,772</u>	<u>1,481,334</u>	<u>1,424,819</u>	<u>3,402,702</u>	<u>435,732</u>
<b>Net Increase (Decrease)</b>	794,223	1,597,597	1,232,809	23,010,178	800,818	(19,860,731)	887,526
<b>Net Assets Held in Trust, Beginning of Year</b>	<u>331,261</u>	<u>7,170,016</u>	<u>1,330,933</u>	<u>-</u>	<u>7,926,431</u>	<u>19,860,731</u>	<u>2,962,367</u>
<b>Net Assets Held in Trust, End of Year</b>	<u>\$ 1,125,484</u>	<u>\$ 8,767,613</u>	<u>\$ 2,563,742</u>	<u>\$ 23,010,178</u>	<u>\$ 8,727,249</u>	<u>\$ -</u>	<u>\$ 3,849,893</u>

**CollegeCounts 529 Fund Advisor Plan**  
**Schedule of Changes in Fiduciary Net Assets by Portfolio**  
**For the Year Ended September 30, 2012**

	Portfolio						
	Lord Abbett Developing Growth 529 Portfolio	Neuberger Berman International Large Cap 529 Portfolio	Northern Bond Index 529 Portfolio	Northern Equity Index 529 Portfolio	Northern International Equity Index 529 Portfolio	Northern Mid Cap Index 529 Portfolio	Northern Small Company Index 529 Portfolio
<b>Additions</b>							
Contributions	\$ 569,909	\$ 1,052,360	\$ 609,047	\$ 1,015,740	\$ 603,585	\$ 677,514	\$ 327,406
Exchanges in	140,979	252,882	450,852	435,400	194,654	333,542	133,531
Investment income							
Dividends and interest	66,016	120,638	187,045	168,164	115,036	25,424	14,419
Total additions	<u>776,904</u>	<u>1,425,880</u>	<u>1,246,944</u>	<u>1,619,304</u>	<u>913,275</u>	<u>1,036,480</u>	<u>475,356</u>
<b>Deductions</b>							
Withdrawals	208,909	854,723	1,033,317	877,867	546,920	327,861	197,538
Exchanges out	211,120	1,419,809	388,156	646,017	376,104	776,289	177,595
Management and administrative fees	11,341	61,702	46,129	70,744	39,052	28,100	13,885
Total deductions	<u>431,370</u>	<u>2,336,234</u>	<u>1,467,602</u>	<u>1,594,628</u>	<u>962,076</u>	<u>1,132,250</u>	<u>389,018</u>
<b>Net Realized Gain and Net Appreciation in Fair Value</b>	<u>276,264</u>	<u>1,083,169</u>	<u>85,588</u>	<u>1,922,201</u>	<u>500,525</u>	<u>806,216</u>	<u>401,189</u>
<b>Net Increase (Decrease)</b>	621,798	172,815	(135,070)	1,946,877	451,724	710,446	487,527
<b>Net Assets Held in Trust, Beginning of Year</b>	<u>1,103,331</u>	<u>7,658,561</u>	<u>5,569,020</u>	<u>6,972,784</u>	<u>4,255,436</u>	<u>3,036,902</u>	<u>1,250,077</u>
<b>Net Assets Held in Trust, End of Year</b>	<u>\$ 1,725,129</u>	<u>\$ 7,831,376</u>	<u>\$ 5,433,950</u>	<u>\$ 8,919,661</u>	<u>\$ 4,707,160</u>	<u>\$ 3,747,348</u>	<u>\$ 1,737,604</u>

**CollegeCounts 529 Fund Advisor Plan**  
**Schedule of Changes in Fiduciary Net Assets by Portfolio**  
**For the Year Ended September 30, 2012**

