

# ScholarShare529<sup>SM</sup>



(A Fiduciary Fund of the State of California)

## Annual Report

June 30, 2020



**ScholarShare529**<sup>SM</sup>  
(A Fiduciary Fund of the State of California)

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**June 30, 2020**

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## Report of Independent Auditors

To the Trustee of the Golden State ScholarShare College Savings Trust

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the ScholarShare College Savings Plan, which comprise the statement of fiduciary net position as of June 30, 2020, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of the 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.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we consider internal control relevant to the ScholarShare College Savings Plan'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 ScholarShare College Savings Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the ScholarShare College Savings Plan, as of June 30, 2020, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



**Other Matters**

*Required supplementary information*

The accompanying management's discussion and analysis on pages 3 through 7 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a 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.

*Other information*

Our audit was conducted for the purpose of forming an opinion on the ScholarShare College Savings Plan's basic financial statements taken as a whole. The supplemental information on pages 20 through 37 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental 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 supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2020 on our consideration of the ScholarShare College Savings Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ScholarShare College Savings Plan's internal control over financial reporting and compliance.

*PricewaterhouseCoopers LLP*

Baltimore, Maryland  
September 18, 2020



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Unaudited)**  
**June 30, 2020**

As Plan Manager of the ScholarShare College Savings Plan (the Plan) offered by the state of California (the State), TIAA-CREF Tuition Financing, Inc. (TFI) offers this discussion and analysis of the Plan's financial performance for the year ended June 30, 2020, with comparative information for the year ended June 30, 2019. Readers should consider the information presented in this section in conjunction with the Plan's financial statements and notes to the financial statements (collectively, "the basic financial statements"). Readers may also find useful the supplementary information on pages 20 through 37, which provide information about the activities and balances attributable to each investment portfolio offered to account owners.

This report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and supplementary schedules detailing balances and transactions attributable to each investment portfolio. The basic financial statements consist of a Statement of Fiduciary Net Position, a Statement of Changes in Fiduciary Net Position, and Notes to Financial Statements that explain some of the information in the financial statements and provide more detailed information.

**Financial Highlights**

The following table summarizes returns (net of fees) posted by each investment portfolio during the years ended June 30, 2020 and 2019:

|                                   | <u>Year Ended</u><br><u>June 30, 2020</u> | <u>Year Ended</u><br><u>June 30, 2019</u> |                                    | <u>Year Ended</u><br><u>June 30, 2020</u> | <u>Year Ended</u><br><u>June 30, 2019</u> |
|-----------------------------------|---|---|------------------------------------|---|---|
| <u>Active Age-Based Portfolio</u> |   |   | <u>Passive Age-Based Portfolio</u> |   |   |
| Ages 0-4                          | 8.39% <sup>(1)</sup>                      | 5.96%                                     | Ages 0-4                           | 9.53% <sup>(1)</sup>                      | 7.11%                                     |
| Ages 5-8                          | 7.82% <sup>(1)</sup>                      | 6.01%                                     | Ages 5-8                           | 8.79% <sup>(1)</sup>                      | 7.19%                                     |
| Ages 9-10                         | 7.32% <sup>(1)</sup>                      | 6.22%                                     | Ages 9-10                          | 8.02% <sup>(1)</sup>                      | 7.23%                                     |
| Ages 11-12                        | 6.67% <sup>(1)</sup>                      | 6.29%                                     | Ages 11-12                         | 7.24% <sup>(1)</sup>                      | 7.23%                                     |
| Ages 13-14                        | 6.08% <sup>(1)</sup>                      | 6.36%                                     | Ages 13-14                         | 6.59% <sup>(1)</sup>                      | 7.14%                                     |
| Age 15                            | 5.38% <sup>(1)</sup>                      | 6.01%                                     | Age 15                             | 5.74% <sup>(1)</sup>                      | 6.61%                                     |
| Age 16                            | 4.63% <sup>(1)</sup>                      | 5.47%                                     | Age 16                             | 5.05% <sup>(1)</sup>                      | 6.05%                                     |
| Age 17                            | 4.12% <sup>(1)</sup>                      | 4.69%                                     | Age 17                             | 4.19% <sup>(1)</sup>                      | 5.29%                                     |
| Ages 18 & Over                    | 3.29% <sup>(1)</sup>                      | 4.04%                                     | Ages 18 & Over                     | 3.54% <sup>(1)</sup>                      | 4.39%                                     |

<sup>(1)</sup> As of January 24, 2020, the Active Age-Based Portfolio and the Passive Age-Based Portfolio were discontinued, and existing account owner balances were transferred into the appropriate Active Enrollment Year Investment Portfolios and Passive Enrollment Year Portfolios, respectively, based on the age of the beneficiary. The returns for the Active Age-Based Portfolio and Passive Age-Based Portfolio are for the period from July 1, 2019 through January 24, 2020. The returns for the Active Enrollment Year Investment Portfolios and the Passive Enrollment Year Investment Portfolios (see next page) are for the period from January 24, 2020 through June 30, 2020.

**No assurance is provided on the information in management's discussion and analysis.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)  
June 30, 2020**

**Financial Highlights (Continued)**

|   | Year Ended<br>June 30, 2020 | Year Ended<br>June 30, 2019 |  | Year Ended<br>June 30, 2020 | Year Ended<br>June 30, 2019 |
|---|-----------------------------|-----------------------------|--|-----------------------------|-----------------------------|
| <u>Active Enrollment Year Investment Portfolios</u> |                             |                             | <u>Passive Enrollment Year Investment Portfolios</u> |                             |                             |
| 2036/2037 Enrollment Portfolio                      | (6.10)% <sup>(1)</sup>      | N/A                         | 2036/2037 Enrollment Portfolio                       | (4.70)% <sup>(1)</sup>      | N/A                         |
| 2034/2035 Enrollment Portfolio                      | (6.50)% <sup>(1)</sup>      | N/A                         | 2034/2035 Enrollment Portfolio                       | (4.90)% <sup>(1)</sup>      | N/A                         |
| 2032/2033 Enrollment Portfolio                      | (6.00)% <sup>(1)</sup>      | N/A                         | 2032/2033 Enrollment Portfolio                       | (4.50)% <sup>(1)</sup>      | N/A                         |
| 2030/2031 Enrollment Portfolio                      | (5.50)% <sup>(1)</sup>      | N/A                         | 2030/2031 Enrollment Portfolio                       | (3.70)% <sup>(1)</sup>      | N/A                         |
| 2028/2029 Enrollment Portfolio                      | (5.10)% <sup>(1)</sup>      | N/A                         | 2028/2029 Enrollment Portfolio                       | (3.30)% <sup>(1)</sup>      | N/A                         |
| 2026/2027 Enrollment Portfolio                      | (4.10)% <sup>(1)</sup>      | N/A                         | 2026/2027 Enrollment Portfolio                       | (2.30)% <sup>(1)</sup>      | N/A                         |
| 2024/2025 Enrollment Portfolio                      | (2.10)% <sup>(1)</sup>      | N/A                         | 2024/2025 Enrollment Portfolio                       | (1.00)% <sup>(1)</sup>      | N/A                         |
| 2022/2023 Enrollment Portfolio                      | (1.60)% <sup>(1)</sup>      | N/A                         | 2022/2023 Enrollment Portfolio                       | 0.00% <sup>(1)</sup>        | N/A                         |
| 2020/2021 Enrollment Portfolio                      | (0.70)% <sup>(1)</sup>      | N/A                         | 2020/2021 Enrollment Portfolio                       | (0.10)% <sup>(1)</sup>      | N/A                         |
| Enrollment Year Portfolio                           | 0.00% <sup>(1)</sup>        | N/A                         | Enrollment Year Portfolio                            | 0.50% <sup>(1)</sup>        | N/A                         |
| <u>Active Multi-Fund Investment Portfolios</u>      |                             |                             | <u>Passive Multi-Fund Investment Portfolios</u>      |                             |                             |
| Active Diversified Equity Portfolio                 | (0.34)%                     | 5.70%                       | Passive Diversified Equity Portfolio                 | 2.76%                       | 6.98%                       |
| Active Growth Portfolio                             | 2.26%                       | 6.04%                       | Passive Growth Portfolio                             | 4.74%                       | 7.09%                       |
| Active Moderate Growth Portfolio                    | 4.23%                       | 6.39%                       | Passive Moderate Growth Portfolio                    | 5.98%                       | 7.22%                       |
| Active Conservative Portfolio                       | 4.03%                       | 4.11%                       | Passive Conservative Portfolio                       | 4.33%                       | 4.43%                       |
| Active International Equity Portfolio               | (5.86)%                     | 0.45%                       | Passive Diversified Fixed Income Portfolio           | 6.93%                       | 7.17%                       |
| Active Diversified Fixed Income Portfolio           | 6.19%                       | 6.77%                       | Index International Equity Portfolio                 | (4.31)%                     | 1.35%                       |
| <u>Single Fund Investment Portfolios</u>            |                             |                             | <u>Single Fund Investment Portfolios</u>             |                             |                             |
| Social Choice Portfolio                             | 8.02%                       | 8.86%                       | Index U.S. Equity Portfolio                          | 6.50%                       | 8.90%                       |
| Index Bond Portfolio                                | 8.66%                       | 7.73%                       | Principal Plus Interest Portfolio                    | 1.72%                       | 1.47%                       |
| Index U.S. Large Cap Equity Portfolio               | 7.46%                       | 10.34%                      |  |                             |                             |

<sup>(1)</sup> As of January 24, 2020, the Active Age-Based Portfolio and the Passive Age-Based Portfolio were discontinued, and existing account owner balances were transferred into the appropriate Active Enrollment Year Investment Portfolios and Passive Enrollment Year Portfolios, respectively, based on the age of the beneficiary. The returns for the Active Age-Based Portfolio and Passive Age-Based Portfolio are for the period from July 1, 2019 to January 24, 2020 (see previous page). The returns for the Active Enrollment Year Investment Portfolios and the Passive Enrollment Year Investment Portfolios are for the period from January 24, 2020 through June 30, 2020.

The Plan received \$241.9 million and \$229.0 million in net subscriptions during the years ended June 30, 2020 and 2019, respectively.

During the year ended June 30, 2020, the Plan earned \$394.7 million in net investment income, resulting from \$278.8 million in interest and dividends and a \$115.9 million net increase in the fair value of investments. During the year ended June 30, 2019, the Plan earned \$543.2 million in net investment income, resulting from \$199.6 million in interest and dividends and a \$343.6 million net increase in the fair value of investments.

**No assurance is provided on the information in management's discussion and analysis.**



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Unaudited)**  
**June 30, 2020**

**Financial Highlights (Continued)**

Plan fees incurred during the years ended June 30, 2020 and 2019 totaled \$3.4 million and \$3.9 million, respectively. These fees are calculated on the average net position in each investment portfolio and are paid to the Plan Manager and the ScholarShare Investment Board (the Board) for performing administrative, marketing, and other services with respect to the Plan.

