



CalABLE

CALIFORNIA'S 529A QUALIFIED ABLE PROGRAM
(A Fiduciary Fund of The State of California)

**BASIC FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION
June 30, 2025**

(With Independent Auditor's Report Thereon)

CalABLE – California’s 529A Qualified ABLE Program
(A Fiduciary Fund of The State of California)

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1 – 3
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)	7 – 10
BASIC FINANCIAL STATEMENTS	
Statement of Fiduciary Net Position	12
Statement of Changes in Fiduciary Net Position	12
Notes to Financial Statements	14 – 22
SUPPLEMENTARY INFORMATION	
Schedule of Fiduciary Net Position by Investment Option	24 – 25
Statement of Changes in Fiduciary Net Position by Investment Option	26 – 27
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	28 – 29



INDEPENDENT AUDITOR'S REPORT

Members of the California ABLE Act Board and Vestwell State Savings, LLC
California's 529A Qualified ABLE Program

Report on the Audit of the Basic Financial Statements

Opinion

We have audited the accompanying Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position of **California's 529A Qualified ABLE Program** (the Program) as of and for the year ended June 30, 2025, and the related Notes to the Financial Statements, which collectively comprise the Program's Basic Financial Statements.

In our opinion, the Basic Financial Statements present fairly, in all material respects, the fiduciary net position of the Program as of June 30, 2025, 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 (U.S. GAAP).

Basis for Opinion

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

Emphasis of Matter – Other

As disclosed in Note 1, the Program is a fiduciary fund of the State of California. Assets of the Program are held in the California ABLE Program Trust (the Trust), for which the California ABLE Act Board (the Board) serves as Trustee. The Trust consists of two funds – the Program Fund and the Administrative Fund. The Program Fund is the fund in which all contributions received for the benefit of account owners are held and invested and from which withdrawals are paid as directed by account owners or their authorized legal representatives. The Administrative Fund is the fund in which resources are accumulated to be used by the Board to pay expenses necessary for the administration of the Program, subject to appropriation. These Basic Financial Statements present only the balances held in the Program Fund and transactions occurring within the Program Fund, and do not purport to, and do not, present fairly the fiduciary net position or changes in fiduciary net position of the Trust, the Administrative Fund, any other funds administered by the Board or any other fiduciary funds of the State of California as of and for the year ended June 30, 2025. Our opinion is not modified with respect to this matter.

Report on the Audit of the Basic Financial Statements (Continued)

Responsibilities of Management for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of the Basic Financial Statements in accordance with U.S. GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of Basic Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Basic Financial Statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Basic Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Basic Financial Statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Basic Financial Statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Basic Financial Statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern for a reasonable period of time.

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

Report on the Audit of the Basic Financial Statements (Continued)

Required Supplementary Information

U.S. GAAP requires that Management's Discussion and Analysis on pages 7 through 10 be presented to supplement the Basic Financial Statements. Such information is the responsibility of management and, although not a part of the Basic Financial Statements, is required by the Governmental Accounting Standards Board as it is considered 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 U.S. GAAS, 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Program's Basic Financial Statements. The Schedule of Fiduciary Net Position by Investment Option and the Schedule of Changes in Fiduciary Net Position by Investment Option on pages 24 through 27 are presented for purposes of additional analysis and are not a required part of the Basic Financial Statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the Basic Financial Statements. The information in these schedules 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 U.S. GAAS. In our opinion, the information in these schedules is fairly stated, in all material respects, in relation to the Basic Financial Statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2025, on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 Program's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Landmark PLC". The signature is written in a cursive, flowing style.

Little Rock, Arkansas
August 29, 2025

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Management's Discussion and Analysis
(Unaudited)

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California's 529A Qualified ABLE Program
(A Fiduciary Fund of The State of California)

Management's Discussion and Analysis
(Unaudited)
June 30, 2025

California's 529 Qualified ABLE Program (the Program) is a tax-advantaged savings program authorized by the laws of the State of California (the State), Welfare and Institutions Code Section 4875, et. Seq (the Enabling Law), designed to help eligible individuals save for disability-related expenses without jeopardizing their eligibility for federal and state benefits. 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. The Program operates under the overall direction and supervision of the California ABLE Act Board (the Board), and assets are held in the California ABLE Program Trust (the Trust), for which the Board serves as Trustee.

