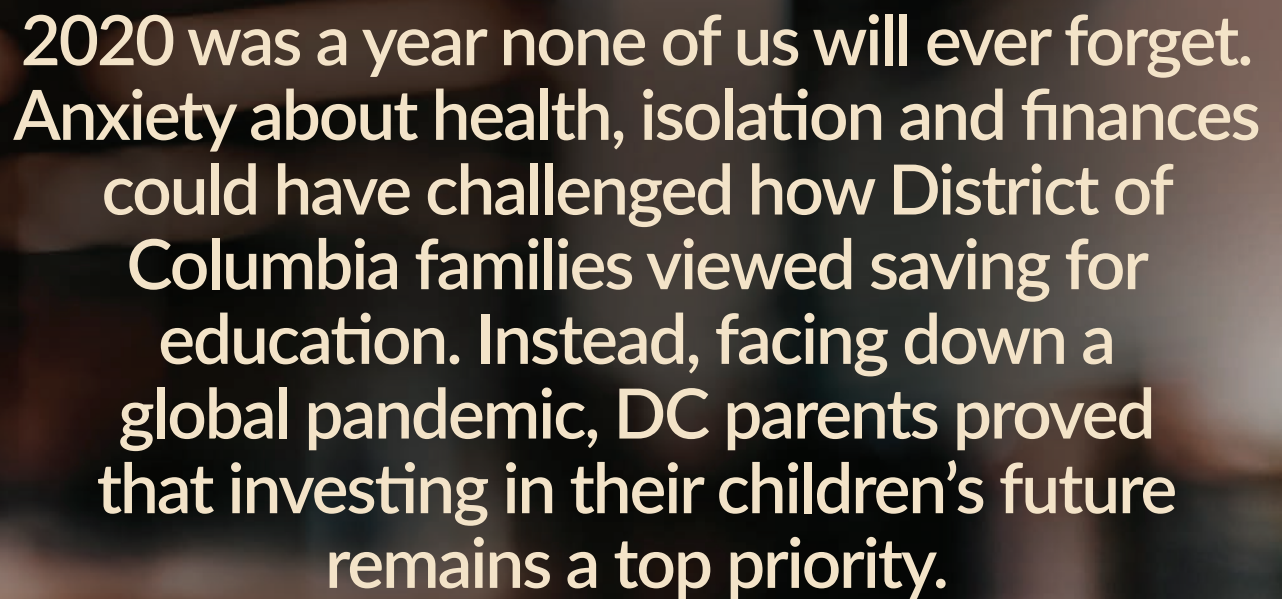




ANNUAL REPORT





2020 was a year none of us will ever forget. Anxiety about health, isolation and finances could have challenged how District of Columbia families viewed saving for education. Instead, facing down a global pandemic, DC parents proved that investing in their children's future remains a top priority.



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EXECUTIVE SUMMARY

Fiscal year 2020 was largely a good year for investors as U.S. equity markets were up 15.2%, international equity markets were also up; emerging markets were up 10.5% and developed markets were up 10.4%. Domestic fixed income markets with the Bloomberg Barclays Aggregate Index returned 7.0%, driven by lower interest rates. Non-U.S. fixed income returned 5.6%.

The D.C. College Savings Plan continued its growth in fiscal year 2020. Fueled mainly by market performance and contributions, assets rose to \$814.3 million from \$691.9 million, an increase of 17.7%. We added 4,129 new accounts. At fiscal year end, the Plan had 31,445 accounts with an average account balance of \$25,896.

Ascensus, the Plan administrator, continued their very effective communication and education campaigns to current and prospective account owners covering a wide range of topics including how to enroll, investment strategies, tax benefits and Ugift (a program that allows friends and family to contribute to any account). These outreach initiatives were communicated using emails, digital and newspaper advertisements.

In fiscal year 2020, Ascensus ensured that all wards of the District were made aware of the D.C. College Savings Plan by holding a combination of workshops and virtual webinars, held in response to the Covid-19 pandemic, at a variety of employer and community sites. In addition, prior to the Covid-19 pandemic, Ascensus staffed information tables at different venues to help raise awareness on the importance of saving for education. In spite of the pandemic, contributions into the plan increased by \$14.7 million or 16.5%. The plan did not experience any significant outflows as withdrawals decreased by 1.4% over fiscal year 2019.

The Office of Finance and Treasury regularly reviews the performance of the funds with our independent consulting firm, Meketa Investment Group. The operations of the Plan and its assets are examined each year by an independent accounting firm. For the fifteenth consecutive year, the Plan received an unqualified (clean) opinion from the auditor, BCA Watson Rice. The audited financial statements are included in this report as an appendix.