**Overview of the Basic Financial Statements**

The Plan is included in the financial reporting entity of the State as a fiduciary fund. Fiduciary fund reporting is used to account for resources held for the benefit of parties outside the governmental entity.

The Plan's basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) prescribed by the Governmental Accounting Standards Board (GASB), as applicable to fiduciary funds. Accordingly, the Plan's basic financial statements are prepared using the economic resources measurement focus and accrual basis of accounting.

The Statement of Fiduciary Net Position presents information on the Plan's assets and liabilities, with the difference between the two reported as fiduciary net position. The Statement of Changes in Fiduciary Net Position presents information showing how the Plan's fiduciary net position changed during the period presented. Changes in fiduciary net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal years.

The Plan's assets are invested in mutual funds and funding agreements issued by TIAA-CREF Life Insurance Company. Mutual funds are reported at fair value, and the funding agreements are reported at cost. All investment transactions are reported on a trade-date basis. Changes in the reported fair value of mutual funds resulting from realized and unrealized gains and losses are reported as "net increase (decrease) in the fair value of investments." Dividends and capital gain distributions are reported on the ex-dividend date. Contributions are recognized when received, provided enrollment in the Plan has been successfully completed, and withdrawals are recognized when the withdrawal request has been received and approved for payment. Plan fees accrue daily.

**No assurance is provided on the information in management's discussion and analysis.**



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Unaudited)**  
**June 30, 2020**

**Financial Analysis**

Fiduciary Net Position

The following are condensed Statements of Fiduciary Net Position as of June 30, 2020 and 2019:

|                        | <u>June 30, 2020</u>    | <u>June 30, 2019</u>    |
|------------------------|-------------------------|-------------------------|
| Total Assets           | \$ 9,997,073,460        | \$ 9,377,950,800        |
| Total Liabilities      | 5,804,754               | 19,942,378              |
| Fiduciary Net Position | <u>\$ 9,991,268,706</u> | <u>\$ 9,358,008,422</u> |

Fiduciary net position represents cumulative contributions since the Plan's inception, increased or decreased by net investment income or losses, and decreased by withdrawals and expenses.

The Plan's investments comprise over 99% of the Plan's total assets. Other assets consist of receivables from securities sold and cash resulting from contributions that have not yet been invested in accordance with account owners' instructions or withdrawal requests that have not yet been distributed as directed by account owners. Liabilities consist of payables for securities purchased, payables for withdrawals, and accrued Plan Manager fees and Board administrative fees.

Changes in Fiduciary Net Position

The following are condensed Statements of Changes in Fiduciary Net Position for the years ended June 30, 2020 and 2019:

|   | <u>Year Ended<br/>June 30, 2020</u> | <u>Year Ended<br/>June 30, 2019</u> |
|---|-------------------------------------|-------------------------------------|
| <b>Additions</b>                                  |                                     |                                     |
| Subscriptions <sup>(1)</sup>                      | \$ 3,525,654,458                    | \$ 4,243,668,018                    |
| Net investment income                             | 394,743,659                         | 543,229,149                         |
| <b>Total Additions</b>                            | <u>3,920,398,117</u>                | <u>4,786,897,167</u>                |
| <b>Deductions</b>                                 |                                     |                                     |
| Redemptions <sup>(2)</sup>                        | (3,283,740,846)                     | (4,014,630,344)                     |
| Plan Manager fee                                  | (1,893,385)                         | (2,502,116)                         |
| Board administrative fee                          | (1,503,602)                         | (1,396,143)                         |
| <b>Total Deductions</b>                           | <u>(3,287,137,833)</u>              | <u>(4,018,528,603)</u>              |
| <b>Increase in Net Position</b>                   | 633,260,284                         | 768,368,564                         |
| <b>Fiduciary Net Position - Beginning of Year</b> | <u>9,358,008,422</u>                | <u>8,589,639,858</u>                |
| <b>Fiduciary Net Position - End of Year</b>       | <u>\$ 9,991,268,706</u>             | <u>\$ 9,358,008,422</u>             |

<sup>(1)</sup> Subscriptions include contributions and exchanges between investment portfolios.

<sup>(2)</sup> Redemptions include withdrawals and exchanges between investment portfolios.

**No assurance is provided on the information in management's discussion and analysis.**





**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**(Unaudited)**  
**June 30, 2020**

**Recent Developments**

Plan Manager Fee Reduction

Effective January 17, 2020, the Plan Manager fee was reduced for each investment portfolio (with the exception of the Principal Plus Interest Portfolio, which is not assessed the Plan Manager fee) from 0.03% to 0.01% of average daily net position.

COVID-19 Impact

As of the date of the independent auditor's report, the COVID-19 pandemic has had an adverse impact on both domestic and global financial markets. Management of the Plan is unable to accurately predict how the COVID-19 pandemic will impact the Plan, account owner savings behavior, or the volume of withdrawals due to uncertainties surrounding the severity of the disease and the duration of its outbreak.

**No assurance is provided on the information in management's discussion and analysis.**



**ScholarShare 529**  
 (A Fiduciary Fund of the State of California)

**STATEMENT OF FIDUCIARY NET POSITION**  
 June 30, 2020

**ASSETS**

|                                  |                      |
|----------------------------------|----------------------|
| Investments                      | \$ 9,991,424,854     |
| Cash                             | 4,428,584            |
| Receivables from securities sold | 1,220,022            |
| <b>Total Assets</b>              | <u>9,997,073,460</u> |

**LIABILITIES**

|                                   |                  |
|-----------------------------------|------------------|
| Accrued Plan Manager fee          | 76,418           |
| Accrued Board administrative fee  | 125,656          |
| Payables for securities purchased | 1,964,226        |
| Withdrawals payable               | 3,638,454        |
| <b>Total Liabilities</b>          | <u>5,804,754</u> |

**NET POSITION HELD IN TRUST FOR**

|   |                         |
|---|-------------------------|
| <b>ACCOUNT OWNERS AND BENEFICIARIES</b> | <u>\$ 9,991,268,706</u> |
|---|-------------------------|

See accompanying notes to financial statements.



**ScholarShare 529**  
 (A Fiduciary Fund of the State of California)

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**Year Ended June 30, 2020**

**ADDITIONS**

|   |                      |
|---|----------------------|
| Subscriptions                                 | \$ 3,525,654,458     |
| Investment income:                            |                      |
| Interest                                      | 27,768,387           |
| Dividends                                     | 251,062,949          |
| Net increase in the fair value of investments | 115,912,323          |
| Total net investment income                   | <u>394,743,659</u>   |
| <b>Total Additions</b>                        | <u>3,920,398,117</u> |

**DEDUCTIONS**

|                           |                      |
|---------------------------|----------------------|
| Redemptions               | 3,283,740,846        |
| Plan Manager fees         | 1,893,385            |
| Board administrative fees | 1,503,602            |
| <b>Total Deductions</b>   | <u>3,287,137,833</u> |

**CHANGES IN NET POSITION**

633,260,284

**NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND  
 BENEFICIARIES, BEGINNING OF YEAR**

9,358,008,422

**NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND  
 BENEFICIARIES, END OF YEAR**

\$ 9,991,268,706

See accompanying notes to financial statements.



**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS**

The ScholarShare College Savings Plan (Plan) was created by the State of California (the State) to encourage individuals to save for postsecondary education. Assets of the Plan are held in the Golden State ScholarShare College Savings Trust (the Trust). The ScholarShare Investment Board (the Board) who serves as trustee of the Trust, implemented and administers the Plan. The responsibilities of the Board with respect to the Plan include making and entering into contracts necessary for the administration of the Trust and the Plan, approving the investment portfolios offered by the Plan, managing and operating the Plan, and adopting regulations for the administration of the Plan. The Plan is intended to meet the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code (Code).

TIAA-CREF Tuition Financing, Inc. (TFI), a wholly owned, direct subsidiary of Teachers Insurance and Annuity Association of America (TIAA), and the Board entered into a management agreement under which TFI serves as the Plan Manager (Plan Manager), providing certain services to the Plan. TIAA-CREF Individual & Institutional Services, LLC (Services), a wholly owned, direct subsidiary of TIAA, serves as the primary distributor and underwriter for the Plan and provides certain services in furtherance of TFI's marketing efforts for the Plan. Services is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority.

Account owners may invest their contributions in one or more investment portfolios. The Plan offers six Active Multi-Fund Investment Portfolios, six Passive Multi-Fund Investment Portfolios, and five Single Fund Investment Portfolios, which allow account owners to choose their own strategy based on their risk tolerance and time horizon. Prior to January 24, 2020, the Plan offered an Active Age-Based Portfolio and a Passive Age-Based Portfolio, both of which allowed account owners to invest in a predetermined asset allocation strategy that became progressively more conservative as the beneficiary aged. Effective January 24, 2020, assets in the Active Age-Based Portfolio and the Passive Age-Based Portfolio were transitioned to one of ten Active Enrollment Year Investment Portfolios or one of ten Passive Enrollment Year Investment Portfolios, respectively, based on the anticipated year of enrollment of the beneficiary in an eligible educational institution and the investment strategy previously selected by the account owner (active or passive). The Enrollment Year Investment Portfolios seek to match their respective risk levels to investment time horizons with asset allocations becoming increasingly more conservative as the beneficiary enrollment year approaches. The investment portfolios, along with underlying asset allocations and fees, as approved by the Board, are described in the current ScholarShare College Savings Plan Description and Participant Agreement (the Plan Description).

Each investment portfolio invests in one or more open-end mutual funds and funding agreements based on an asset allocation strategy approved by the Board. The funding agreements are issued by



**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

***NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS (Continued)***

TIAA-CREF Life Insurance Company (TIAA Life), which is an affiliate of TFI, to the Board as policyholder on behalf of the Plan. The funding agreements provide a minimum guaranteed rate of return and allow for the possibility that additional interest may be credited periodically by TIAA Life. Together, the mutual funds and the funding agreements are referred to as “the Underlying Funds.”

The Plan is included in the reporting entity of the State as a fiduciary fund. Assets are held in the Trust for account owners and beneficiaries and cannot be used to support other governmental programs. These basic financial statements present only the balances and transactions attributable to the Plan, and are not intended to, and do not, present fairly the financial position or changes in financial position of the Trust or any other fiduciary funds of the State.

***NOTE 2: SIGNIFICANT ACCOUNTING POLICIES***

**(a) Basis of Accounting**

In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to fiduciary fund types prescribed by the Governmental Accounting Standards Board (GASB), the Plan’s basic financial statements are prepared using the flow of economic resources measurement focus and accrual basis of accounting. U.S. GAAP requires the use of estimates made by management and the evaluation of subsequent events. Actual results may differ from those estimates.