This discussion and analysis summarizes the Program's financial performance as of and for the year ended June 30, 2025, with comparative information for the year ended June 30, 2024. This discussion and analysis, which is supplementary information required by the Governmental Accounting Standards Board (GASB), is intended to provide a highly summarized overview of the Program's assets, liabilities, fiduciary net position and changes in fiduciary net position. Readers should consider the information presented in this discussion and analysis in conjunction with the Program's financial statements and notes thereto (collectively, the "Basic Financial Statements"). In addition, readers may find useful the supplementary information on pages 24 through 27, which includes information about the Investment Options offered to account owners.

Financial Highlights

The Program offers eight Investment Options - seven Target Risk Investment Options and the FDIC-Insured Investment Option. The following table summarizes returns for the Investment Options during the years ended June 30, 2025 and 2024:

	<u>Year Ended June 30, 2025</u>	<u>Year Ended June 30, 2024</u>
Target Risk Investment Options		
Income Portfolio	6.01%	5.21% ⁽¹⁾
Conservative Portfolio	8.43%	6.80%
Income and Growth Portfolio	10.33%	10.96% ⁽¹⁾
Balanced Portfolio	11.21%	10.53%
Conservative Growth Portfolio	12.12%	14.13% ⁽¹⁾
Moderate Growth Portfolio	14.23%	15.20%
Growth Portfolio	16.30%	20.69% ⁽¹⁾
FDIC-Insured Investment Option		
FDIC-Insured Portfolio	1.95%	2.09%

⁽¹⁾ This portfolio commenced on August 21, 2023. Returns presented are for the period from August 21, 2023 through June 30, 2024.



CalABLE

California's 529A Qualified ABLE Program

(A Fiduciary Fund of The State of California)

Management's Discussion and Analysis

(Unaudited)

June 30, 2025

Financial Highlights *(Continued)*

The Program's fiduciary net position increased from \$148.9 million at June 30, 2024, to \$203.5 million at June 30, 2025, an increase of approximately \$54.6 million, or 36.6%, from June 30, 2024 to June 30, 2025.

During the years ended June 30, 2025 and 2024, contributions exceeded withdrawals by \$40.7 million and \$30.4 million, respectively.

During the year ended June 30, 2025, the Program earned net investment income totaling \$14.9 million, compared to \$10.8 million earned during the year ended June 30, 2024.

Overview of the Basic Financial Statements

The Program 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 Program'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 GASB, as applicable to fiduciary fund types. Accordingly, the Program's Basic Financial Statements are prepared using the economic resources measurement focus and accrual basis of accounting.

The Basic Financial Statements include the Statement of Fiduciary Net Position, the Statement of Changes in Fiduciary Net Position and the Notes to the Financial Statements. The Statement of Fiduciary Net Position presents information on the Program's assets and liabilities, with the difference between the two representing fiduciary net position held in trust for the benefit of account owners. The Statement of Changes in Fiduciary Net Position presents information showing how the Program'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 the Basic Financial Statements for some items that will result in cash flows in future fiscal years. The Notes to the Financial Statements provide additional explanatory information about the amounts presented in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

Account owners or their authorized legal representatives are able to direct investment of their contributions into one or more Investment Options, each of which is invested in one or more mutual funds or an FDIC-insured custodial account.



California's 529A Qualified ABL Program

(A Fiduciary Fund of The State of California)

Management's Discussion and Analysis

(Unaudited)

June 30, 2025

Overview of the Basic Financial Statements (Continued)

Contributions are recognized when received, provided enrollment in the Program has been successfully completed, and withdrawals are recognized when the withdrawal request has been received and approved for payment.

Effective August 19, 2023, all accounts became subject to an Annual Maintenance Fee of \$30, which is accrued quarterly. In addition, each Investment Option is subject to a State Administration Fee of 28 basis points (0.28%) and a Program Management Fee of 10 basis points (0.10%), except that the FDIC-Insured Portfolio is not subject to the Program Management Fee. The State Administration Fee and the Program Management Fee are calculated based on the average net position (net assets) in each Investment Option and accrue daily.

Mutual funds are reported at fair value, and 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.

Financial Analysis

Fiduciary Net Position

The following are condensed Statements of Fiduciary Net Position as of June 30, 2025 and 2024:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Total assets	\$ 204,950,727	\$ 149,370,157
Total liabilities	<u>1,481,678</u>	<u>440,019</u>
Fiduciary net position held in trust	<u>\$ 203,469,049</u>	<u>\$ 148,930,138</u>

Fiduciary net position represents cumulative contributions since the Program's inception, increased (decreased) by net investment income (losses), and decreased by withdrawals, account fees and administrative fees.

