



California's 529A Qualified ABLE Program
Annual Report

June 30, 2021

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM
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Report of Independent Auditors

To the Trustee of the California's 529A Qualified ABLE Program

Report on the Financial Statements

We have audited the accompanying financial statements of the California's 529A Qualified ABLE Program, which comprise the statement of fiduciary net position as of June 30, 2021, 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 California's 529A Qualified ABLE Program'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 California's 529A Qualified ABLE Program'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 California's 529A Qualified ABLE Program as of June 30, 2021, 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 4 through 5 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 California's 529A Qualified ABLE Program's basic financial statements taken as a whole. The supplemental information on pages 14 through 17 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 1, 2021 on our consideration of the California's 529A Qualified ABLE Program'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 California's 529A Qualified ABLE Program's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

Baltimore, Maryland
September 1, 2021

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM

MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)

As program manager of the California's 529A Qualified ABLE Program (the "Program"), TIAA-CREF Tuition Financing, Inc. ("TFI") offers readers of the Program's financial statements this discussion and analysis of the financial performance for the year ended June 30, 2021. Readers should consider the information presented in this section in conjunction with the Program's financial statements and notes to financial statements. The Program is comprised of four investment Options (the "Options") in which account owners ("Account Owners") may invest.

Financial Highlights

During the year ended June 30, 2021, the Options within the Program posted returns as follows:

Target Risk Investment Options:

Conservative Portfolio	8.21%
Moderate Portfolio	19.47%
Aggressive Portfolio	32.04%

FDIC-Insured Option:

FDIC-Insured Portfolio	0.10%
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The Program received \$27.8 million in net subscriptions from Account Owners during the year ended June 30, 2021.

The Program earned \$409.1 thousand of investment income, incurred \$163.8 thousand of operating expenses and had a net increase in fair value of investments of \$3,820.2 thousand for the year ended June 30, 2021.

Overview of the Financial Statements

The Program's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

This report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements are comprised of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position, and Notes to Financial Statements that explain the information in the financial statements and provide more detailed information. The measurement focus of economic resources is where a set of financial statements report all inflows, outflows and balances effecting an entity's net position.

The Statement of Fiduciary Net Position presents information on the Program's assets and liabilities, with the difference between the two reported as net position as of June 30, 2021. This statement, along with all of the Program's financial statements, is prepared using the accrual basis of accounting. Subscriptions are recognized when enrollment in the Program is finalized; subsequent subscriptions and redemptions are recognized on trade date; expenses and liabilities are recognized when services are provided regardless of when cash is disbursed.

The Statement of Changes in Fiduciary Net Position presents information showing how the Program's assets changed during the year. Changes in net position are reported as soon as the underlying event giving rise to the current 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.

This report presents the operating results and financial status of the Program, which the State of California reports as a fiduciary fund. Fiduciary fund reporting is used to account for resources held for the benefit of parties outside the governmental entity.

Financial Analysis

Net position - The following are condensed Statements of Fiduciary Net Position as of June 30, 2021 and 2020:

	2021	2020
Investments	\$ 54,728,336	\$ 22,835,940
Cash	19,598	5,074
Receivables	144,321	185,416
Total Assets	54,892,255	23,026,430
Payables	148,395	183,723
Total Liabilities	148,395	183,723
Total Net Position	\$ 54,743,860	\$ 22,842,707

Net position represents total subscriptions from Account Owners, plus the net increases (decreases) from operations, less redemptions and expenses.

Investments are approximately 100% of total net position, and consist of the Options, each of which invests in varying percentages in multiple TIAA-CREF Funds, or a funding agreement ("Funding Agreement") issued by TIAA-CREF Life Insurance Company to the Board as the policy holder on behalf of the Program. The FDIC-Insured Investment Option invests in an interest-bearing custodial account at TIAA Bank. Receivables consist of securities sold, subscriptions, and accrued income. Liabilities consist mainly of payables for securities purchased, redemptions, and accrued expenses.