**(b) Investment Valuation**

Accounting standards categorize fair value measurements according to a hierarchy that is based on valuation inputs used to measure fair value. Level 1 inputs are quoted prices for identical assets in active markets that can be accessed at the measurement date. Level 2 inputs are inputs other than quoted prices that are observable for an asset, either directly or indirectly. Level 3 inputs are unobservable and may include subjective assumptions in determining the fair value of investments.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(b) Investment Valuation (Continued)**

The mutual funds in which the Plan invests are reported at fair value, based on the net asset value per share at the close of the New York Stock Exchange (NYSE). These mutual funds are categorized in Level 1 of the fair value hierarchy.

The funding agreements are non-participating, interest-earning investment contracts and are accounted for at cost. Because the funding agreements are valued at cost, they are not categorized according to the fair value hierarchy.

**(c) Investment Transactions**

Investment transactions are accounted for as of the trade date for financial reporting purposes. Interest income is recorded as earned. Dividend income and capital gain distributions from the mutual funds are recorded on the ex-dividend date. Net realized and unrealized gains (losses) are included in “net increase (decrease) in the fair value of investments.”

**(d) Cash**

Cash includes contributions received that have not yet been invested in Underlying Funds and/or redemption proceeds from Underlying Funds for withdrawals that have not yet been distributed in accordance with account owners’ instructions. Cash deposits are covered up to applicable limits of insurance available through the Federal Deposit Insurance Corporation (FDIC). Deposits in excess of FDIC limits are not collateralized or subject to supplemental insurance.

**(e) Subscriptions**

Subscriptions include contributions to the Plan, as well as exchanges between investment portfolios and transfers between one beneficiary to another or from one account owner to another that result in a reinvestment of assets. Subscriptions result in the issuance of units to account owners. These units are municipal fund securities and are not a direct investment in any mutual fund or the funding agreements. In addition, these units are not insured by the FDIC, the State, or the Board, nor have they been registered with the Securities and Exchange Commission or any commission of the State.

**(f) Redemptions**

Redemptions include withdrawals from the Plan directed by account owners, as well as exchanges between investment portfolios and transfers between one beneficiary to another or from one account owner to another that result in a redemption and subsequent reinvestment of assets.



**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

***NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)***

**(g) Income Taxes**

The Plan is designed to constitute a qualified tuition program under Section 529 of the Code and is exempt from federal and state income tax. The Plan has not engaged in any activities that would subject the Plan to unrelated business income tax.

**(h) Unit Value**

The beneficial interests attributable to each account owner in the investment portfolios are represented by Plan units. Subscriptions and redemptions are recorded upon receipt of account owners' instructions in good order, based on the next determined net asset value per unit (Unit Value), as defined in the current Plan Description. Unit Values for each investment portfolio are determined at the close of business of the NYSE. The Unit Value of each investment portfolio is computed by dividing the investment portfolio's assets minus its liabilities by the number of outstanding units of such investment portfolio. There are no distributions of interest, dividends, or net investment income or losses directly to account owners or beneficiaries. Interest, dividends, and net investment income (losses) resulting from the Underlying Funds are reflected as increases (decreases) in the Unit Value.

**(i) Guarantees and Indemnifications**

Under the Plan's organizational documents, each officer, employee, or other agent of the Plan (including TFI) is indemnified against certain liabilities that may arise out of performance of their duties to the Plan. Additionally, in the normal course of business, the Plan enters into contracts that contain a variety of indemnification clauses. The Plan's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Plan that have not yet occurred. However, the Plan has not had prior claims or losses pursuant to these contracts, and management of the Plan expects the risk of loss to be remote.



(A Fiduciary Fund of the State of California)

**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 3: INVESTMENTS**

**(a) Investments by Type**

At June 30, 2020, the Plan's investments consist of the following:

|   | <u>Units</u> | <u>Cost</u>              | <u>Value</u>            |
|---|--------------|--------------------------|-------------------------|
| Mutual Funds (at fair value):                     |              |                          |                         |
| T. Rowe Price Institutional Large Cap Growth Fund | 8,083,909    | \$ 369,911,391           | \$ 394,414,052          |
| T. Rowe Price Institutional Large Cap Value Fund  | 19,945,448   | 457,409,613              | 385,346,056             |
| T. Rowe Price Institutional Floating Rate Fund    | 11,655,202   | 114,956,813              | 108,160,270             |
| TIAA-CREF Quant Small-Cap Equity Fund             | 6,286,364    | 101,060,625              | 86,060,326              |
| TIAA-CREF Real Estate Securities Fund             | 15,370,533   | 277,194,798              | 246,389,642             |
| DFA Large Cap International Portfolio             | 16,786,070   | 393,430,555              | 347,807,370             |
| DFA Emerging Markets Core Equity Portfolio        | 4,661,028    | 100,367,203              | 87,021,393              |
| MetWest Total Return Bond Fund                    | 50,331,980   | 523,791,626              | 545,598,661             |
| PIMCO Real Return Fund                            | 18,525,366   | 210,870,553              | 219,525,587             |
| PIMCO Income Fund                                 | 18,981,212   | 228,889,042              | 218,283,938             |
| TIAA-CREF Equity Index Fund                       | 82,699,722   | 1,947,774,870            | 1,863,224,753           |
| TIAA-CREF International Equity Index Fund         | 34,194,007   | 674,650,944              | 610,363,026             |
| TIAA-CREF Emerging Markets Equity Index Fund      | 14,739,380   | 167,514,249              | 153,879,124             |
| TIAA-CREF Bond Index Fund                         | 115,491,524  | 1,299,645,071            | 1,346,631,177           |
| TIAA-CREF Inflation-Linked Bond Fund              | 29,839,787   | 346,014,662              | 355,988,661             |
| TIAA-CREF High-Yield Fund                         | 19,536,253   | 190,407,060              | 174,849,464             |
| TIAA-CREF Social Choice Equity Fund               | 9,074,080    | 191,895,073              | 182,933,460             |
| TIAA-CREF S&P 500 Index Fund                      | 16,367,363   | 586,837,850              | 561,236,886             |
| Total Mutual Funds                                |              | <u>8,182,621,998</u>     | <u>7,887,713,846</u>    |
| Funding Agreements (at cost):                     |              |                          |                         |
| TIAA-CREF Life Funding Agreements                 | N/A          | <u>2,103,711,008</u>     | <u>2,103,711,008</u>    |
| Total Investments                                 |              | <u>\$ 10,286,333,006</u> | <u>\$ 9,991,424,854</u> |

**(b) Funding Agreements**

Assets of certain investment portfolios are invested in funding agreements issued by TIAA Life. While account owners may withdraw their funds from the investment portfolios at any time, there are certain restrictions on withdrawals that may be made from the funding agreements.

As policyholder, the Board may withdraw interest quarterly, provided that notice of intent to withdraw is given not more than 10 days nor less than 5 days prior to the end of the quarter.





**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 3: INVESTMENTS (Continued)**

**(b) Funding Agreements (Continued)**

In the event that the funding agreements are terminated, the Board is limited on the amount of withdrawals that may be requested at any one point in time. For the funding agreement attributable to the Principal Plus Interest Portfolio, withdrawal requests initiated by the Board totaling more than \$1 million over a 30-day period that are not intended to satisfy account owner withdrawal requests will be paid out over a five-year period, as follows: 20% of the remaining balance will be paid 30 days after the written request is received by TIAA Life, with 25%, 33%, 50%, and 100% of the remaining balance, including accumulated interest, will be paid on each of the four anniversaries of the date the request was received. For the funding agreement attributable to the Enrollment Year Investment Portfolios, withdrawal requests initiated by the Board totaling more than \$1 million over a 30-day period that are not intended to satisfy account owner withdrawal requests will be paid out on the second anniversary of the date the request was received and accepted by TIAA Life.

The crediting rate on the funding agreements from July 1, 2019 through June 30, 2020 is 1.70%.

**(c) Investment Risk**

The mutual funds in which the Plan invests include various types of investment securities in their asset holdings, such as corporate debt and equity securities, obligations of the United States government and government agencies, and international securities. These securities are exposed to interest rate, market, and credit risk, and it is at least reasonably possible that changes in their fair values could occur in the near term, materially affecting account owner balances and the amounts reported in the Plan's basic financial statements.

Generally accepted accounting principles require that certain disclosures be made related to the Plan's investment policy and exposure to credit risk, interest rate risk, and foreign currency risk, which are included in the paragraphs that follow.

Investment Policy

The Plan does not have specific investment policies that address credit, interest rate, foreign currency, or custodial credit risk. The Plan's investment portfolios are managed based on specific investment objectives and strategies, which are disclosed in the current Plan Description and related supplements.

Custodial Credit Risk

Custodial credit risk represents the potential inability of a custodian to return Plan investments in the event of a failure. Mutual funds are not exposed to custodial credit risk.



**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 3: INVESTMENTS (Continued)**

**(c) Investment Risk (Continued)**

Credit Risk

Credit risk refers to the ability of the issuer to make timely payments of interest and principal. The mutual funds investing primarily in fixed income securities are subject to credit risk. The mutual funds in which the Plan invests are not rated by a nationally recognized statistical rating organization. The funding agreements are a guaranteed insurance product issued by TIAA Life. While the funding agreements themselves are not rated by a nationally recognized statistical rating organization, TIAA Life has a Standard & Poor's credit rating of AA+ at June 30, 2020.

Interest Rate Risk

Interest rate risk represents the risk that changes in interest rates will adversely affect the fair value of an investment. Mutual funds that invest in fixed income securities indirectly expose the Plan to interest rate risk. As of June 30, 2020, the fair values and the weighted average maturities for the bond funds in which the Plan invests are as follows:

|  | <u>Fair Value</u> | <u>Weighted Average Maturity</u> |
|--|-------------------|----------------------------------|
| T. Rowe Price Institutional Floating Rate Fund | \$ 108,160,270    | 5.0 years                        |
| MetWest Total Return Bond Fund                 | \$ 545,598,661    | 7.6 years                        |
| PIMCO Real Return Fund                         | \$ 219,525,587    | 8.0 years                        |
| PIMCO Income Fund                              | \$ 218,283,938    | 5.4 years                        |
| TIAA-CREF Bond Index Fund                      | \$ 1,346,631,177  | 8.2 years                        |
| TIAA-CREF Inflation-Linked Bond Fund           | \$ 355,988,661    | 5.3 years                        |
| TIAA-CREF High-Yield Fund                      | \$ 174,849,464    | 6.2 years                        |

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Plan does not have any direct investment in foreign securities; however, certain investment portfolios invest in mutual funds that are exposed to foreign currency risk.