At June 30, 2025 and 2024, mutual funds and the FDIC-insured custodial account comprise over 99% of the Program's total assets. Other assets include receivables from securities sold and contributions that have been received by the Program Manager from account owners or their authorized legal representatives, but not yet invested in the underlying mutual funds or the FDIC-insured custodial account. Liabilities consist of payables for securities purchased, payables for withdrawals, accrued Annual Maintenance Fees and accrued administrative fees.



CalABLE

California's 529A Qualified ABL Program

(A Fiduciary Fund of The State of California)

Management's Discussion and Analysis

(Unaudited)

June 30, 2025

Financial Analysis *(Continued)*

Changes in Fiduciary Net Position

The following are condensed Statements of Changes in Fiduciary Net Position for the years ended June 30, 2025 and 2024:

	Year Ended June 30, 2025	Year Ended June 30, 2024
Net Program contributions	\$ 40,682,681	\$ 30,421,499
Net investment income	14,867,575	10,842,565
Administrative fees	(600,724)	(425,555)
Annual Maintenance Fees	(410,621)	(311,898)
Increase in fiduciary net position	54,538,911	40,526,611
Fiduciary net position held in trust - beginning of year	148,930,138	108,403,527
Fiduciary net position held in trust - end of year	<u>\$ 203,469,049</u>	<u>\$ 148,930,138</u>

Basic Financial Statements



CalABLE

California's 529A Qualified ABLE Program
(A Fiduciary Fund of The State of California)

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2025

ASSETS

Investments	\$ 203,866,679
Receivable from Program Manager	88,401
Receivables from securities sold	995,647
Total Assets	<u>204,950,727</u>

LIABILITIES

Payables for securities purchased	1,121,710
Withdrawals payable	88,429
Accrued administrative fees	166,019
Accrued Annual Maintenance Fees	105,520
Total Liabilities	<u>1,481,678</u>

FIDUCIARY NET POSITION HELD IN TRUST	<u>\$ 203,469,049</u>
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STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2025

ADDITIONS

Contributions	\$ 67,085,661
Net investment income	14,867,575
Total Additions	<u>81,953,236</u>

DEDUCTIONS

Withdrawals	26,402,980
Administrative fees	600,724
Annual Maintenance Fees	410,621
Total Deductions	<u>27,414,325</u>

NET INCREASE	54,538,911
FIDUCIARY NET POSITION HELD IN TRUST - BEGINNING OF YEAR	<u>148,930,138</u>
FIDUCIARY NET POSITION HELD IN TRUST - END OF YEAR	<u>\$ 203,469,049</u>

See accompanying notes to financial statements.

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California's 529A Qualified ABLE Program
(A Fiduciary Fund of The State of California)

Notes to Financial Statements
June 30, 2025

NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS

The Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 (the ABLE Act), added Section 529A to the Internal Revenue Code of 1986, as amended (Section 529A), which allows eligible individuals with blindness or qualifying disabilities a means to save for disability-related expenses in a tax-advantaged way, without jeopardizing their benefits from assistance programs like Social Security or Medicaid. Section 529A allows the creation of a "qualified ABLE program" by a state under which a separate ABLE account may be established for an eligible individual who is both the designated beneficiary and owner of that account.

California's 529 Qualified ABLE Program (the Program) is a tax-advantaged savings program authorized by the laws of the State of California (the State), Welfare and Institutions Code Section 4875, et. Seq (the Enabling Law). 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.

The California ABLE Act Board (the Board) is responsible for administration and oversight of the Program. The members of the Board consist of the California State Treasurer (Board Chairperson), Director of Finance, Controller, Director of Developmental Services, Chairperson of the State Council on Developmental Disabilities, Director of Rehabilitation, and Chairperson of the State Independent Living Council, or their respective designees. Pursuant to the Enabling Law, assets of the Program are held for the benefit of account owners in the California ABLE Program Trust (the Trust), for which the Board serves as Trustee, and cannot be used to support other governmental programs.