Changes in net position - The following are condensed Statements of Changes in Fiduciary Net Position for the year ended June 30, 2021 and 2020:

	2021	2020
Additions:		
Subscriptions	\$ 37,165,685	\$ 20,991,529
Investment Income	409,087	183,244
Net increase in fair value of investments	3,820,161	226,622
Total Additions	41,394,933	21,401,395
Deductions:		
Redemptions	(9,387,844)	(4,172,087)
Expenses:		
Administrative fee	(163,786)	(58,696)
Total expenses	(163,786)	(58,696)
Less: Administrative fee waiver	57,850	20,636
Net expenses	(105,936)	(38,060)
Total Deductions	(9,493,780)	(4,210,147)
Changes in Net Position	31,901,153	17,191,248
Net position - beginning of year	22,842,707	5,651,459
Net position - end of year	\$ 54,743,860	\$ 22,842,707

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

ASSETS

Cash	\$ 19,598
Investments, at value (Cost: \$51,486,332)	54,728,336
Dividends and interest receivable	18,860
Receivable from securities transactions	30,038
Receivable from Program units sold	95,423
TOTAL ASSETS	<u>54,892,255</u>

LIABILITIES

Accrued Administrative fee	12,707
Payable for securities transactions	117,104
Payable for Program units redeemed	18,584
TOTAL LIABILITIES	<u>148,395</u>

NET POSITION

Held in trust for Account Owners in the Program	<u>\$ 54,743,860</u>
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See notes to financial statements

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

ADDITIONS

Subscriptions	\$ 37,165,685
Investment income:	
Interest	30,328
Dividends	378,759
Total investment income	<u>409,087</u>
Net increase in fair value of investments	<u>3,820,161</u>
Total additions	<u>41,394,933</u>

DEDUCTIONS

Redemptions	(9,387,844)
Expenses:	
Administrative fee	(163,786)
Total expenses	<u>(163,786)</u>
Less: Administrative fee waiver	57,850
Net expenses	<u>(105,936)</u>
Total deductions	<u>(9,493,780)</u>
Changes in net position	31,901,153
Net position – beginning of period	<u>22,842,707</u>
Net position – end of period	<u>\$ 54,743,860</u>

See notes to financial statements

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM

NOTES TO FINANCIAL STATEMENTS

Note 1 – Organization and Significant Accounting Policies

The California's 529A Qualified ABLE Program ("Program") is a tax-advantaged savings program offered by the California ABLE Act Board ("Board"), to establish and maintain programs that allow eligible individuals to save for qualified disability expenses on a tax-advantaged basis without jeopardizing eligibility for federal means-tested benefits. The Program operates under the overall direction and supervision of the Board which is chaired by the California State Treasurer. Assets in the Program are held in the CalABLE ABLE Program Trust (the "Trust") for which the Board serves as the Trustee. The responsibilities of the Board with respect to the Program include: making and entering into contracts necessary for the administration of the Trust and the Program, selecting the investment portfolios offered in the Program, managing and operating the Program, and adopting regulations for the administration of the Program. 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 an agreement (the "Management Agreement") under which TFI provides, or arranges to provide, certain services on behalf of the Board to the Program including investment recommendations, recordkeeping, reporting, and marketing. The financial statements are for the period July 1, 2020 to June 30, 2021. The Program is designed to be, and is intended to satisfy the requirements for treatment as, a qualified ABLE Program under Section 529A of the Internal Revenue Code ("Code"). Investment Options (the "Options" or individually "Option") allocations and fees, as approved by the Board, are described in the current Disclosure Statement for the Program.

To the extent that a Target Risk Investment Option allocates assets to the Funding Agreement, the Funding Agreement provides a minimum guaranteed rate of return on the amounts allocated to it by that Investment Option. The Funding Agreement was issued by TIAA-CREF Life Insurance Company ("TIAA Life") to the Board as the policyholder on behalf of the Program. The minimum effective annual interest rate will be neither less than 1% nor greater than 3% at any time. The guarantee is made by TIAA Life to the Board as the policyholder. In addition to the guaranteed rate of interest to the policyholder, the Funding Agreement allows for the possibility that additional interest may be credited as declared periodically by TIAA Life.

Account assets in the FDIC-Insured Portfolio are 100% invested in an interest-bearing custodial account at TIAA Bank, a division of TIAA, FSB, a federally chartered savings bank and an affiliate of TFI. TIAA Bank will determine the applicable interest rate on the FDIC-Insured Portfolio in its sole discretion. At its discretion and without further notice to you, TIAA Bank may, at any time, change the interest rate for the FDIC-Insured Portfolio. The interest rate paid with respect to the FDIC-Insured Portfolio may be higher or lower than the interest rate available to individuals or entities making deposits directly with TIAA Bank or other depository institutions in comparable accounts. In addition, TIAA Bank reserves the right to establish (and change) balance levels on which different rates of interest may be paid.

Teachers Advisors, LLC ("Advisors"), an affiliate of TFI, is registered with the Securities and Exchange Commission as an investment adviser and provides investment advisory services to the TIAA-CREF Funds (the "Funds"). TIAA-CREF Individual & Institutional Services, LLC ("Services"), a wholly owned, direct subsidiary of TIAA, serves as the primary distributor and underwriter for the Program and provides certain underwriting and distribution services. Services is registered as a broker-dealer under the Securities Exchange Act of 1934, as amended and is a member of the Financial Industry Regulatory Authority.