**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 3: INVESTMENTS (Continued)**

**(c) Investment Risk (Continued)**  
Foreign Currency Risk (Continued)

At June 30, 2020, the following investments are exposed to foreign security risk due to foreign securities in their underlying asset holdings:

|  | <b>Fair Value</b> |
|--|-------------------|
| DFA Large Cap International Portfolio        | \$ 347,807,370    |
| DFA Emerging Markets Core Equity Portfolio   | \$ 87,021,393     |
| PIMCO Income Fund                            | \$ 218,283,938    |
| TIAA-CREF International Equity Index Fund    | \$ 610,363,026    |
| TIAA-CREF Emerging Markets Equity Index Fund | \$ 153,879,124    |

**NOTE 4: SUBSCRIPTIONS AND REDEMPTIONS**

As explained in Note 2(e) and Note 2(f), subscriptions and redemptions include contributions to the Plan and withdrawals from the Plan as directed by account owners, respectively, as well as exchanges between investment portfolios and transfers between one beneficiary to another or from one account owner to another that result in a reinvestment of assets. Total subscriptions and redemptions during the year ended June 30, 2020 are as follows:

|                             |                  |
|-----------------------------|------------------|
| Contributions               | \$ 922,439,350   |
| Exchanges and transfers in  | 2,603,215,108    |
| Total subscriptions         | \$ 3,525,654,458 |
| Withdrawals                 | \$ 680,594,921   |
| Exchanges and transfers out | 2,603,145,925    |
| Total redemptions           | \$ 3,283,740,846 |



**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 5: PLAN FEES AND UNDERLYING FUND EXPENSES**

**(a) Plan Fees**

Each investment portfolio (with the exception of the Principal Plus Interest Portfolio, which is not charged a fee) pays a fee to the Plan Manager as compensation for performing duties specified in the management agreement. Through January 17, 2020, the Plan Manager fee was 0.03% of the average daily net position held in each investment portfolio. Effective January 17, 2020, the Plan Manager fee was reduced to 0.01%.

The Active Age-Based Portfolio (through January 24, 2020), Active Enrollment Year Investment Portfolios (effective January 24, 2020), Active Multi-Fund Investment Portfolios, and Social Choice Portfolio pay a fee equal to 0.05% of the average daily net position held in each respective investment portfolio to the Board to cover expenses related to the administration of the Plan. All other investment portfolios are not charged the Board administrative fee.

These amounts are reflected in expenses on the Statement of Changes in Fiduciary Net Position.

The Board reserve the right to change the fees and/or to impose additional fees in the future.

**(b) Underlying Fund Expenses**

Expenses related to management of the Underlying Funds reduce the amount of income available for distribution to the Plan. These Underlying Funds expenses are not direct expenses paid from the Plan's assets, and therefore, are not reflected in expenses on the Statement of Changes in Fiduciary Net Position.

**NOTE 6: UNCERTAINTIES**

As of the date of the independent auditor's report, the COVID-19 pandemic has had an adverse impact on both domestic and global financial markets. Management of the Plan is unable to accurately predict how the COVID-19 pandemic will impact the Plan, account owner savings behavior, or the volume of withdrawals due to uncertainties surrounding the severity of the disease and the duration of its outbreak.

## **Supplementary Information**

The following supplementary information, which summarizes balances and transactions related to each investment portfolio, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the ScholarShare College Savings Plan (the Plan).



# ScholarShare 529<sup>SM</sup>

(A Fiduciary Fund of the State of California)

## STATEMENTS OF FIDUCIARY NET POSITION June 30, 2020

|  | Active Enrollment Year Investment Portfolios |                                      |                                      |                                      |                                      |
|--|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|  | 2036/2037<br>Enrollment<br>Portfolio         | 2034/2035<br>Enrollment<br>Portfolio | 2032/2033<br>Enrollment<br>Portfolio | 2030/2031<br>Enrollment<br>Portfolio | 2028/2029<br>Enrollment<br>Portfolio |
| <b>ASSETS</b>  |  |                                      |                                      |                                      |                                      |
| Investments  | \$ 11,180,142                                | \$ 45,586,895                        | \$ 106,759,736                       | \$ 156,722,463                       | \$ 228,731,166                       |
| Cash (cash overdraft)  | 4,098  | (504)                                | 7,651                                | 13,993                               | (78,484)                             |
| Receivables from securities sold   | -  | -                                    | -                                    | -                                    | -                                    |
| <b>Total Assets</b>  | <u>11,184,240</u>                            | <u>45,586,391</u>                    | <u>106,767,387</u>                   | <u>156,736,456</u>                   | <u>228,652,682</u>                   |
| <b>LIABILITIES</b>   |  |                                      |                                      |                                      |                                      |
| Accrued Plan Manager fee   | 90   | 371                                  | 871                                  | 1,278                                | 1,868                                |
| Accrued Board administrative fee   | 450  | 1,856                                | 4,357                                | 6,390                                | 9,339                                |
| Payables for securities purchased  | 4,252  | 6,651                                | 5,473                                | 21,833                               | 39,466                               |
| Withdrawals payable  | -  | 13,732                               | 6,255                                | 6,814                                | 2,186                                |
| <b>Total Liabilities</b>   | <u>4,792</u>                                 | <u>22,610</u>                        | <u>16,956</u>                        | <u>36,315</u>                        | <u>52,859</u>                        |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES</b> | <u>\$ 11,179,448</u>                         | <u>\$ 45,563,781</u>                 | <u>\$ 106,750,431</u>                | <u>\$ 156,700,141</u>                | <u>\$ 228,599,823</u>                |
| <b>UNITS OUTSTANDING <sup>(1)</sup></b>                                    | <u>1,190,570</u>                             | <u>4,873,132</u>                     | <u>11,356,429</u>                    | <u>16,582,025</u>                    | <u>24,088,496</u>                    |
| <b>NET ASSET VALUE PER UNIT <sup>(2)</sup></b>                             | <u>\$ 9.39</u>                               | <u>\$ 9.35</u>                       | <u>\$ 9.40</u>                       | <u>\$ 9.45</u>                       | <u>\$ 9.49</u>                       |

<sup>(1)</sup> Rounded to the nearest whole unit.

<sup>(2)</sup> Rounded to the nearest hundredth.

*(Continued)*

See Independent Auditor's Report.



(A Fiduciary Fund of the State of California)

**STATEMENTS OF FIDUCIARY NET POSITION**  
**June 30, 2020**

|  | Active Enrollment Year Investment Portfolios |                                      |                                      |                                      |  |
|--|--|--------------------------------------|--------------------------------------|--------------------------------------|--|
|  | 2026/2027<br>Enrollment<br>Portfolio         | 2024/2025<br>Enrollment<br>Portfolio | 2022/2023<br>Enrollment<br>Portfolio | 2020/2021<br>Enrollment<br>Portfolio | Enrollment<br>Year Portfolio<br>Active |
| <b>ASSETS</b>  |  |                                      |                                      |                                      |  |
| Investments  | \$ 343,354,296                               | \$ 443,225,942                       | \$ 321,528,989                       | \$ 290,947,850                       | \$ 325,758,751                         |
| Cash (cash overdraft)  | 146,875                                      | 386,908                              | 65,108                               | 96,295                               | (34,260)                               |
| Receivables from securities sold   | -  | -                                    | -                                    | 4,289                                | 181,691                                |
| <b>Total Assets</b>  | <u>343,501,171</u>                           | <u>443,612,850</u>                   | <u>321,594,097</u>                   | <u>291,048,434</u>                   | <u>325,906,182</u>                     |
| <b>LIABILITIES</b>   |  |                                      |                                      |                                      |  |
| Accrued Plan Manager fee   | 2,803  | 3,622                                | 2,626                                | 2,381                                | 2,679                                  |
| Accrued Board administrative fee   | 14,015                                       | 18,111                               | 13,128                               | 11,903                               | 13,393                                 |
| Payables for securities purchased  | 61,999                                       | 62,651                               | 73,819                               | -                                    | -                                      |
| Withdrawals payable  | 18,389                                       | 130,323                              | 3,913                                | 115,581                              | 305,489                                |
| <b>Total Liabilities</b>   | <u>97,206</u>                                | <u>214,707</u>                       | <u>93,486</u>                        | <u>129,865</u>                       | <u>321,561</u>                         |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES</b> | <u>\$ 343,403,965</u>                        | <u>\$ 443,398,143</u>                | <u>\$ 321,500,611</u>                | <u>\$ 290,918,569</u>                | <u>\$ 325,584,621</u>                  |
| <b>UNITS OUTSTANDING <sup>(1)</sup></b>                                    | <u>35,808,547</u>                            | <u>45,290,924</u>                    | <u>32,672,826</u>                    | <u>29,296,935</u>                    | <u>32,558,462</u>                      |
| <b>NET ASSET VALUE PER UNIT <sup>(2)</sup></b>                             | <u>\$ 9.59</u>                               | <u>\$ 9.79</u>                       | <u>\$ 9.84</u>                       | <u>\$ 9.93</u>                       | <u>\$ 10.00</u>                        |

<sup>(1)</sup> Rounded to the nearest whole unit.

<sup>(2)</sup> Rounded to the nearest hundredth.

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**STATEMENTS OF FIDUCIARY NET POSITION**  
**June 30, 2020**

|  | Passive Enrollment Year Investment Portfolios |                                      |                                      |                                      |                                      |
|--|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|  | 2036/2037<br>Enrollment<br>Portfolio          | 2034/2035<br>Enrollment<br>Portfolio | 2032/2033<br>Enrollment<br>Portfolio | 2030/2031<br>Enrollment<br>Portfolio | 2028/2029<br>Enrollment<br>Portfolio |
| <b>ASSETS</b>  |   |                                      |                                      |                                      |                                      |
| Investments  | 86,901,157                                    | 146,703,832                          | 157,357,607                          | 183,186,546                          | 249,779,743                          |
| Cash (cash overdraft)  | 183,803                                       | 147,115                              | 103,717                              | 140,101                              | 39,237                               |
| Receivables from securities sold   | -   | -                                    | -                                    | -                                    | -                                    |
| <b>Total Assets</b>  | <u>87,084,960</u>                             | <u>146,850,947</u>                   | <u>157,461,324</u>                   | <u>183,326,647</u>                   | <u>249,818,980</u>                   |
| <b>LIABILITIES</b>   |   |                                      |                                      |                                      |                                      |
| Accrued Plan Manager fee   | 693   | 1,190                                | 1,280                                | 1,490                                | 2,035                                |
| Accrued Board administrative fee   | -   | -                                    | -                                    | -                                    | -                                    |
| Payables for securities purchased  | 179,059                                       | 74,957                               | 59,816                               | 48,397                               | 117,051                              |
| Withdrawals payable  | 500   | 499                                  | 11,975                               | 1,632                                | 19,642                               |
| <b>Total Liabilities</b>   | <u>180,252</u>                                | <u>76,646</u>                        | <u>73,071</u>                        | <u>51,519</u>                        | <u>138,728</u>                       |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES</b> | <u>\$ 86,904,708</u>                          | <u>\$ 146,774,301</u>                | <u>\$ 157,388,253</u>                | <u>\$ 183,275,128</u>                | <u>\$ 249,680,252</u>                |
| <b>UNITS OUTSTANDING <sup>(1)</sup></b>                                    | <u>9,119,067</u>                              | <u>15,433,680</u>                    | <u>16,480,445</u>                    | <u>19,031,685</u>                    | <u>25,820,088</u>                    |
| <b>NET ASSET VALUE PER UNIT <sup>(2)</sup></b>                             | <u>\$ 9.53</u>                                | <u>\$ 9.51</u>                       | <u>\$ 9.55</u>                       | <u>\$ 9.63</u>                       | <u>\$ 9.67</u>                       |

<sup>(1)</sup> Rounded to the nearest whole unit.