Vestwell State Savings LLC (Vestwell) serves as Program Manager and is responsible for providing administrative and recordkeeping services for the Program under the direction of the Board. Vestwell and the Board have entered into a contract (the Management Agreement) that specifies the services that Vestwell and its subcontractors, including The Bank of New York Mellon Corporation (BNY) and its affiliates, are to provide to the Program. BNY serves as custodian for the Program. Meketa Investment Group, Inc. serves as investment consultant, providing investment management advisory and related services to the Board for the Program, which include recommending the underlying investments for each of the Program's Investment Options and monitoring the Investment Options in accordance with an investment policy statement approved by the Board.



California's 529A Qualified ABLE Program
(A Fiduciary Fund of The State of California)

Notes to Financial Statements
June 30, 2025

NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Account owners or their authorized legal representatives may direct investment of their contributions into one or more Investment Options offered by the Program. The Investment Options offered as of June 30, 2025 include seven Target Risk Investment Options and an FDIC-Insured Option. The Target Risk Investment Options invest in mutual funds according to an asset allocation strategy approved by the Board. The FDIC-Insured Investment Option invests solely in a FDIC-insured custodial account with BNY. Balances in the FDIC-Insured Portfolio are insured by the FDIC on a pass-through basis to each account owner, up to the maximum amount allowable under federal law. Collectively, the mutual funds and the FDIC-insured custodial account are hereinafter referred to as "the Underlying Funds."

Pursuant to the Enabling Law, the Board has established within the Trust two separate funds – the Program Fund and the Administrative Fund. The Program Fund is the fund in which all account owner contributions are deposited and invested into the Underlying Funds, and from which withdrawals are paid. The Administrative Fund is the fund in which resources are accumulated for the purpose of paying costs associated with administration of the Program, subject to appropriation.

These Basic Financial Statements pertain only to the balances and transactions of the Program, which are accounted for in the Program Fund. They are not intended to, and do not, present balances and transactions of the Administrative fund, the Trust as a whole or any other fiduciary funds of the State.

For more details about the Program, readers should refer to the *California's 529A Qualified ABLE Program – Program Disclosure and Participation Agreement* and any related supplements available on the Program's website (<https://www.calable.ca.gov>).

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 Basic Financial Statements are prepared using the flow of economic resources measurement focus and accrual basis of accounting.

The preparation of the Basic Financial Statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.



California's 529A Qualified ABLE Program
(A Fiduciary Fund of The State of California)

Notes to Financial Statements
June 30, 2025

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Mutual funds are reported at fair value, based on the net asset value per share at the close of the New York Stock Exchange (NYSE) and are thus categorized in Level 1 of the fair value hierarchy. The fair value standards are not applicable to the FDIC-insured custodial account held at BNY since it is reported at cost, rather than fair value.

(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 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."

Interest on the FDIC-insured custodial account is accrued daily and credited by BNY on the last business day of each month, based on the average daily balance on deposit during the month, and is net of the State Administration Fee (see Note 4). The interest rate on the FDIC-insured custodial account is the Federal Reserve's Interest On Bank Reserves (IBOR), less 44 basis points (0.44%) times 0.5. If the interest rate on the FDIC-insured custodial account for any month is less than or equal to the State Administration Fee for that month, the net interest accrual for such month will be zero, and the Board will waive the portion of the State Administration Fee that exceeds such interest rate so that the State Administration Fee will not cause a negative return on amounts contributed to the FDIC-Insured Portfolio.



California's 529A Qualified ABLÉ Program
(A Fiduciary Fund of The State of California)

Notes to Financial Statements
June 30, 2025

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Contributions

Individuals meeting eligibility requirements or their authorized legal representatives may execute a participation agreement with the Program and establish an account to which cash contributions may be made, subject to certain minimum contribution requirements and limitations on the aggregate account balance and on the annual amount of contributions that may be made. Contributions received by the Program Manager prior to the close of the NYSE are recorded as increases in fiduciary net position on the date they are received, provided that all related documentation is found to be in good order.

Contributions may be invested in one or more of the following Investment Options: Income Portfolio, Conservative Portfolio, Income and Growth Portfolio, Balanced Portfolio, Conservative Growth Portfolio, Moderate Growth Portfolio, Growth Portfolio and FDIC-Insured Portfolio. The Investment Options are structured for various time horizons and levels of risk tolerance and are designed to allow account owners to have flexibility in managing their asset allocations.

In exchange for contributions to the Program, account owners receive full and/or fractional interests, or units, issued by the Trust. These units are municipal fund securities. Although contributions are invested in Investment Options that hold mutual funds or the FDIC-insured custodial account, the units themselves are not direct investments in the mutual funds or the FDIC-insured custodial account. Except to the extent of FDIC insurance applicable to contributions invested in the FDIC-Insured Portfolio, 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.