	Portfolio						
	PIMCO Short- Term 529 Portfolio	PIMCO Total Return 529 Portfolio	T. Rowe Price Balanced 529 Portfolio	T. Rowe Price Large-Cap Growth 529 Portfolio	T. Rowe Price Real Estate 529 Portfolio	William Blair Small Cap Value 529 Portfolio	CollegeCounts Conservative Money Market Fund
<b>Additions</b>							
Contributions	\$ 2,710,696	\$ 2,800,287	\$ 3,960,144	\$ 1,202,285	\$ 399,040	\$ 721,972	\$ 796,175
Exchanges in	3,292,186	2,882,643	1,887,118	596,679	433,630	226,501	3,054,145
Investment income							
Dividends and interest	182,415	557,607	1,025,851	12,631	30,819	320,646	15,666
Total additions	<u>6,185,297</u>	<u>6,240,537</u>	<u>6,873,113</u>	<u>1,811,595</u>	<u>863,489</u>	<u>1,269,119</u>	<u>3,865,986</u>
<b>Deductions</b>							
Withdrawals	1,549,894	2,245,572	4,662,125	869,024	89,712	760,586	2,683,284
Exchanges out	405,097	512,412	3,400,211	1,203,181	98,558	764,008	431,385
Management and administrative fees	60,498	113,858	307,802	60,349	9,337	63,469	6,437
Total deductions	<u>2,015,489</u>	<u>2,871,842</u>	<u>8,370,138</u>	<u>2,132,554</u>	<u>197,607</u>	<u>1,588,063</u>	<u>3,121,106</u>
<b>Net Realized Gain and Net Appreciation in Fair Value</b>	<u>127,593</u>	<u>1,065,258</u>	<u>5,680,472</u>	<u>1,916,223</u>	<u>271,061</u>	<u>1,558,643</u>	<u>-</u>
<b>Net Increase (Decrease)</b>	4,297,401	4,433,953	4,183,447	1,595,264	936,943	1,239,699	744,880
<b>Net Assets Held in Trust, Beginning of Year</b>	<u>6,193,582</u>	<u>12,164,834</u>	<u>34,343,906</u>	<u>6,672,249</u>	<u>731,167</u>	<u>7,242,181</u>	<u>6,714,817</u>
<b>Net Assets Held in Trust, End of Year</b>	<u>\$ 10,490,983</u>	<u>\$ 16,598,787</u>	<u>\$ 38,527,353</u>	<u>\$ 8,267,513</u>	<u>\$ 1,668,110</u>	<u>\$ 8,481,880</u>	<u>\$ 7,459,697</u>

**CollegeCounts 529 Fund Advisor Plan**  
**Schedule of Changes in Fiduciary Net Assets by Portfolio**  
**For the Year Ended September 30, 2012**

	<b>Portfolio</b>							
	<b>CollegeCounts Fixed Income Fund</b>	<b>CollegeCounts Fund 20</b>	<b>CollegeCounts Fund 40</b>	<b>CollegeCounts Fund 60</b>	<b>CollegeCounts Fund 80</b>	<b>CollegeCounts Fund 100</b>	<b>Eliminations</b>	<b>Plan Total</b>
<b>Additions</b>								
Contributions	\$ 3,003,940	\$ 6,697,740	\$ 11,020,678	\$ 16,663,026	\$ 22,733,212	\$ 16,540,620	\$ -	\$ 100,561,547
Exchanges in	13,534,652	26,987,146	38,739,135	42,734,333	27,063,817	3,099,662	194,683,184	-
Investment income								
Dividends and interest	430,616	1,666,416	2,666,563	3,207,846	2,707,867	2,096,990	-	16,190,861
Total additions	<u>16,969,208</u>	<u>35,351,302</u>	<u>52,426,376</u>	<u>62,605,205</u>	<u>52,504,896</u>	<u>21,737,272</u>	<u>194,683,184</u>	<u>116,752,408</u>
<b>Deductions</b>								
Withdrawals	8,761,038	14,846,337	10,042,125	7,689,730	6,758,418	9,500,981	-	80,976,301
Exchanges out	4,614,078	15,351,307	29,862,563	39,822,134	40,418,288	26,793,478	(194,683,184)	-
Management and administrative fees	210,600	536,021	862,892	1,164,885	1,091,815	942,579	-	6,009,678
Total deductions	<u>13,585,716</u>	<u>30,733,665</u>	<u>40,767,580</u>	<u>48,676,749</u>	<u>48,268,521</u>	<u>37,237,038</u>	<u>(194,683,184)</u>	<u>86,985,979</u>
<b>Net Realized Gain and Net Appreciation in Fair Value</b>	<u>598,736</u>	<u>4,645,098</u>	<u>11,126,675</u>	<u>19,004,503</u>	<u>22,646,708</u>	<u>23,062,913</u>	<u>-</u>	<u>103,793,318</u>
<b>Net Increase (Decrease)</b>	3,982,228	9,262,735	22,785,471	32,932,959	26,883,083	7,563,147	-	133,559,747
<b>Net Assets Held in Trust, Beginning of Year</b>	<u>23,148,024</u>	<u>56,197,418</u>	<u>85,316,802</u>	<u>114,454,087</u>	<u>112,205,361</u>	<u>102,290,874</u>	<u>-</u>	<u>637,103,152</u>
<b>Net Assets Held in Trust, End of Year</b>	<u>\$ 27,130,252</u>	<u>\$ 65,460,153</u>	<u>\$ 108,102,273</u>	<u>\$ 147,387,046</u>	<u>\$ 139,088,444</u>	<u>\$ 109,854,021</u>	<u>\$ -</u>	<u>\$ 770,662,899</u>