<sup>(2)</sup> Rounded to the nearest hundredth.

**(Continued)**

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**STATEMENTS OF FIDUCIARY NET POSITION**  
**June 30, 2020**

|  | Passive Enrollment Year Investment Portfolios |                                      |                                      |                                      |   |
|--|---|--------------------------------------|--------------------------------------|--------------------------------------|---|
|  | 2026/2027<br>Enrollment<br>Portfolio          | 2024/2025<br>Enrollment<br>Portfolio | 2022/2023<br>Enrollment<br>Portfolio | 2020/2021<br>Enrollment<br>Portfolio | Enrollment<br>Year Portfolio<br>Passive |
| <b>ASSETS</b>  |   |                                      |                                      |                                      |   |
| Investments  | 353,785,870                                   | 480,529,767                          | 660,707,653                          | 792,380,889                          | 1,026,408,006                           |
| Cash (cash overdraft)  | 373,346                                       | 169,438                              | (53,400)                             | 408,662                              | 1,281,963                               |
| Receivables from securities sold   | -   | -                                    | -                                    | 98,785                               | 232,785                                 |
| <b>Total Assets</b>  | <u>354,159,216</u>                            | <u>480,699,205</u>                   | <u>660,654,253</u>                   | <u>792,888,336</u>                   | <u>1,027,922,754</u>                    |
| <b>LIABILITIES</b>   |   |                                      |                                      |                                      |   |
| Accrued Plan Manager fee   | 2,886   | 3,916                                | 5,396                                | 6,493                                | 8,438                                   |
| Accrued Board administrative fee   | -   | -                                    | -                                    | -                                    | -                                       |
| Payables for securities purchased  | 112,449                                       | 388,162                              | 71,415                               | -                                    | -                                       |
| Withdrawals payable  | 211,693                                       | 1,144                                | 19,660                               | 336,830                              | 1,402,975                               |
| <b>Total Liabilities</b>   | <u>327,028</u>                                | <u>393,222</u>                       | <u>96,471</u>                        | <u>343,323</u>                       | <u>1,411,413</u>                        |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES</b> | <u>\$ 353,832,188</u>                         | <u>\$ 480,305,983</u>                | <u>\$ 660,557,782</u>                | <u>\$ 792,545,013</u>                | <u>\$ 1,026,511,341</u>                 |
| <b>UNITS OUTSTANDING <sup>(1)</sup></b>                                    | <u>36,216,191</u>                             | <u>48,515,756</u>                    | <u>66,055,778</u>                    | <u>79,333,835</u>                    | <u>102,140,432</u>                      |
| <b>NET ASSET VALUE PER UNIT <sup>(2)</sup></b>                             | <u>\$ 9.77</u>                                | <u>\$ 9.90</u>                       | <u>\$ 10.00</u>                      | <u>\$ 9.99</u>                       | <u>\$ 10.05</u>                         |

<sup>(1)</sup> Rounded to the nearest whole unit.

<sup>(2)</sup> Rounded to the nearest hundredth.

See Independent Auditor's Report.



# ScholarShare 529 SM

(A Fiduciary Fund of the State of California)

## STATEMENTS OF FIDUCIARY NET POSITION June 30, 2020

### Active Multi-Fund Investment Portfolios

|  | Active Diversified<br>Equity Portfolio | Active Growth<br>Portfolio | Active<br>Moderate<br>Growth<br>Portfolio | Active<br>Conservative<br>Portfolio | Active<br>International<br>Growth<br>Portfolio | Active<br>Diversified<br>Fixed Income<br>Portfolio |
|--|--|----------------------------|---|-------------------------------------|--|--|
| <b>ASSETS</b>  |  |                            |   |                                     |  |  |
| Investments  | \$ 260,521,539                         | \$ 185,757,608             | \$ 65,985,732                             | \$ 43,934,796                       | \$ 26,148,107                                  | \$ 34,143,135                                      |
| Cash (cash overdraft)  | 38,914                                 | 66,757                     | 20,232                                    | 19,539                              | (18,154)                                       | 27,616   |
| Receivables from securities sold   | 67,174                                 | -                          | -   | 810                                 | 17,389   | -  |
| <b>Total Assets</b>  | <u>260,627,627</u>                     | <u>185,824,365</u>         | <u>66,005,964</u>                         | <u>43,955,145</u>                   | <u>26,147,342</u>                              | <u>34,170,751</u>                                  |
| <b>LIABILITIES</b>   |  |                            |   |                                     |  |  |
| Accrued Plan Manager fee   | 2,137                                  | 1,520                      | 543                                       | 359                                 | 215  | 276  |
| Accrued Board administrative fee   | 10,686                                 | 7,602                      | 2,714                                     | 1,795                               | 1,076  | 1,382  |
| Payables for securities purchased  | -                                      | 1,440                      | 8,790                                     | -                                   | -  | 14,322   |
| Withdrawals payable  | 138,825                                | 24,324                     | 24,153                                    | 14,817                              | 3,000  | 5,778  |
| <b>Total Liabilities</b>   | <u>151,648</u>                         | <u>34,886</u>              | <u>36,200</u>                             | <u>16,971</u>                       | <u>4,291</u>                                   | <u>21,758</u>                                      |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES</b> | <u>\$ 260,475,979</u>                  | <u>\$ 185,789,479</u>      | <u>\$ 65,969,764</u>                      | <u>\$ 43,938,174</u>                | <u>\$ 26,143,051</u>                           | <u>\$ 34,148,993</u>                               |
| <b>UNITS OUTSTANDING <sup>(1)</sup></b>                                    | <u>11,013,783</u>                      | <u>8,915,042</u>           | <u>3,620,733</u>                          | <u>3,473,373</u>                    | <u>1,768,813</u>                               | <u>2,371,458</u>                                   |
| <b>NET ASSET VALUE PER UNIT <sup>(2)</sup></b>                             | <u>\$ 23.65</u>                        | <u>\$ 20.84</u>            | <u>\$ 18.22</u>                           | <u>\$ 12.65</u>                     | <u>\$ 14.78</u>                                | <u>\$ 14.40</u>                                    |

<sup>(1)</sup> Rounded to the nearest whole unit.

<sup>(2)</sup> Rounded to the nearest hundredth.

See Independent Auditor's Report.



(A Fiduciary Fund of the State of California)

**STATEMENTS OF FIDUCIARY NET POSITION**  
**June 30, 2020**

|  | Passive Multi-Fund Investment Portfolios |                          |                                   |                                |  |  |
|--|--|--------------------------|-----------------------------------|--------------------------------|--|--|
|  | Passive Diversified Equity Portfolio     | Passive Growth Portfolio | Passive Moderate Growth Portfolio | Passive Conservative Portfolio | Passive Index International Equity Portfolio | Passive Diversified Fixed Income Portfolio |
| <b>ASSETS</b>  |  |                          |                                   |                                |  |  |
| Investments  | \$ 554,233,823                           | \$ 145,059,658           | \$ 69,931,506                     | \$ 65,929,102                  | \$ 114,072,010                               | \$ 33,578,929                              |
| Cash (cash overdraft)  | (400,995)                                | (1,226)                  | 17,063                            | 28,264                         | (3,586)                                      | 41,197                                     |
| Receivables from securities sold                                       | 452,093                                  | 18,863                   | 27,976                            | 771                            | -  | -  |
| <b>Total Assets</b>  | <u>554,284,921</u>                       | <u>145,077,295</u>       | <u>69,976,545</u>                 | <u>65,958,137</u>              | <u>114,068,424</u>                           | <u>33,620,126</u>                          |
| <b>LIABILITIES</b>   |  |                          |                                   |                                |  |  |
| Accrued Plan Manager fee   | 4,560                                    | 1,187                    | 568                               | 528                            | 938  | 264  |
| Accrued Board administrative fee                                       | -  | -                        | -                                 | -                              | -  | -  |
| Payables for securities purchased                                      | -  | -                        | -                                 | -                              | 4,407  | 24,859                                     |
| Withdrawals payable  | 126,455                                  | 5,504                    | 48,714                            | 27,877                         | 19,546                                       | 4,171                                      |
| <b>Total Liabilities</b>   | <u>131,015</u>                           | <u>6,691</u>             | <u>49,282</u>                     | <u>28,405</u>                  | <u>24,891</u>                                | <u>29,294</u>                              |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES</b> | <u>\$ 554,153,906</u>                    | <u>\$ 145,070,604</u>    | <u>\$ 69,927,263</u>              | <u>\$ 65,929,732</u>           | <u>\$ 114,043,533</u>                        | <u>\$ 33,590,832</u>                       |
| <b>UNITS OUTSTANDING <sup>(1)</sup></b>                                | <u>23,611,159</u>                        | <u>7,221,036</u>         | <u>4,152,450</u>                  | <u>5,475,891</u>               | <u>7,557,557</u>                             | <u>2,562,230</u>                           |
| <b>NET ASSET VALUE PER UNIT <sup>(2)</sup></b>                         | <u>\$ 23.47</u>                          | <u>\$ 20.09</u>          | <u>\$ 16.84</u>                   | <u>\$ 12.04</u>                | <u>\$ 15.09</u>                              | <u>\$ 13.11</u>                            |

<sup>(1)</sup> Rounded to the nearest whole unit.

<sup>(2)</sup> Rounded to the nearest hundredth.