In addition, although account owners and their authorized legal representatives can select the Investment Options in which their contributions are invested, they cannot direct the selection or allocation of the Underlying Funds composing each Investment Option.

(e) Withdrawals

An account owner or their authorized legal representative may request withdrawals for qualified or non-qualified disability expenses. It is the responsibility of the account owner or their authorized legal representative to determine whether or not the withdrawal is for qualified disability expenses and to calculate the applicable amount of federal or state tax or penalties for non-qualified withdrawals, if any. Withdrawals are recorded as deductions from fiduciary net position on the date the withdrawal request is found to be in good order.



California's 529A Qualified ABLE Program
(A Fiduciary Fund of The State of California)

Notes to Financial Statements
June 30, 2025

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Exchanges and Transfers

Subject to certain limitations and restrictions, the account owner or their authorized legal representative may generally direct that their account balance be reinvested in one or more different Investment Options twice per calendar year. Transfers of funds between Investment Options are referred to as "exchanges." Under certain conditions, account assets may be transferred from one account owner to another. These transactions are referred to as "transfers." The amounts of contributions and withdrawals reported on the Statement of Changes in Fiduciary Net Position do not include exchanges or transfers, as these transactions have no impact on the overall financial position of the Program.

(g) Unit Value

Unit values for each Investment Option are determined at the close of business of the NYSE. The unit value of each Investment Option is calculated by taking the assets minus its liabilities of an Investment Option and dividing the result by the number of outstanding units of such Investment Option. There are no distributions of interest, dividends, capital gain distributions or net investment income or losses directly to account owners. Interest, dividends, capital gain distributions and net investment income (losses) resulting from the Underlying Funds are reflected as increases (decreases) in the unit value.

(h) Income Taxes

The Program is designed to operate as a qualified ABLE program under Section 529A and does not have any income subject to federal or state income tax.

(i) Guarantees and Indemnifications

Under the Program's organizational documents, each officer, employee or other agent of the Program (including the Program Manager) 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 Board and the Program Manager may enter into contracts related to the operation and administration of the Program that contain a variety of indemnification clauses. The maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Board or the Program Manager that have not yet occurred. However, neither the Board nor the Program Manager has had prior claims or losses pursuant to these contracts, and management of the Program expects the risk of loss to be remote.



California's 529A Qualified ABLE Program
(A Fiduciary Fund of The State of California)

Notes to Financial Statements
June 30, 2025

NOTE 3: INVESTMENTS

(a) Investments by Type

At June 30, 2025, the Program's Underlying Funds are as follows:

Mutual Funds, at fair value:

Fidelity Emerging Markets Index Fund	\$ 8,355,372
Fidelity International Index Fund	20,723,111
Fidelity Long-Term Treasury Bond Index Fund	4,390,274
Fidelity Total Market Index Fund	54,475,239
Fidelity U.S. Bond Index Fund	41,765,027
Schwab Treasury Inflation Protected Securities Index Fund	1,660,895
Vanguard Cash Reserves Federal Money Market Fund Admiral Shares	662,118
Vanguard Emerging Markets Bond Fund Admiral Shares	2,121,009
Vanguard High-Yield Corporate Fund Admiral Shares	2,121,009

Total Mutual Funds	\$ 136,274,054
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FDIC-Insured Custodial Account, at cost:

BNY Interest Bearing Custodial Account	67,592,625
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Total Investments	\$ 203,866,679
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(b) Investment Risk

The mutual funds in which the Program invests include various types of investment securities in their asset holdings, such as corporate debt and equity securities, obligations of the U.S. 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 Program's Basic Financial Statements.

U.S. GAAP requires that certain disclosures be made related to the Program's investment policy and exposure to credit risk, interest rate risk and foreign currency risk, which are included in the paragraphs that follow.



California's 529A Qualified ABL Program
(A Fiduciary Fund of The State of California)

Notes to Financial Statements
June 30, 2025

NOTE 3: INVESTMENTS (Continued)

(b) Investment Risk (Continued)

Investment Policy

The Board has adopted an investment policy statement that describes the responsibilities of the Board and the Program Manager with respect to the Program's investments, identifies permitted investments, and sets forth investment objectives, asset allocation strategies and performance monitoring guidelines applicable to the Program. The investment policy statement does not specifically address credit, interest rate, foreign currency or custodial credit risk. The portfolio options are managed based on specific investment objectives and strategies, which are disclosed in the *California 529A Qualified ABL Program – Program Disclosure Statement and Participation Agreement* and related supplements.