**CollegeCounts 529 Fund Advisor Plan**  
**Financial Highlights by Portfolio**  
**For the Year Ended September 30, 2012**

	Portfolio						
	American Century Equity Growth 529 Portfolio	BlackRock Cash Funds 529 Portfolio	BlackRock Inflation Protected Bond 529 Portfolio	Cohen & Steers Dividend Value 529 Portfolio	Fidelity Advisor Mid Cap II 529 Portfolio	Harbor Large Cap Value 529 Portfolio	Lazard Emerging Markets Equity 529 Portfolio
<b>Class A</b>							
Ratio of net investment income to average net assets*	1.21%	0.12%	1.37%	1.64%	-0.67%	0.45%	3.99%
Ratio of expense to average net assets**	0.67%	0.09%	0.67%	0.66%	0.67%	0.48%	0.67%
Total return ***	30.04%	0.12%	8.07%	7.20%	17.24%	17.68%	20.47%
<b>Class B</b>							
Ratio of net investment income to average net assets *	0.46%	0.12%	0.62%	0.90%	-1.42%	-0.10%	3.24%
Ratio of expense to average net assets**	1.42%	0.09%	1.42%	1.41%	1.42%	1.03%	1.42%
Total return ***	29.03%	0.12%	7.22%	7.00%	16.40%	17.13%	19.50%
<b>Class C</b>							
Ratio of net investment income to average net assets *	0.96%	0.12%	1.12%	1.40%	-0.92%	0.27%	3.74%
Ratio of expense to average net assets**	0.92%	0.09%	0.92%	0.91%	0.92%	0.67%	0.92%
Total return ***	29.64%	0.12%	7.72%	7.20%	17.00%	17.53%	20.07%
<b>Class F</b>							
Ratio of net investment income to average net assets *	1.45%	0.12%	1.62%	1.89%	-0.42%	0.63%	4.24%
Ratio of expense to average net assets**	0.43%	0.09%	0.42%	0.42%	0.42%	0.30%	0.42%
Total return ***	30.21%	0.12%	8.31%	7.30%	17.59%	18.03%	20.74%

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

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

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

**CollegeCounts 529 Fund Advisor Plan**  
**Financial Highlights by Portfolio**  
**For the Year Ended September 30, 2012**

	Portfolio						
	Lord Abbett Developing Growth 529 Portfolio	Neuberger Berman International Large Cap 529 Portfolio	Northern Bond Index 529 Portfolio	Northern Equity Index 529 Portfolio	Northern International Equity Index 529 Portfolio	Northern Mid Cap Index 529 Portfolio	Northern Small Company Index 529 Portfolio
<b>Class A</b>							
Ratio of net investment income to average net assets*	3.93%	0.92%	2.76%	1.37%	1.86%	0.08%	0.24%
Ratio of expense to average net assets**	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%
Total return ***	28.05%	15.76%	4.35%	29.22%	13.94%	28.16%	31.46%
<b>Class B</b>							
Ratio of net investment income to average net assets *	3.18%	0.17%	2.01%	0.62%	1.11%	-0.67%	-0.51%
Ratio of expense to average net assets**	1.42%	1.42%	1.42%	1.42%	1.42%	1.42%	1.42%
Total return ***	27.12%	14.82%	3.63%	28.29%	13.18%	27.22%	30.38%
<b>Class C</b>							
Ratio of net investment income to average net assets *	3.68%	0.67%	2.51%	1.12%	1.61%	-0.17%	-0.01%
Ratio of expense to average net assets**	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%
Total return ***	27.67%	15.49%	4.08%	28.91%	13.64%	27.85%	31.01%
<b>Class F</b>							
Ratio of net investment income to average net assets *	4.18%	1.17%	3.04%	1.62%	2.11%	0.33%	0.47%
Ratio of expense to average net assets**	0.42%	0.42%	0.39%	0.42%	0.42%	0.42%	0.44%
Total return ***	28.42%	16.03%	4.87%	29.62%	14.22%	28.37%	31.67%