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(A Fiduciary Fund of the State of California)

## STATEMENTS OF FIDUCIARY NET POSITION June 30, 2020

|  | Single Fund Investment Portfolios |                         |   |                                |   | Plan Total              |
|--|-----------------------------------|-------------------------|---|--------------------------------|---|-------------------------|
|  | Social Choice<br>Portfolio        | Index Bond<br>Portfolio | Index U.S.<br>Large Cap<br>Equity Portfolio | Index U.S.<br>Equity Portfolio | Principal Plus<br>Interest<br>Portfolio |                         |
| <b>ASSETS</b>  |                                   |                         |   |                                |   |                         |
| Investments  | \$ 182,933,468                    | \$ 103,782,732          | \$ 561,236,857                              | \$ 489,655,573                 | \$ 642,982,979                          | \$ 9,991,424,854        |
| Cash (cash overdraft)  | 37,891                            | 57,611                  | 60,767                                      | 233,407                        | 801,625                                 | 4,428,584               |
| Receivables from securities sold   | 5,531                             | -                       | 111,865                                     | -                              | -                                       | 1,220,022               |
| <b>Total Assets</b>  | <b>182,976,890</b>                | <b>103,840,343</b>      | <b>561,409,489</b>                          | <b>489,888,980</b>             | <b>643,784,604</b>                      | <b>9,997,073,460</b>    |
| <b>LIABILITIES</b>   |                                   |                         |   |                                |   |                         |
| Accrued Plan Manager fee   | 1,492                             | 821                     | 4,583                                       | 4,021                          | -                                       | 76,418                  |
| Accrued Board administrative fee   | 7,459                             | -                       | -   | -                              | -                                       | 125,656                 |
| Payables for securities purchased  | -                                 | 38,666                  | -   | 52,619                         | 491,673                                 | 1,964,226               |
| Withdrawals payable  | 58,079                            | 13,395                  | 106,378                                     | 98,233                         | 309,973                                 | 3,638,454               |
| <b>Total Liabilities</b>   | <b>67,030</b>                     | <b>52,882</b>           | <b>110,961</b>                              | <b>154,873</b>                 | <b>801,646</b>                          | <b>5,804,754</b>        |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES</b> | <b>\$ 182,909,860</b>             | <b>\$ 103,787,461</b>   | <b>\$ 561,298,528</b>                       | <b>\$ 489,734,107</b>          | <b>\$ 642,982,958</b>                   | <b>\$ 9,991,268,706</b> |
| <b>UNITS OUTSTANDING <sup>(1)</sup></b>                                    | <b>6,719,686</b>                  | <b>7,874,618</b>        | <b>19,111,288</b>                           | <b>17,087,722</b>              | <b>57,154,041</b>                       |                         |
| <b>NET ASSET VALUE PER UNIT <sup>(2)</sup></b>                             | <b>\$ 27.22</b>                   | <b>\$ 13.18</b>         | <b>\$ 29.37</b>                             | <b>\$ 28.66</b>                | <b>\$ 11.25</b>                         |                         |

<sup>(1)</sup> Rounded to the nearest whole unit.

<sup>(2)</sup> Rounded to the nearest hundredth.

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# ScholarShare 529<sup>SM</sup>

(A Fiduciary Fund of the State of California)

## STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION Year Ended June 30, 2020

|   | Active Enrollment Year Investment Portfolios |                                      |                                      |                                      |                                      |
|---|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|   | 2036/2037<br>Enrollment<br>Portfolio         | 2034/2035<br>Enrollment<br>Portfolio | 2032/2033<br>Enrollment<br>Portfolio | 2030/2031<br>Enrollment<br>Portfolio | 2028/2029<br>Enrollment<br>Portfolio |
| <b>ADDITIONS</b>  |  |                                      |                                      |                                      |                                      |
| Subscriptions   | \$ 3,667,470                                 | \$ 4,637,003                         | \$ 7,332,063                         | \$ 9,223,276                         | \$ 11,091,453                        |
| Net investment income (loss)  | (290,334)                                    | (2,767,581)                          | (6,384,318)                          | (8,837,720)                          | (11,751,024)                         |
| Total Additions   | <u>3,377,136</u>                             | <u>1,869,422</u>                     | <u>947,745</u>                       | <u>385,556</u>                       | <u>(659,571)</u>                     |
| <b>DEDUCTIONS</b>   |  |                                      |                                      |                                      |                                      |
| Redemptions   | <u>439,148</u>                               | <u>1,889,885</u>                     | <u>3,139,968</u>                     | <u>5,466,864</u>                     | <u>7,019,619</u>                     |
| Expenses:   |  |                                      |                                      |                                      |                                      |
| Plan Manager fee  | 399  | 1,820                                | 4,333                                | 6,414                                | 9,386                                |
| Board administrative fee  | <u>1,994</u>                                 | <u>9,100</u>                         | <u>21,666</u>                        | <u>32,069</u>                        | <u>46,932</u>                        |
| Total expenses  | <u>2,393</u>                                 | <u>10,920</u>                        | <u>25,999</u>                        | <u>38,483</u>                        | <u>56,318</u>                        |
| Total Deductions  | <u>441,541</u>                               | <u>1,900,805</u>                     | <u>3,165,967</u>                     | <u>5,505,347</u>                     | <u>7,075,937</u>                     |
| <b>INVESTMENT PORTFOLIO CONVERSION IN (OUT)</b>   | <u>8,243,853</u>                             | <u>45,595,164</u>                    | <u>108,968,653</u>                   | <u>161,819,932</u>                   | <u>236,335,331</u>                   |
| <b>NET INCREASE (DECREASE)</b>  | 11,179,448                                   | 45,563,781                           | 106,750,431                          | 156,700,141                          | 228,599,823                          |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES, BEGINNING OF YEAR</b> | <u>-</u>                                     | <u>-</u>                             | <u>-</u>                             | <u>-</u>                             | <u>-</u>                             |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES, END OF YEAR</b>       | <u>\$ 11,179,448</u>                         | <u>\$ 45,563,781</u>                 | <u>\$ 106,750,431</u>                | <u>\$ 156,700,141</u>                | <u>\$ 228,599,823</u>                |

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## STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION Year Ended June 30, 2020

|   | Active Enrollment Year Investment Portfolios |                                      |                                      |                                      |  |
|---|--|--------------------------------------|--------------------------------------|--------------------------------------|--|
|   | 2026/2027<br>Enrollment<br>Portfolio         | 2024/2025<br>Enrollment<br>Portfolio | 2022/2023<br>Enrollment<br>Portfolio | 2020/2021<br>Enrollment<br>Portfolio | Enrollment<br>Year Portfolio<br>Active |
| <b>ADDITIONS</b>  |  |                                      |                                      |                                      |  |
| Subscriptions   | \$ 14,951,472                                | \$ 19,171,575                        | \$ 18,317,845                        | \$ 13,207,818                        | \$ 15,246,655                          |
| Net investment income (loss)  | (14,593,009)                                 | (9,693,056)                          | (5,386,419)                          | (2,553,876)                          | (303,831)                              |
| Total Additions   | <u>358,463</u>                               | <u>9,478,519</u>                     | <u>12,931,426</u>                    | <u>10,653,942</u>                    | <u>14,942,824</u>                      |
| <b>DEDUCTIONS</b>   |  |                                      |                                      |                                      |  |
| Redemptions   | <u>10,622,752</u>                            | <u>16,310,950</u>                    | <u>16,083,687</u>                    | <u>21,203,028</u>                    | <u>37,383,938</u>                      |
| Expenses:   |  |                                      |                                      |                                      |  |
| Plan Manager fee  | 14,173                                       | 18,327                               | 13,416                               | 12,406                               | 14,225                                 |
| Board administrative fee  | <u>70,864</u>                                | <u>91,640</u>                        | <u>67,078</u>                        | <u>62,032</u>                        | <u>71,126</u>                          |
| Total expenses  | <u>85,037</u>                                | <u>109,967</u>                       | <u>80,494</u>                        | <u>74,438</u>                        | <u>85,351</u>                          |
| Total Deductions  | <u>10,707,789</u>                            | <u>16,420,917</u>                    | <u>16,164,181</u>                    | <u>21,277,466</u>                    | <u>37,469,289</u>                      |
| <b>INVESTMENT PORTFOLIO CONVERSION IN (OUT)</b>   | <u>353,753,291</u>                           | <u>450,340,541</u>                   | <u>324,733,366</u>                   | <u>301,542,093</u>                   | <u>348,111,086</u>                     |
| <b>NET INCREASE (DECREASE)</b>  | 343,403,965                                  | 443,398,143                          | 321,500,611                          | 290,918,569                          | 325,584,621                            |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES, BEGINNING OF YEAR</b> | <u>-</u>                                     | <u>-</u>                             | <u>-</u>                             | <u>-</u>                             | <u>-</u>                               |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES, END OF YEAR</b>       | <u>\$ 343,403,965</u>                        | <u>\$ 443,398,143</u>                | <u>\$ 321,500,611</u>                | <u>\$ 290,918,569</u>                | <u>\$ 325,584,621</u>                  |

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(A Fiduciary Fund of the State of California)

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**Year Ended June 30, 2020**

|   | <b>Active Age-Based Portfolio</b> |                      |                      |                      |
|---|-----------------------------------|----------------------|----------------------|----------------------|
|   | <b>Ages 0-4</b>                   | <b>Ages 5-8</b>      | <b>Ages 9-10</b>     | <b>Ages 11-12</b>    |
| <b>ADDITIONS</b>  |                                   |                      |                      |                      |
| Subscriptions   | \$ 17,354,139                     | \$ 52,057,748        | \$ 79,762,659        | \$ 112,456,080       |
| Net investment income (loss)  | 8,891,326                         | 24,747,067           | 21,270,655           | 27,149,048           |
| Total Additions   | <u>26,245,465</u>                 | <u>76,804,815</u>    | <u>101,033,314</u>   | <u>139,605,128</u>   |
| <b>DEDUCTIONS</b>   |                                   |                      |                      |                      |
| Redemptions   | <u>29,749,271</u>                 | <u>69,072,267</u>    | <u>94,258,258</u>    | <u>126,332,867</u>   |
| Expenses:   |                                   |                      |                      |                      |
| Plan Manager fee  | 18,172                            | 53,812               | 49,285               | 68,788               |
| Board administrative fee  | 31,073                            | 92,100               | 84,353               | 117,743              |
| Total expenses  | <u>49,245</u>                     | <u>145,912</u>       | <u>133,638</u>       | <u>186,531</u>       |
| Total Deductions  | <u>29,798,516</u>                 | <u>69,218,179</u>    | <u>94,391,896</u>    | <u>126,519,398</u>   |
| <b>INVESTMENT PORTFOLIO CONVERSION IN (OUT)</b>   | <u>(107,432,253)</u>              | <u>(329,349,778)</u> | <u>(302,159,758)</u> | <u>(423,653,248)</u> |
| <b>NET INCREASE (DECREASE)</b>  | (110,985,304)                     | (321,763,142)        | (295,518,340)        | (410,567,518)        |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES, BEGINNING OF YEAR</b> | <u>110,985,304</u>                | <u>321,763,142</u>   | <u>295,518,340</u>   | <u>410,567,518</u>   |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES, END OF YEAR</b>       | <u>\$ -</u>                       | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |

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(A Fiduciary Fund of the State of California)