Custodial Credit Risk

Custodial credit is the risk that, in the event of the failure of the counterparty, the Program will not be able to recover the value of an investment that is in the possession of an outside party. Mutual funds are not subject to custodial credit risk because ownership is not evidenced by a transferable financial instrument. The FDIC-insured custodial account is subject to custodial credit risk to the extent that balances in excess of federally insured limits are not collateralized or subject to supplemental insurance; however due to the pass-through nature of FDIC-coverage applicable to this custodial account, the amount of any uninsured or uncollateralized balance is not readily determinable.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Mutual funds that invest primarily in bonds and other fixed income securities (which are identified in the *Interest Rate Risk* table in the following section, indirectly expose the Program to credit risk. The mutual funds in which the Program invests are not rated as to credit quality by a nationally recognized statistical rating organization.

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 bonds and other fixed income securities indirectly expose the Program to interest rate risk. Weighted average maturity, which is a measure of interest rate risk, is the average length of time until fixed-income securities held by a fund reach maturity and will be repaid. In general, the longer the weighted average maturity, the more a mutual fund's share price will fluctuate in response to changes in interest rates. The calculation of weighted average maturity takes into consideration the possibility that the issuer may call the security before



California's 529A Qualified ABLE Program
(A Fiduciary Fund of The State of California)

Notes to Financial Statements
June 30, 2025

NOTE 3: INVESTMENTS (Continued)

(b) Investment Risk (Continued)

Interest Rate Risk (Continued)

its maturity date and the proportion of total fund assets represented by each security. As of June 30, 2025, the fair values and the weighted average maturities for the bond funds in which the Program invests are as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Fidelity Long-Term Treasury Bond Index Fund	\$ 4,390,274	22.0 years
Fidelity U.S. Bond Index Fund	\$ 41,765,027	8.1 years
Schwab Treasury Inflation Protected Securities Index Fund	\$ 1,660,895	7.1 years
Vanguard Cash Reserves Federal Money Market Fund Admiral Shares	\$ 662,118	0.1 years
Vanguard Emerging Markets Bond Fund Admiral Shares	\$ 2,121,009	10.5 years
Vanguard High-Yield Corporate Fund Admiral Shares	\$ 2,121,009	3.5 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 Program does not have any direct investment in foreign currency or foreign securities; however, certain Investment Options may invest in mutual funds that are exposed to foreign currency risk.

NOTE 4: ADMINISTRATIVE FEES, ACCOUNT FEES AND OTHER EXPENSES

(a) Administrative Fees

Administrative fees include State Administration Fees and Program Management Fees, which are described in the paragraphs that follow.

Each Investment Option is subject to a State Administration Fee of 28 basis points (0.28%), which is paid to the Board to support the Board's administrative costs and other expenses of operating and marketing the Program. These fees are calculated based on the average daily net position in each Investment Option, accrued daily and reduce the unit value of that Investment Option.



California's 529A Qualified ABLE Program
(A Fiduciary Fund of The State of California)

Notes to Financial Statements
June 30, 2025

NOTE 4: ADMINISTRATIVE FEES, ACCOUNT FEES AND OTHER EXPENSES (Continued)

(a) Administrative Fees (Continued)

Each Investment Option, excluding the FDIC-Insured Investment Option, is subject to a Program Management Fee of 10 basis points (0.10%), which is paid to the Program Manager as compensation for performing Program management services. These fees are calculated based on the average daily net position in each Investment Option, accrued daily and reduce the unit value of that Investment Option.

Administrative fees related to the year ended June 30, 2025 are as follows:

Program Management Fees	\$	114,544
State Administration Fees		<u>486,180</u>
Total Administrative Fees	\$	<u>600,724</u>

(b) Account Fees

Account fees paid directly by account owners include the Annual Maintenance Fee and certain other transaction fees. These fees are direct expenses of the account owner. The Annual Maintenance Fee is \$30 per account. Other fees may be imposed on the account owner, such as fees for ACH fails, returned checks, annual print and paper mail delivery fees, overnight delivery and re-issue of disbursement checks. These fees are paid to the Program Manager.