We hope the information in this report helps you gain a better understanding of the District's College Savings Plan, as well as the oversight performed on an ongoing basis by the Office of Finance and Treasury. We will continue to manage the Plan prudently for our participants.

Plan Highlights

Pay your Apprenticeship Programs and Student Loan Repayments from your 529 College Savings Account

Effective for distributions beginning January 1, 2019, the new Federal Tax Law expanded College Savings Plans to include the earnings portion of a distribution from an account in a 529 plan. Under this Tax Law 529 distributions used for the following expenses will not be subject to federal income tax:

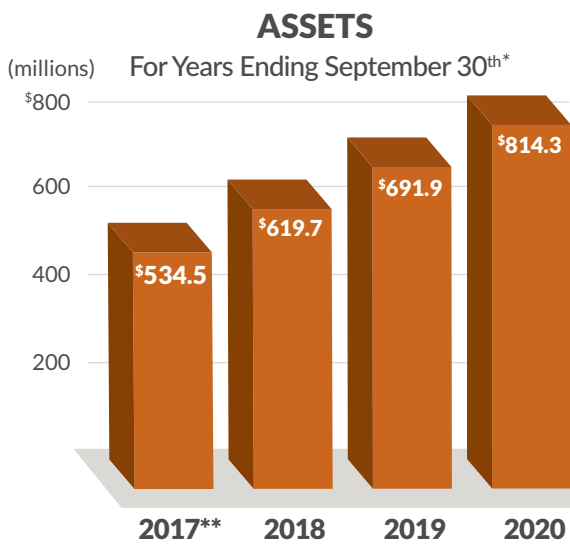
- **Apprenticeship Programs.** Fees, books, supplies, and equipment required for the participation of a designated beneficiary in an apprenticeship program registered and certified with the Secretary of Labor under section 1 of the National Apprenticeship Act (29 U.S.C. 50).
- **Loan Repayments.** Principal or interest on any qualified education loan (as defined in section 221(d) of the Internal Revenue Code) of the designated beneficiary or a sibling of the designated beneficiary, up to a lifetime limit of \$10,000 per individual. Note, if you make an Education Loan Repayment from your Account, Section 221(e) (1) of the Code provides that you may not also take a federal income tax deduction for any interest included in that Education Loan Repayment.

Assets

Assets under management in the DC College Savings Plan reached \$814.3 million in fiscal year 2020, a growth rate of 17.7% over fiscal year 2019.

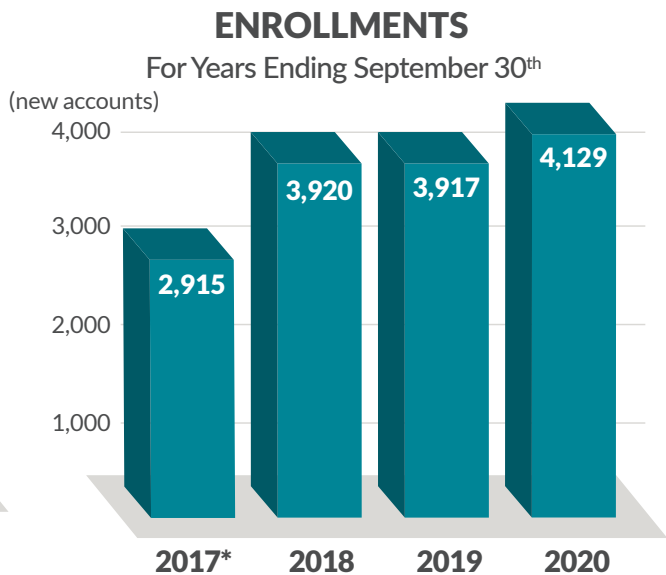
Enrollment

In fiscal year 2020, we added 4,129 new accounts. Our Community and Employer Outreach efforts helped grow Plan awareness inside the District.



*Assets does not include receivable due to the District.

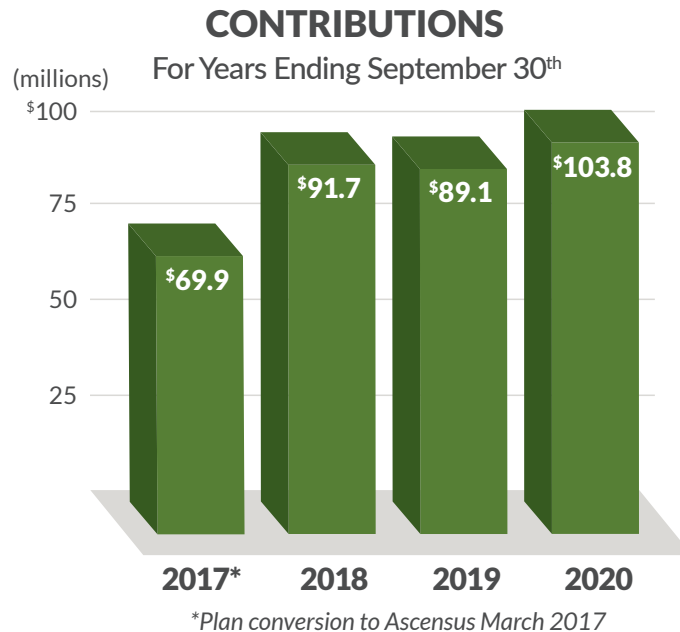
**Plan conversion to Ascensus March 2017