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**Year Ended June 30, 2020**

|   | <b>Active Age-Based Portfolio</b> |                      |                      |                      |                            |
|---|-----------------------------------|----------------------|----------------------|----------------------|----------------------------|
|   | <b>Ages 13-14</b>                 | <b>Age 15</b>        | <b>Age 16</b>        | <b>Age 17</b>        | <b>Ages 18 &amp; Older</b> |
| <b>ADDITIONS</b>  |                                   |                      |                      |                      |                            |
| Subscriptions   | \$ 135,958,533                    | \$ 86,444,283        | \$ 87,741,863        | \$ 74,610,704        | \$ 76,867,313              |
| Net investment income (loss)  | 20,955,056                        | 7,872,404            | 6,801,784            | 5,403,944            | 10,657,659                 |
| Total Additions   | <u>156,913,589</u>                | <u>94,316,687</u>    | <u>94,543,647</u>    | <u>80,014,648</u>    | <u>87,524,972</u>          |
| <b>DEDUCTIONS</b>   |                                   |                      |                      |                      |                            |
| Redemptions   | <u>83,239,614</u>                 | <u>82,951,174</u>    | <u>70,269,462</u>    | <u>66,902,020</u>    | <u>83,573,498</u>          |
| Expenses:   |                                   |                      |                      |                      |                            |
| Plan Manager fee  | 56,376                            | 24,454               | 23,993               | 21,740               | 54,133                     |
| Board administrative fee  | 96,775                            | 41,893               | 41,155               | 37,252               | 92,672                     |
| Total expenses  | <u>153,151</u>                    | <u>66,347</u>        | <u>65,148</u>        | <u>58,992</u>        | <u>146,805</u>             |
| Total Deductions  | <u>83,392,765</u>                 | <u>83,017,521</u>    | <u>70,334,610</u>    | <u>66,961,012</u>    | <u>83,720,303</u>          |
| <b>INVESTMENT PORTFOLIO CONVERSION IN (OUT)</b>   | <u>(385,411,596)</u>              | <u>(156,037,173)</u> | <u>(160,346,715)</u> | <u>(140,175,568)</u> | <u>(334,877,220)</u>       |
| <b>NET INCREASE (DECREASE)</b>  | (311,890,772)                     | (144,738,007)        | (136,137,678)        | (127,121,932)        | (331,072,551)              |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR</b> | <u>311,890,772</u>                | <u>144,738,007</u>   | <u>136,137,678</u>   | <u>127,121,932</u>   | <u>331,072,551</u>         |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR</b>       | <u>\$ -</u>                       | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>                |

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# ScholarShare 529<sup>SM</sup>

(A Fiduciary Fund of the State of California)

## STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION Year Ended June 30, 2020

|   | Passive Enrollment Year Investment Portfolios |                                      |                                      |                                      |                                      |
|---|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|   | 2036/2037<br>Enrollment<br>Portfolio          | 2034/2035<br>Enrollment<br>Portfolio | 2032/2033<br>Enrollment<br>Portfolio | 2030/2031<br>Enrollment<br>Portfolio | 2028/2029<br>Enrollment<br>Portfolio |
| <b>ADDITIONS</b>  |   |                                      |                                      |                                      |                                      |
| Subscriptions   | \$ 27,739,277                                 | \$ 20,204,884                        | \$ 18,946,354                        | \$ 20,022,735                        | \$ 21,888,714                        |
| Net investment income (loss)  | (1,416,600)                                   | (6,019,343)                          | (6,160,846)                          | (5,920,168)                          | (7,799,542)                          |
| Total Additions   | 26,322,677                                    | 14,185,541                           | 12,785,508                           | 14,102,567                           | 14,089,172                           |
| <b>DEDUCTIONS</b>   |   |                                      |                                      |                                      |                                      |
| Redemptions   | 2,279,431                                     | 3,977,071                            | 5,063,931                            | 6,964,349                            | 10,418,324                           |
| Expenses:   |   |                                      |                                      |                                      |                                      |
| Plan Manager fee  | 3,030   | 5,722                                | 6,226                                | 7,294                                | 10,093                               |
| Board administrative fee  | -   | -                                    | -                                    | -                                    | -                                    |
| Total expenses  | 3,030   | 5,722                                | 6,226                                | 7,294                                | 10,093                               |
| Total Deductions  | 2,282,461                                     | 3,982,793                            | 5,070,157                            | 6,971,643                            | 10,428,417                           |
| <b>INVESTMENT PORTFOLIO CONVERSION IN (OUT)</b>   | 62,864,492                                    | 136,571,553                          | 149,672,902                          | 176,144,204                          | 246,019,497                          |
| <b>NET INCREASE (DECREASE)</b>  | 86,904,708                                    | 146,774,301                          | 157,388,253                          | 183,275,128                          | 249,680,252                          |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES, BEGINNING OF YEAR</b> | -   | -                                    | -                                    | -                                    | -                                    |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES, END OF YEAR</b>       | \$ 86,904,708                                 | \$ 146,774,301                       | \$ 157,388,253                       | \$ 183,275,128                       | \$ 249,680,252                       |

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# ScholarShare 529<sup>SM</sup>

(A Fiduciary Fund of the State of California)

## STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION Year Ended June 30, 2020

|   | Passive Enrollment Year Investment Portfolios |                                      |                                      |                                      |   |
|---|---|--------------------------------------|--------------------------------------|--------------------------------------|---|
|   | 2026/2027<br>Enrollment<br>Portfolio          | 2024/2025<br>Enrollment<br>Portfolio | 2022/2023<br>Enrollment<br>Portfolio | 2020/2021<br>Enrollment<br>Portfolio | Enrollment<br>Year Portfolio<br>Passive |
| <b>ADDITIONS</b>  |   |                                      |                                      |                                      |   |
| Subscriptions   | \$ 25,075,892                                 | \$ 30,463,914                        | \$ 32,755,337                        | \$ 31,691,604                        | \$ 45,732,873                           |
| Net investment income (loss)  | (7,784,305)                                   | (4,524,998)                          | (115,040)                            | (1,855,287)                          | 4,243,551                               |
| Total Additions   | <u>17,291,587</u>                             | <u>25,938,916</u>                    | <u>32,640,297</u>                    | <u>29,836,317</u>                    | <u>49,976,424</u>                       |
| <b>DEDUCTIONS</b>   |   |                                      |                                      |                                      |   |
| Redemptions   | <u>11,580,376</u>                             | <u>19,657,912</u>                    | <u>27,749,499</u>                    | <u>49,326,197</u>                    | <u>97,282,212</u>                       |
| Expenses:   |   |                                      |                                      |                                      |   |
| Plan Manager fee  | 14,410  | 19,725                               | 27,478                               | 33,764                               | 44,559                                  |
| Board administrative fee  | -   | -                                    | -                                    | -                                    | -                                       |
| Total expenses  | <u>14,410</u>                                 | <u>19,725</u>                        | <u>27,478</u>                        | <u>33,764</u>                        | <u>44,559</u>                           |
| Total Deductions  | <u>11,594,786</u>                             | <u>19,677,637</u>                    | <u>27,776,977</u>                    | <u>49,359,961</u>                    | <u>97,326,771</u>                       |
| <b>INVESTMENT PORTFOLIO CONVERSION IN (OUT)</b>   | <u>348,135,387</u>                            | <u>474,044,704</u>                   | <u>655,694,462</u>                   | <u>812,068,657</u>                   | <u>1,073,861,688</u>                    |
| <b>NET INCREASE (DECREASE)</b>  | 353,832,188                                   | 480,305,983                          | 660,557,782                          | 792,545,013                          | 1,026,511,341                           |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES, BEGINNING OF YEAR</b> | -   | -                                    | -                                    | -                                    | -                                       |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES, END OF YEAR</b>       | <u>\$ 353,832,188</u>                         | <u>\$ 480,305,983</u>                | <u>\$ 660,557,782</u>                | <u>\$ 792,545,013</u>                | <u>\$ 1,026,511,341</u>                 |

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(A Fiduciary Fund of the State of California)

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**Year Ended June 30, 2020**

|   | <b>Passive Age-Based Portfolio</b> |                      |                      |                      |
|---|------------------------------------|----------------------|----------------------|----------------------|
|   | <b>Ages 0-4</b>                    | <b>Ages 5-8</b>      | <b>Ages 9-10</b>     | <b>Ages 11-12</b>    |
| <b>ADDITIONS</b>  |                                    |                      |                      |                      |
| Subscriptions   | \$ 74,763,155                      | \$ 77,783,950        | \$ 89,616,757        | \$ 115,807,574       |
| Net investment income (loss)  | 23,278,431                         | 29,272,955           | 23,196,031           | 27,927,896           |
| Total Additions   | <u>98,041,586</u>                  | <u>107,056,905</u>   | <u>112,812,788</u>   | <u>143,735,470</u>   |
| <b>DEDUCTIONS</b>   |                                    |                      |                      |                      |
| Redemptions   | <u>37,680,997</u>                  | <u>70,707,983</u>    | <u>92,255,713</u>    | <u>128,899,999</u>   |
| Expenses:   |                                    |                      |                      |                      |
| Plan Manager fee  | 40,383                             | 56,308               | 49,154               | 65,668               |
| Board administrative fee  | -                                  | -                    | -                    | -                    |
| Total expenses  | <u>40,383</u>                      | <u>56,308</u>        | <u>49,154</u>        | <u>65,668</u>        |
| Total Deductions  | <u>37,721,380</u>                  | <u>70,764,291</u>    | <u>92,304,867</u>    | <u>128,965,667</u>   |
| <b>INVESTMENT PORTFOLIO CONVERSION IN (OUT)</b>   | <u>(280,048,762)</u>               | <u>(362,923,793)</u> | <u>(307,355,104)</u> | <u>(404,798,316)</u> |
| <b>NET INCREASE (DECREASE)</b>  | (219,728,556)                      | (326,631,179)        | (286,847,183)        | (390,028,513)        |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES, BEGINNING OF YEAR</b> | <u>219,728,556</u>                 | <u>326,631,179</u>   | <u>286,847,183</u>   | <u>390,028,513</u>   |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES, END OF YEAR</b>       | <u>\$ -</u>                        | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |

*(Continued)*

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(A Fiduciary Fund of the State of California)

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**Year Ended June 30, 2020**

|   | Passive Age-Based Portfolio |                      |                      |                      |                        |
|---|-----------------------------|----------------------|----------------------|----------------------|------------------------|
|   | Ages 13-14                  | Age 15               | Age 16               | Age 17               | Ages 18 & Older        |
| <b>ADDITIONS</b>  |                             |                      |                      |                      |                        |
| Subscriptions   | \$ 153,748,767              | \$ 189,703,630       | \$ 200,568,994       | \$ 223,650,425       | \$ 221,498,315         |
| Net investment income (loss)  | 35,515,202                  | 20,118,187           | 19,455,629           | 16,180,991           | 35,557,734             |
| Total Additions   | <u>189,263,969</u>          | <u>209,821,817</u>   | <u>220,024,623</u>   | <u>239,831,416</u>   | <u>257,056,049</u>     |
| <b>DEDUCTIONS</b>   |                             |                      |                      |                      |                        |
| Redemptions   | <u>181,239,133</u>          | <u>190,271,761</u>   | <u>214,725,478</u>   | <u>194,811,228</u>   | <u>252,797,727</u>     |
| Expenses:   |                             |                      |                      |                      |                        |
| Plan Manager fee  | 92,014                      | 59,345               | 65,021               | 63,992               | 168,572                |
| Board administrative fee  | -                           | -                    | -                    | -                    | -                      |
| Total expenses  | <u>92,014</u>               | <u>59,345</u>        | <u>65,021</u>        | <u>63,992</u>        | <u>168,572</u>         |
| Total Deductions  | <u>181,331,147</u>          | <u>190,331,106</u>   | <u>214,790,499</u>   | <u>194,875,220</u>   | <u>252,966,299</u>     |
| <b>INVESTMENT PORTFOLIO CONVERSION IN (OUT)</b>   | <u>(557,204,007)</u>        | <u>(369,709,134)</u> | <u>(397,429,180)</u> | <u>(417,599,562)</u> | <u>(1,038,009,689)</u> |
| <b>NET INCREASE (DECREASE)</b>  | (549,271,185)               | (350,218,423)        | (392,195,056)        | (372,643,366)        | (1,033,919,939)        |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR</b> | <u>549,271,185</u>          | <u>350,218,423</u>   | <u>392,195,056</u>   | <u>372,643,366</u>   | <u>1,033,919,939</u>   |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR</b>       | <u>\$ -</u>                 | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>            |