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

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

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

# CollegeCounts 529 Fund Advisor Plan

## Financial Highlights by Portfolio

### For the Year Ended September 30, 2012

	Portfolio						
	PIMCO Short- Term 529 Portfolio	PIMCO Total Return 529 Portfolio	T. Rowe Price Balanced 529 Portfolio	T. Rowe Price Large-Cap Growth 529 Portfolio	T. Rowe Price Real Estate 529 Portfolio	William Blair Small Cap Value 529 Portfolio	CollegeCounts Conservative Money Market Fund
<b>Class A</b>							
Ratio of net investment income to average net assets*	1.28%	3.11%	2.10%	-0.50%	1.62%	3.16%	0.13%
Ratio of expense to average net assets**	0.67%	0.67%	0.67%	0.67%	0.67%	0.67%	0.09%
Total return ***	2.71%	10.82%	19.22%	28.87%	30.46%	25.61%	0.12%
<b>Class B</b>							
Ratio of net investment income to average net assets *	0.78%	2.36%	1.34%	-1.25%	0.87%	2.41%	0.13%
Ratio of expense to average net assets**	1.17%	1.42%	1.42%	1.42%	1.42%	1.42%	0.09%
Total return ***	2.11%	9.93%	18.40%	27.87%	29.53%	24.65%	0.12%
<b>Class C</b>							
Ratio of net investment income to average net assets *	1.03%	2.86%	1.85%	-0.75%	1.37%	2.91%	0.13%
Ratio of expense to average net assets**	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%	0.09%
Total return ***	2.31%	10.46%	18.98%	28.57%	30.15%	25.37%	0.12%
<b>Class F</b>							
Ratio of net investment income to average net assets *	1.53%	3.36%	2.35%	-0.25%	1.87%	3.41%	0.13%
Ratio of expense to average net assets**	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.09%
Total return ***	2.80%	11.08%	19.55%	29.17%	30.86%	25.95%	0.12%

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

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

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



**CollegeCounts 529 Fund Advisor Plan**  
**Financial Highlights by Portfolio**  
**For the Year Ended September 30, 2012**

	Portfolio					
	CollegeCounts Fixed Income Fund	CollegeCounts Fund 20	CollegeCounts Fund 40	CollegeCounts Fund 60	CollegeCounts Fund 80	CollegeCounts Fund 100
<b>Class A</b>						
Ratio of net investment income to average net assets*	1.15%	2.05%	2.05%	1.73%	1.42%	1.22%
Ratio of expense to average net assets**	0.58%	0.67%	0.67%	0.67%	0.67%	0.67%
Total return ***	3.51%	10.31%	14.81%	17.97%	21.58%	25.00%
<b>Class B</b>						
Ratio of net investment income to average net assets *	0.31%	1.30%	1.30%	0.98%	0.67%	0.47%
Ratio of expense to average net assets**	1.42%	1.42%	1.42%	1.42%	1.42%	1.42%
Total return ***	2.76%	9.52%	13.96%	17.14%	20.66%	24.11%
<b>Class C</b>						
Ratio of net investment income to average net assets *	0.81%	1.80%	1.80%	1.48%	1.17%	0.97%
Ratio of expense to average net assets**	0.92%	0.92%	0.92%	0.92%	0.92%	0.92%
Total return ***	3.33%	10.05%	14.56%	17.73%	21.35%	24.67%
<b>Class F</b>						
Ratio of net investment income to average net assets *	1.31%	2.30%	2.31%	1.98%	1.67%	1.47%
Ratio of expense to average net assets**	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%
Total return ***	3.79%	10.59%	15.15%	18.31%	21.92%	25.23%