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB") which may require the use of estimates made by management and the evaluation of subsequent events. Actual results may differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Program.

Other matters: The outbreak of the novel coronavirus ("COVID-19") and subsequent global pandemic began significantly impacting the U.S. and global financial markets and economies during the calendar quarter ended March 31, 2020. The worldwide spread of COVID-19 has created significant uncertainty in the global economy. The duration and extent of COVID-19 over the long-term cannot be reasonably estimated at this time. The ultimate impact of COVID-19 and the extent to which COVID-19 impacts the Program's normal course of business, results of operations, investments, and cash flows will depend on future developments, which are highly uncertain and difficult to predict. Management continues to monitor and evaluate this situation.

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM

NOTES TO FINANCIAL STATEMENTS (continued)

Investment income: Securities 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 underlying mutual funds are recorded on the ex-dividend date. Income distributions from underlying mutual funds are included in total investment income and gain distributions are included in net increase in fair value of investments. Realized gains and losses are based upon the specific identification method.

Income tax: No provision for federal income tax has been recorded. The Program is designed to constitute a qualified ABLE program under Section 529A of the Code and does not expect to have any unrelated business income subject to tax.

Units: The beneficial interests for each account owner ("Account Owner") in the Options are represented by Program units. Subscriptions and redemptions are recorded upon receipt of Account Owner's instructions in good order, based on the next determined net position value per unit ("Unit Value"). Unit Values for each Option are determined at the close of business of the New York Stock Exchange. The Unit Value for financial reporting purposes may differ from the Unit Value for processing transactions. The Unit Value for financial reporting purposes includes security and shareholder transactions through the date of this report. There are no distributions of net investment gains or net investment income to the Option's Account Owners or beneficiaries.

Subscriptions and Redemptions: Subscriptions on the Statement of Changes in Fiduciary Net Position include any subscriptions to the Program made by Account Owners and any exchanges within the Program that result in a reinvestment of assets. Redemptions on the Statement of Changes in Fiduciary Net Position include any redemptions from the Program made by Account Owners and any exchanges within the Program that result in a withdrawal and subsequent reinvestment of assets.

Note 2 – Valuation of Investments

Fair value measurements are grouped categorically into three levels, as defined by the GASB. The levels are defined as follows:

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, credit spreads, etc.)
- Level 3 – significant unobservable inputs (including the Program's own 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.

A description of the valuation techniques applied to the Program's major categories of investments follows:

Investments in registered investment companies: These investments are valued at their published net asset value on the valuation date. These investments are categorized in Level 1 of the fair value hierarchy.

Funding Agreements: The Funding Agreements, to which the Conservative Portfolio and Moderate Portfolio allocate assets, are considered a nonparticipating interest-earning investment contract and are accounted for at cost. Because the Funding Agreements are valued at cost, they are not included in the fair value hierarchy.

FDIC-Insured Portfolio: The TIAA Bank FDIC-Insured Savings Account ("Savings Account") to which the FDIC-Insured Portfolio allocates assets, is considered a non-participating interest-earning investment contract and is accounted for at cost. Because the Savings Account is valued at cost, it is not included in the fair value hierarchy.

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM

NOTES TO FINANCIAL STATEMENTS (continued)

Note 3 – Program Fees

For its services in administering the Program, each Option pays to the Board a State administrative fee at an annual rate of 0.44% of the average daily net assets of the Option. Currently the 0.44% State administrative fee for the FDIC-Insured Option is being waived by the Board.

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

All Accounts are subject to the annual maintenance fee of \$37. While this is not a fund expense, a pro-rated portion of the annual maintenance fee will be deducted proportionately from each investment Option in which you are invested on a monthly basis.

The Options are not charged with management fees, but Advisors is paid investment management fees on the underlying investments in the Funds (with the exception of the FDIC-Insured Option).

Note 4 – Investments

Cash deposits: Cash deposits at June 30, 2021 were covered by federal depository insurance coverage.

Investments: As of June 30, 2021, net unrealized appreciation (depreciation) of portfolio investments was \$3,242,004 consisting of gross unrealized appreciation of \$3,361,395 and gross unrealized depreciation of \$119,391.