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(A Fiduciary Fund of the State of California)

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**Year Ended June 30, 2020**

|   | Active Multi-Fund Investment Portfolios |                            |                                     |                                     |   |   |
|---|---|----------------------------|-------------------------------------|-------------------------------------|---|---|
|   | Active Diversified<br>Equity Portfolio  | Active Growth<br>Portfolio | Active Moderate<br>Growth Portfolio | Active<br>Conservative<br>Portfolio | Active<br>International<br>Equity Portfolio | Active Diversified<br>Fixed Income<br>Portfolio |
| <b>ADDITIONS</b>  |   |                            |                                     |                                     |   |   |
| Subscriptions   | \$ 50,926,417                           | \$ 43,468,923              | \$ 17,901,413                       | \$ 16,138,270                       | \$ 6,912,604                                | \$ 16,752,255                                   |
| Net investment income (loss)  | (198,489)                               | 3,856,482                  | 2,663,824                           | 1,649,184                           | (1,715,419)                                 | 1,806,486                                       |
| Total Additions   | <u>50,727,928</u>                       | <u>47,325,405</u>          | <u>20,565,237</u>                   | <u>17,787,454</u>                   | <u>5,197,185</u>                            | <u>18,558,741</u>                               |
| <b>DEDUCTIONS</b>   |   |                            |                                     |                                     |   |   |
| Redemptions   | <u>62,736,198</u>                       | <u>40,129,734</u>          | <u>17,476,464</u>                   | <u>13,122,053</u>                   | <u>8,262,449</u>                            | <u>10,185,396</u>                               |
| Expenses:   |   |                            |                                     |                                     |   |   |
| Plan Manager fee  | 56,004                                  | 37,813                     | 13,690                              | 8,616                               | 5,888                                       | 6,177   |
| Board administrative fee  | 131,305                                 | 90,006                     | 32,666                              | 20,784                              | 13,711                                      | 15,225  |
| Total expenses  | <u>187,309</u>                          | <u>127,819</u>             | <u>46,356</u>                       | <u>29,400</u>                       | <u>19,599</u>                               | <u>21,402</u>                                   |
| Total Deductions  | <u>62,923,507</u>                       | <u>40,257,553</u>          | <u>17,522,820</u>                   | <u>13,151,453</u>                   | <u>8,282,048</u>                            | <u>10,206,798</u>                               |
| <b>INVESTMENT PORTFOLIO CONVERSION IN (OUT)</b>   | -                                       | -                          | -                                   | -                                   | -   | -   |
| <b>NET INCREASE (DECREASE)</b>  | (12,195,579)                            | 7,067,852                  | 3,042,417                           | 4,636,001                           | (3,084,863)                                 | 8,351,943                                       |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES, BEGINNING OF YEAR</b> | <u>272,671,558</u>                      | <u>178,721,627</u>         | <u>62,927,347</u>                   | <u>39,302,173</u>                   | <u>29,227,914</u>                           | <u>25,797,050</u>                               |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES, END OF YEAR</b>       | <u>\$ 260,475,979</u>                   | <u>\$ 185,789,479</u>      | <u>\$ 65,969,764</u>                | <u>\$ 43,938,174</u>                | <u>\$ 26,143,051</u>                        | <u>\$ 34,148,993</u>                            |

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(A Fiduciary Fund of the State of California)

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**Year Ended June 30, 2020**

|   | Passive Multi-Fund Investment Portfolios |                             |                                      |                                      |  |   |
|---|--|-----------------------------|--------------------------------------|--------------------------------------|--|---|
|   | Passive Diversified<br>Equity Portfolio  | Passive Growth<br>Portfolio | Passive Moderate<br>Growth Portfolio | Passive<br>Conservative<br>Portfolio | Passive<br>International<br>Equity Portfolio | Passive<br>Diversified<br>Fixed Income<br>Portfolio |
| <b>ADDITIONS</b>  |  |                             |                                      |                                      |  |   |
| Subscriptions   | \$ 77,381,525                            | \$ 34,603,523               | \$ 28,259,886                        | \$ 36,047,540                        | \$ 24,929,447                                | \$ 21,803,887                                       |
| Net investment income (loss)  | 16,083,938                               | 6,100,819                   | 3,375,555                            | 2,414,102                            | (5,980,944)                                  | 1,768,745   |
| Total Additions   | <u>93,465,463</u>                        | <u>40,704,342</u>           | <u>31,635,441</u>                    | <u>38,461,642</u>                    | <u>18,948,503</u>                            | <u>23,572,632</u>                                   |
| <b>DEDUCTIONS</b>   |  |                             |                                      |                                      |  |   |
| Redemptions   | 134,099,220                              | 29,195,820                  | 21,966,496                           | 19,424,369                           | 32,304,483                                   | 12,325,080  |
| Expenses:   |  |                             |                                      |                                      |  |   |
| Plan Manager fee  | 121,134                                  | 28,665                      | 13,271                               | 11,227                               | 25,707                                       | 5,378   |
| Board administrative fee  | -  | -                           | -                                    | -                                    | -  | -   |
| Total expenses  | <u>121,134</u>                           | <u>28,665</u>               | <u>13,271</u>                        | <u>11,227</u>                        | <u>25,707</u>                                | <u>5,378</u>  |
| Total Deductions  | <u>134,220,354</u>                       | <u>29,224,485</u>           | <u>21,979,767</u>                    | <u>19,435,596</u>                    | <u>32,330,190</u>                            | <u>12,330,458</u>                                   |
| <b>INVESTMENT PORTFOLIO CONVERSION IN (OUT)</b>   | -  | -                           | -                                    | -                                    | -  | -   |
| <b>NET INCREASE (DECREASE)</b>  | (40,754,891)                             | 11,479,857                  | 9,655,674                            | 19,026,046                           | (13,381,687)                                 | 11,242,174  |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES, BEGINNING OF YEAR</b> | <u>594,908,797</u>                       | <u>133,590,747</u>          | <u>60,271,589</u>                    | <u>46,903,686</u>                    | <u>127,425,220</u>                           | <u>22,348,658</u>                                   |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS<br/>AND BENEFICIARIES, END OF YEAR</b>       | <u>\$ 554,153,906</u>                    | <u>\$ 145,070,604</u>       | <u>\$ 69,927,263</u>                 | <u>\$ 65,929,732</u>                 | <u>\$ 114,043,533</u>                        | <u>\$ 33,590,832</u>                                |

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# ScholarShare 529<sup>SM</sup>

(A Fiduciary Fund of the State of California)

## STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION Year Ended June 30, 2020

|   | Single Fund Investment Portfolios |                       |                                       |                             |                                   | Plan Total              |
|---|-----------------------------------|-----------------------|---------------------------------------|-----------------------------|-----------------------------------|-------------------------|
|   | Social Choice Portfolio           | Index Bond Portfolio  | Index U.S. Large Cap Equity Portfolio | Index U.S. Equity Portfolio | Principal Plus Interest Portfolio |                         |
| <b>ADDITIONS</b>  |                                   |                       |                                       |                             |                                   |                         |
| Subscriptions   | \$ 24,409,400                     | \$ 55,909,228         | \$ 144,392,616                        | \$ 111,717,101              | \$ 352,337,320                    | \$ 3,525,654,458        |
| Net investment income (loss)  | 13,767,030                        | 7,032,675             | 38,625,242                            | 29,363,392                  | 9,792,784                         | 394,743,659             |
| Total Additions   | <u>38,176,430</u>                 | <u>62,941,903</u>     | <u>183,017,858</u>                    | <u>141,080,493</u>          | <u>362,130,104</u>                | <u>3,920,398,117</u>    |
| <b>DEDUCTIONS</b>   |                                   |                       |                                       |                             |                                   |                         |
| Redemptions   | <u>37,001,336</u>                 | <u>28,884,507</u>     | <u>114,767,215</u>                    | <u>106,311,991</u>          | <u>171,950,444</u>                | <u>3,283,740,846</u>    |
| Expenses:   |                                   |                       |                                       |                             |                                   |                         |
| Plan Manager fee  | 38,244                            | 16,730                | 107,918                               | 98,513                      | -                                 | 1,893,385               |
| Board administrative fee  | 90,388                            | -                     | -                                     | -                           | -                                 | 1,503,602               |
| Total expenses  | <u>128,632</u>                    | <u>16,730</u>         | <u>107,918</u>                        | <u>98,513</u>               | <u>-</u>                          | <u>3,396,987</u>        |
| Total Deductions  | <u>37,129,968</u>                 | <u>28,901,237</u>     | <u>114,875,133</u>                    | <u>106,410,504</u>          | <u>171,950,444</u>                | <u>3,287,137,833</u>    |
| <b>INVESTMENT PORTFOLIO CONVERSION IN (OUT)</b>   | <u>-</u>                          | <u>-</u>              | <u>-</u>                              | <u>-</u>                    | <u>-</u>                          | <u>-</u>                |
| <b>NET INCREASE (DECREASE)</b>  | 1,046,462                         | 34,040,666            | 68,142,725                            | 34,669,989                  | 190,179,660                       | 633,260,284             |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR</b> | <u>181,863,398</u>                | <u>69,746,795</u>     | <u>493,155,803</u>                    | <u>455,064,118</u>          | <u>452,803,298</u>                | <u>9,358,008,422</u>    |
| <b>NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR</b>       | <u>\$ 182,909,860</u>             | <u>\$ 103,787,461</u> | <u>\$ 561,298,528</u>                 | <u>\$ 489,734,107</u>       | <u>\$ 642,982,958</u>             | <u>\$ 9,991,268,706</u> |

See Independent Auditor's Report.



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

To the Trustee of the Golden State ScholarShare College Savings Trust

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the ScholarShare College Savings Plan, which comprise the statement of fiduciary net position as of June 30, 2020, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the ScholarShare College Savings Plan's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ScholarShare College Savings Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the ScholarShare College Savings Plan's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the ScholarShare College Savings Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However,





providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*PricewaterhouseCoopers LLP*

Baltimore, Maryland  
September 18, 2020