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

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

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

**CollegeCounts 529 Fund Advisor Plan**  
**Schedule of Investments (Age-Based Target Portfolios)**  
**September 30, 2012**

Target Portfolios	Age of Beneficiary	Portfolio						
		CollegeCounts Conservative Money Market Fund	CollegeCounts Fixed Income Fund	CollegeCounts Fund 20	CollegeCounts Fund 40	CollegeCounts Fund 60	CollegeCounts Fund 80	CollegeCounts Fund 100
<b>Age-Based Aggressive Portfolios</b>				<i>21 and over</i>	<i>17 - 20</i>	<i>13 - 16</i>	<i>9 - 12</i>	<i>newborn to 8</i>
<b>Age-Based Moderate Portfolios</b>			<i>21 and over</i>	<i>17 - 20</i>	<i>13 - 16</i>	<i>9 - 12</i>	<i>newborn to 8</i>	
<b>Age-Based Conservative Portfolios</b>		<i>21 and over</i>	<i>17 - 20</i>	<i>13 - 16</i>	<i>9 - 12</i>	<i>newborn to 8</i>		
BlackRock Cash Funds		\$ 7,465,807	\$ 13,586,662	\$ 6,544,567	\$ -	\$ -	\$ -	\$ -
<b>Money Market Total</b>		<u>7,465,807</u>	<u>13,586,662</u>	<u>6,544,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Northern Bond Index Fund		-	5,158,007	18,837,919	25,130,023	20,673,083	6,972,488	-
PIMCO Total Return Fund		-	5,162,815	19,469,405	30,586,763	28,090,294	13,990,603	-
BlackRock Inflation Protected Bond Fund		-	3,255,547	7,156,103	9,819,604	10,263,705	6,945,565	-
<b>Fixed Income Total</b>		<u>-</u>	<u>13,576,369</u>	<u>45,463,427</u>	<u>65,536,390</u>	<u>59,027,082</u>	<u>27,908,656</u>	<u>-</u>
T. Rowe Price Real Estate Fund		-	-	-	1,052,062	2,822,382	2,667,542	3,292,343
<b>Real Estate Total</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,052,062</u>	<u>2,822,382</u>	<u>2,667,542</u>	<u>3,292,343</u>
Cohen & Steers Dividend Value		-	-	2,250,246	7,564,345	14,720,707	19,435,131	18,660,439
Northern Equity Index Fund		-	-	5,194,396	13,532,854	22,129,913	26,452,845	22,040,771
T. Rowe Price Large-Cap Growth Fund		-	-	1,609,923	6,454,063	14,739,266	19,473,130	20,940,676
Northern Mid-Cap Index Fund		-	-	640,018	1,619,637	2,918,056	2,762,058	3,310,564
Northern Small Cap Value Fund		-	-	318,635	1,634,272	4,472,233	5,547,900	5,485,730
Lord Abbett Developing Growth Fund		-	-	323,229	1,631,537	4,498,979	5,556,339	6,638,207
<b>Domestic Equity Total</b>		<u>-</u>	<u>-</u>	<u>10,336,447</u>	<u>32,436,708</u>	<u>63,479,154</u>	<u>79,227,403</u>	<u>77,076,387</u>
Northern International Equity Index Fund		-	-	1,271,045	3,237,816	8,823,653	9,660,820	8,731,213
Neuberger Berman International Large Cap Fund		-	-	1,281,798	5,402,597	11,101,637	15,316,166	15,362,526
Lazard Emerging Markets Equity Fund		-	-	-	1,118,881	2,248,590	4,212,510	5,511,860
<b>International Equity Total</b>		<u>-</u>	<u>-</u>	<u>2,552,843</u>	<u>9,759,294</u>	<u>22,173,880</u>	<u>29,189,496</u>	<u>29,605,599</u>
<b>Fair Value of Investments, End of Year</b>		<u>\$ 7,465,807</u>	<u>\$ 27,163,031</u>	<u>\$ 64,897,284</u>	<u>\$ 108,784,454</u>	<u>\$ 147,502,498</u>	<u>\$ 138,993,097</u>	<u>\$ 109,974,329</u>
<b>Fair Value of Investments, End of Year Plus Cash, Receivables and Accrued Investment Income</b>		\$ 7,465,807	\$ 27,163,031	\$ 64,897,284	\$ 108,784,454	\$ 147,502,498	\$ 138,993,097	\$ 109,974,329
<b>Less Payables and Accrued Expenses</b>		1,180	13,301	653,837	93,457	114,220	278,255	69,270
		<u>(7,290)</u>	<u>(46,080)</u>	<u>(90,968)</u>	<u>(775,638)</u>	<u>(229,672)</u>	<u>(182,908)</u>	<u>(189,578)</u>
<b>Net Assets Held in Trust, End of Year</b>		<u>\$ 7,459,697</u>	<u>\$ 27,130,252</u>	<u>\$ 65,460,153</u>	<u>\$ 108,102,273</u>	<u>\$ 147,387,046</u>	<u>\$ 139,088,444</u>	<u>\$ 109,854,021</u>