As of June 30, 2021, the Program's investments consist of the following:

	<u>Units</u>	<u>Cost</u>	<u>Value</u>
TIAA-CREF Funds (Institutional Class):			
Bond Index Fund	944,240	\$ 10,779,857	\$ 10,660,465
Emerging Markets Equity Index Fund	102,194	1,258,166	1,461,377
Equity Index Fund	437,292	11,401,814	13,988,961
Inflation-Linked Bond Fund	210,474	2,548,164	2,599,352
International Equity Index Fund	184,193	3,733,160	4,253,010
TIAA Bank:			
FDIC-Insured Savings Account	18,776,066	18,776,066	18,776,066
TIAA-CREF Life Insurance Company:			
Funding Agreements	2,989,105	2,989,105	2,989,105
		<u>\$ 51,486,332</u>	<u>\$ 54,728,336</u>

Note 5 – Investment Risks

Certain investments are subject to a variety of investment risks based on the amount of risk in the underlying funds. GASB requires that entities disclose certain essential risk information about deposits and investments. All of the Program's Options are uninsured, unregistered and are held by a custodian in the Program's name.

Investment Policy: The Program does not have specific investment policies which address credit, interest rate, foreign currency or custodial credit risk. The Program's Options are managed based on specific investment objectives and strategies which are disclosed in the Program's current Disclosure Booklet.

Custodial credit risk: Custodial credit risk represents the potential inability of a custodian to return the Program's deposits and investments in the event of a failure. An Account Owner has an investment in a Option and not a direct investment in any Fund or other investment vehicle to which funds in that Option may be allocated. Because of this ownership structure, the custodial credit risk is mitigated.

Credit risk: The Funds investing primarily in fixed income securities are subject to credit risk. Credit risk refers to the ability of the issuer to make timely payments of interest and principal. The Funds do not carry a formal credit quality rating. The Funding Agreement is a guaranteed insurance product issued by TIAA Life. TIAA Life had a Standard & Poor's credit rating of AA+ at June 30, 2021. The Savings Account is an interest-bearing custodial account at TIAA Bank and it is an investment of the FDIC-Insured Option.

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM

NOTES TO FINANCIAL STATEMENTS (concluded)

Interest rate risk: Interest rate risk represents exposure to changes in the fair value of investments due to volatility in interest rates. At June 30, 2021, the average maturities for the fixed income mutual funds are as follows:

<u>Investment</u>	<u>Value</u>	<u>Weighted Average Maturity</u>
TIAA-CREF Funds (Institutional Class):		
Bond Index Fund	\$ 10,660,465	8.41 years
Inflation-Linked Bond Fund	2,599,352	5.00 years

Investments in the FDIC-Insured Portfolio are FDIC insured up to \$250,000, subject to certain FDIC limits and restrictions.

Foreign currency risk: Foreign currency risk represents exposure to changes in the fair value of investments due to volatility in exchange rates. The Program does not have any direct investment in foreign securities. Certain Program Options allocate assets to Funds that are exposed to foreign currency risk. At June 30, 2021, the value of investments in the Funds that significantly invest in foreign denominated contracts are as follows:

<u>Investment</u>	<u>Value</u>
TIAA-CREF Funds (Institutional Class):	
Emerging Markets Equity Index Fund	\$ 1,461,377
International Equity Index Fund	4,253,010

Note 6 - Guarantees and Indemnifications

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

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SUPPLEMENTAL INFORMATION

The following information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the California's 529A Qualified ABLE Program (the "Program"). It shows financial information relating to the investment Options, which are included in the Program for the period ended June 30, 2021.

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2021

Target Risk Investment Options				
	Conservative Portfolio	Moderate Portfolio	Aggressive Growth Portfolio	Total
ASSETS				
Investments, at value:				
TIAA-CREF Funds:				
Bond Index Fund	\$ 4,405,740	\$ 4,107,959	\$ 2,146,766	\$ 10,660,465
Emerging Markets Equity Fund	179,401	471,604	810,372	1,461,377
Equity Index Fund	1,793,515	4,381,512	7,813,934	13,988,961
Inflation-Linked Bond Fund	1,141,451	984,893	473,008	2,599,352
International Equity Index Fund	520,481	1,370,157	2,362,372	4,253,010
SUBTOTAL	8,040,588	11,316,125	13,606,452	32,963,165
TIAA-CREF Life Insurance Company:				
Funding Agreement	2,468,339	520,766	—	2,989,105
TOTAL INVESTMENTS	10,508,927	11,836,891	13,606,452	35,952,270
Cash	21,647	7	—	21,654
Dividends and interest receivable	8,766	6,732	3,279	18,777
Receivable from securities transactions	3,356	5,880	2,511	11,747
Receivable from Program units sold	13,318	20,585	16,263	50,166
TOTAL ASSETS	10,556,014	11,870,095	13,628,505	36,054,614
LIABILITIES				
Overdraft payable	—	—	2,056	2,056
Accrued administrative fee	3,704	4,201	4,802	12,707
Payable for securities transactions	35,875	19,317	16,572	71,764
Payable for Program units redeemed	293	—	—	293
TOTAL LIABILITIES	39,872	23,518	23,430	86,820
NET POSITION	\$ 10,516,142	\$ 11,846,577	\$ 13,605,075	\$ 35,967,794
UNITS OUTSTANDING	866,963	854,131	871,147	
NET POSITION VALUE PER UNIT	\$ 12.13	\$ 13.87	\$ 15.62	
INVESTMENTS AT COST	\$ 10,123,251	\$ 10,819,270	\$ 11,767,745	\$ 32,710,266