(c) Mutual Fund Expenses

Expenses related to management of the mutual funds in which the Program invests reduce the amount of income available for distribution to the Program in the form of dividends and capital gain distributions. These mutual fund expenses are not direct expenses paid from the Program's assets and are not reflected in expenses in the Program's Basic Financial Statements.

(d) Other Administrative Expenses

The Board and the State Treasurer's Office incur certain costs in providing administrative, marketing and oversight services to the Program. These costs, which total \$654,702 for the year ended June 30, 2025, are not paid directly from the Program's assets and are not reported as expenses in the Program's Basic Financial Statements.

Supplementary Information



California's 529A Qualified ABL Program
(A Fiduciary Fund of The State of California)

Schedule of Fiduciary Net Position by Investment Option
June 30, 2025

	Target Risk Investment Options				
	Income Portfolio	Conservative Portfolio	Income and Growth Portfolio	Balanced Portfolio	Conservative Growth Portfolio
ASSETS					
Cash and investments, net ⁽¹⁾	\$ 3,308,222	\$ 25,524,452	\$ 2,980,180	\$ 33,074,284	\$ 3,731,882
Receivable from (payable to) Program Manager	8,554	39,261	20,154	28,796	(483)
Total Assets	<u>3,316,776</u>	<u>25,563,713</u>	<u>3,000,334</u>	<u>33,103,080</u>	<u>3,731,399</u>
LIABILITIES					
Withdrawals payable	3,248	9,767	3,438	9,897	3,687
Accrued administrative fees	2,933	23,145	2,510	29,565	3,189
Accrued Annual Maintenance Fees	2,455	14,053	2,070	8,149	1,643
Total Liabilities	<u>8,636</u>	<u>46,965</u>	<u>8,018</u>	<u>47,611</u>	<u>8,519</u>
FIDUCIARY NET POSITION HELD IN TRUST	<u>\$ 3,308,140</u>	<u>\$ 25,516,748</u>	<u>\$ 2,992,316</u>	<u>\$ 33,055,469</u>	<u>\$ 3,722,880</u>
UNITS OUTSTANDING ⁽²⁾	<u>297,908</u>	<u>1,930,881</u>	<u>245,480</u>	<u>2,054,909</u>	<u>292,101</u>
NET ASSET VALUE PER UNIT ⁽³⁾	<u>\$ 11.10</u>	<u>\$ 13.22</u>	<u>\$ 12.19</u>	<u>\$ 16.09</u>	<u>\$ 12.75</u>

⁽¹⁾ Includes receivables from securities sold, net of payables for investments purchased.

⁽²⁾ Rounded to the nearest whole unit.

⁽³⁾ Rounded to the nearest hundredth.

(Continued)

See Independent Auditor's Report.



California's 529A Qualified ABLE Program
(A Fiduciary Fund of The State of California)

Schedule of Fiduciary Net Position by Investment Option
June 30, 2025

	Target Risk Investment Options		FDIC Insured Investment Option	
	Moderate Growth Portfolio	Growth Portfolio	FDIC-Insured Portfolio	Program Total
ASSETS				
Cash and investments, net ⁽¹⁾	\$ 45,249,793	\$ 22,279,178	\$ 67,592,625	\$ 203,740,616
Receivable from (payable to) Program Manager	35,298	58,779	(101,958)	88,401
Total Assets	<u>45,285,091</u>	<u>22,337,957</u>	<u>67,490,667</u>	<u>203,829,017</u>
LIABILITIES				
Withdrawals payable	15,432	19,814	23,146	88,429
Accrued administrative fees	39,762	18,880	46,035	166,019
Accrued Annual Maintenance Fees	6,526	5,065	65,559	105,520
Total Liabilities	<u>61,720</u>	<u>43,759</u>	<u>134,740</u>	<u>359,968</u>
FIDUCIARY NET POSITION HELD IN TRUST	<u>\$ 45,223,371</u>	<u>\$ 22,294,198</u>	<u>\$ 67,355,927</u>	<u>\$ 203,469,049</u>
UNITS OUTSTANDING ⁽²⁾	<u>2,281,786</u>	<u>1,594,454</u>	<u>67,421,487</u>	
NET ASSET VALUE PER UNIT ⁽³⁾	<u>\$ 19.82</u>	<u>\$ 13.98</u>	<u>\$ 1.00</u>	

⁽¹⁾ Includes receivables from securities sold, net of payables for investments purchased.

⁽²⁾ Rounded to the nearest whole unit.

⁽³⁾ Rounded to the nearest hundredth.