**CollegeCounts 529 Fund Advisor Plan**  
**Combining Schedule of Fiduciary Net Assets**  
**September 30, 2012**

	<b>CollegeCounts 529 Fund</b>	<b>CollegeCounts 529 Fund Advisor Plan</b>	<b>Eliminations</b>	<b>Combined Totals</b>
<b>Assets</b>				
Investments, at fair value	\$ 120,512,911	\$ 771,079,933	\$ -	\$ 891,592,844
Cash	111,874	935,597	-	1,047,471
Accrued investment income	59,681	572,050	-	631,731
	<u>120,684,466</u>	<u>772,587,580</u>	<u>-</u>	<u>893,272,046</u>
<b>Liabilities</b>				
Distributions payable to shareholders	25	407	-	432
Accrued expenses	84,126	1,924,274	-	2,008,400
	<u>84,151</u>	<u>1,924,681</u>	<u>-</u>	<u>2,008,832</u>
<b>Net Assets Held in Trust</b>	<u><u>\$ 120,600,315</u></u>	<u><u>\$ 770,662,899</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 891,263,214</u></u>

**CollegeCounts 529 Fund Advisor Plan**  
**Combining Schedule of Changes in Fiduciary Net Assets**  
**For the Year Ended September 30, 2012**

	<b>CollegeCounts 529 Fund</b>	<b>CollegeCounts 529 Fund Advisor Plan</b>	<b>Eliminations</b>	<b>Combined Totals</b>
<b>Additions</b>				
Contributions	\$ 34,844,932	\$ 100,561,547	\$ (13,389,016)	\$ 122,017,463
Investment income				
Dividends and interest	2,714,874	16,190,861	-	18,905,735
Total additions	<u>37,559,806</u>	<u>116,752,408</u>	<u>(13,389,016)</u>	<u>140,923,198</u>
<b>Deductions</b>				
Withdrawals	7,852,578	80,976,301	(13,389,016)	75,439,863
Management fees	248,875	6,009,678	-	6,258,553
Total deductions	<u>8,101,453</u>	<u>86,985,979</u>	<u>(13,389,016)</u>	<u>81,698,416</u>
<b>Net Realized Gain and Net Appreciation in Fair Value of Investments</b>	<u>13,668,952</u>	<u>103,793,318</u>	<u>-</u>	<u>117,462,270</u>
<b>Net Increase</b>	43,127,305	133,559,747	-	176,687,052
<b>Net Assets Held in Trust, Beginning of Year</b>	<u>77,473,010</u>	<u>637,103,152</u>	<u>-</u>	<u>714,576,162</u>
<b>Net Assets Held in Trust, End of Year</b>	<u>\$ 120,600,315</u>	<u>\$ 770,662,899</u>	<u>\$ -</u>	<u>\$ 891,263,214</u>

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

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

We have audited the financial statements of CollegeCounts 529 Fund Advisor Plan (the Plan), as of and for the year ended September 30, 2012, and have issued our report thereon dated January 4, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Plan's financial statements will not be prevented or detected and corrected on a timely basis.

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

## **Compliance and Other Matters**

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

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

**BKD, LLP**

January 4, 2013