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2021

**FDIC-Insured
Investment Option**

	FDIC-Insured Portfolio	Total
ASSETS		
Investments, at value:		
TIAA Bank:		
TIAA Bank FDIC-Insured Savings Account	\$ 18,776,066	\$ 18,776,066
TOTAL INVESTMENTS	18,776,066	18,776,066
Dividends and interest receivable	83	83
Receivable from securities transactions	18,291	18,291
Receivable from Program units sold	45,257	45,257
TOTAL ASSETS	18,839,697	18,839,697
LIABILITIES		
Payable for securities transactions	45,340	45,340
Payable for Program units redeemed	18,291	18,291
TOTAL LIABILITIES	63,631	63,631
NET POSITION	\$ 18,776,066	\$ 18,776,066
UNITS OUTSTANDING	1,864,362	
NET POSITION VALUE PER UNIT	\$ 10.07	
INVESTMENTS AT COST	\$ 18,776,066	\$ 18,776,066

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

Target Risk Investment Options

	Conservative Portfolio	Moderate Portfolio	Aggressive Growth Portfolio	Total
ADDITIONS				
Subscriptions	\$ 7,329,648	\$ 7,081,935	\$ 7,765,205	\$ 22,176,788
Increase from investment operations:				
Interest	21,789	4,589	—	26,378
Dividends from underlying funds	107,697	135,004	136,058	378,759
Realized gain distributions from underlying funds	21,656	18,127	8,354	48,137
Net unrealized appreciation on underlying fund shares	298,754	928,718	1,794,064	3,021,536
Net realized gain on investments in underlying fund shares	118,255	269,922	345,066	733,243
Net increase from investment operations	568,151	1,356,360	2,283,542	4,208,053
TOTAL ADDITIONS	\$ 7,897,799	\$ 8,438,295	\$ 10,048,747	\$ 26,384,841
DEDUCTIONS				
Redemptions	\$ 1,944,492	\$ 1,443,941	\$ 1,378,763	\$ 4,767,196
Expenses:				
Administrative fee, net	31,925	35,287	38,724	105,936
Total expenses	31,925	35,287	38,724	105,936
TOTAL DEDUCTIONS	\$ 1,976,417	\$ 1,479,228	\$ 1,417,487	\$ 4,873,132
NET POSITION				
Net increase in fiduciary net position	5,921,382	6,959,067	8,631,260	21,511,709
Beginning of year	4,594,760	4,887,510	4,973,815	14,456,085
End of year	\$ 10,516,142	\$ 11,846,577	\$ 13,605,075	\$ 35,967,794

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

		FDIC-Insured Investment Option	
		FDIC-Insured Portfolio	Total
ADDITIONS			
Subscriptions		\$ 14,988,897	\$ 14,988,897
Increase from investment operations:			
Interest		3,950	3,950
Net realized gain on investments in underlying fund shares		17,245	17,245
Net increase from investment operations		21,195	21,195
TOTAL ADDITIONS		<u>\$ 15,010,092</u>	<u>\$ 15,010,092</u>
DEDUCTIONS			
Redemptions		\$ 4,620,648	\$ 4,620,648
Expenses:			
Administrative fee		57,850	57,850
Total expenses		57,850	57,850
Less: Administrative fee waiver		\$ (57,850)	\$ (57,850)
TOTAL DEDUCTIONS		<u>\$ 4,620,648</u>	<u>\$ 4,620,648</u>
NET POSITION			
Net increase in fiduciary net position		10,389,444	10,389,444
Beginning of year		8,386,622	8,386,622
End of year		<u>\$ 18,776,066</u>	<u>\$ 18,776,066</u>



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 California's 529A Qualified ABLE Program

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 California's 529A Qualified ABLE Program, which comprise the statement of fiduciary net position as of June 30, 2021, 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 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the California's 529A Qualified ABLE Program's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the California's 529A Qualified ABLE Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the California's 529A Qualified ABLE Program'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 California's 529A Qualified ABLE Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 1, 2021