See Independent Auditor's Report.



California's 529A Qualified ABLE Program
(A Fiduciary Fund of The State of California)

Schedule of Changes in Fiduciary Net Position by Investment Option
Year ended June 30, 2025

	Target Risk Investment Options				
	Income Portfolio	Conservative Portfolio	Income and Growth Portfolio	Balanced Portfolio	Conservative Growth Portfolio
ADDITIONS					
Contributions	\$ 1,825,962	\$ 5,402,119	\$ 1,962,220	\$ 6,796,466	\$ 2,126,236
Net investment income	118,041	1,898,696	205,178	3,185,419	304,383
Exchanges in	1,134,136	681,485	353,070	538,672	551,528
Total Additions	<u>3,078,139</u>	<u>7,982,300</u>	<u>2,520,468</u>	<u>10,520,557</u>	<u>2,982,147</u>
DEDUCTIONS					
Withdrawals	558,757	2,857,032	378,333	2,723,674	390,541
Administrative fees	8,113	88,206	7,585	111,747	9,733
Annual Maintenance Fees	7,786	59,967	6,521	33,493	5,380
Exchanges out	360,200	986,377	281,995	1,362,056	304,201
Total Deductions	<u>934,856</u>	<u>3,991,582</u>	<u>674,434</u>	<u>4,230,970</u>	<u>709,855</u>
NET INCREASE	2,143,283	3,990,718	1,846,034	6,289,587	2,272,292
FIDUCIARY NET POSITION HELD IN TRUST - BEGINNING OF YEAR	<u>1,164,857</u>	<u>21,526,030</u>	<u>1,146,282</u>	<u>26,765,882</u>	<u>1,450,588</u>
FIDUCIARY NET POSITION HELD IN TRUST - END OF YEAR	<u>\$ 3,308,140</u>	<u>\$ 25,516,748</u>	<u>\$ 2,992,316</u>	<u>\$ 33,055,469</u>	<u>\$ 3,722,880</u>

(Continued)

See Independent Auditor's Report.



California's 529A Qualified ABLE Program
(A Fiduciary Fund of The State of California)

Schedule of Changes in Fiduciary Net Position by Investment Option
Year ended June 30, 2025

	Target Risk Investment Options		FDIC Insured Investment Option	
	Moderate Growth Portfolio	Growth Portfolio	FDIC-Insured Portfolio	Program Total
ADDITIONS				
Contributions	\$ 9,410,205	\$ 9,876,660	\$ 29,685,793	\$ 67,085,661
Net investment income	5,385,708	2,518,393	1,251,757	14,867,575
Exchanges in	1,197,000	3,116,724	2,229,771	9,802,386
Total Additions	<u>15,992,913</u>	<u>15,511,777</u>	<u>33,167,321</u>	<u>91,755,622</u>
DEDUCTIONS				
Withdrawals	3,040,230	1,626,119	14,828,294	26,402,980
Administrative fees	150,471	59,417	165,452	600,724
Annual Maintenance Fees	25,169	16,933	255,372	410,621
Exchanges out	2,940,523	1,491,355	2,075,679	9,802,386
Total Deductions	<u>6,156,393</u>	<u>3,193,824</u>	<u>17,324,797</u>	<u>37,216,711</u>
NET INCREASE	9,836,520	12,317,953	15,842,524	54,538,911
FIDUCIARY NET POSITION HELD IN TRUST - BEGINNING OF YEAR	<u>35,386,851</u>	<u>9,976,245</u>	<u>51,513,403</u>	<u>148,930,138</u>
FIDUCIARY NET POSITION HELD IN TRUST - END OF YEAR	<u>\$ 45,223,371</u>	<u>\$ 22,294,198</u>	<u>\$ 67,355,927</u>	<u>\$ 203,469,049</u>

See Independent Auditor's Report.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the California ABLE Act Board and Vestwell State Savings, LLC
California's 529A Qualified ABLE Program

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the **California's 529A Qualified ABLE Program** (the Program), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Program's Basic Financial Statements, and have issued our report thereon dated August 29, 2025.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and agreements, noncompliance with which could have a direct and material effect on the Basic 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*.

Members of the California ABLE Act Board and Vestwell State Savings, LLC
California's 529A Qualified ABLE Program

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 Program's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Landmark PLC". The word "Landmark" is written in a cursive script, and "PLC" is written in a more formal, slightly cursive font.

Little Rock, Arkansas
August 29, 2025