*Plan conversion to Ascensus March 2017

Contributions

Contributions to current and new participant accounts in 2020 totaled \$103.8 million. A strong sales team and consistent broad messaging helped drive brand awareness and sales.



Access

An important aspect of the DC College Savings Plan is making all D.C. residents, regardless of socioeconomic background, aware of the affordability of higher education. It is worth noting that 2020 was an unprecedented year and due to the pandemic related restrictions, the volume of in-person events decreased as we shifted to a virtual model. However, our Community Outreach and Marketing efforts continued in Ward 8, which has the lowest per capita income in the District, and correspondingly, the fewest DC College Savings Plan participants. In addition, events transitioned to virtual sessions throughout the year, in all Wards. Overall, Ward 8 led the Community-based activity efforts and Ward 6 led for the highest Employer-based outreach efforts.

We expect to continue our virtual offerings well into 2021 and will reincorporate in-person events when appropriate. In the meantime, our focus remains on reaching all DC residents and the DC College Savings Plan team will continue to pursue every opportunity to ensure all families can learn about the benefits to saving for higher education and K-12 tuition expense at private, public or parochial schools, vocation and trade schools, apprenticeship programs and the payments of student loans. Dates of all events and registration for our virtual offerings can be found on the DC College Savings Plan website: www.dc529.com.

Ugift® – Give College Savings

Ugift is an easy, free-to-use service that lets family and friends give the meaningful gift of money into a DC College Savings Plan account. Saving for college can take a village, and Ugift makes it easy for Account Owners to get help from their network of family and friends. Instead of giving toys, clothes, or other traditional gifts that a child will outgrow, gift givers get the satisfaction of knowing that their generosity can make a lasting impression. Total Ugift contributions in fiscal year 2020 totaled \$3,010,922.

Upromise®

Upromise® is a free service that helps families save for college. Upromise provides unique opportunities for members to earn cash back rewards for everyday activities such as shopping, dining, paying with the Upromise® Mastercard® and more. By the end of fiscal year 2020, DC College Savings Plan Account Owners added over \$22,165 in Upromise savings to their accounts.



The DC College Savings Plan is designed to offer various alternatives to meet the risk tolerance and investment objective of most investors. Participants have the option to choose one or any combination of the following three tiers of investment options:

1. The **Year of Enrollment Portfolios**, provides a low-cost, diversified investment allocation, which becomes more conservative as the beneficiary approaches their enrollment date.

Within the Year of Enrollment Portfolios, there are seven portfolios, with asset allocations designed to be appropriate for a certain number of years until the beneficiary is enrolled in college. The further the beneficiary is from enrollment, the greater the equity exposure. Every six months, the Year of Enrollment Portfolios will decrease the equity exposure and increase the fixed income or cash preservation exposure. All the underlying investments are passively managed (track specific indexes) to keep expenses low.

2. The **Individual Portfolios** are a diverse group of investment options which you can use to create your personal investment allocation mix by investing in one or more of the Portfolios.

In the Individual Portfolios, there are eight Investment Options with a diverse range of investment strategies. The portfolio strategies include Passively Managed (index tracking) and Actively Managed (Manager determines allocation mix), Domestic and International Fixed Income Options, Domestic and International Equity Options, and even Domestic and International Socially Conscious Options.

3. The **Principal Protected Portfolio** focuses on protecting the principal you invest, by allocating your contributions and earnings to a Funding Agreement issued by Ameritas Life Insurance Corp. to the District of Columbia Section 529 Plan Trust. The current Funding Agreement provides interest credited daily at a minimum annual effective rate of interest of 1%, and provides the opportunity for additional interest. The principal and the stated interest rate are insured by the contract provided by Ameritas Life Insurance Corp¹.

The Principal Protected Portfolio provides an option for those whose primary investment objective is the protection of the principal they invest. This Portfolio can also be used along with the Individual Portfolios in creating a personal diversified investment allocation mix.

Please reference the Program Disclosure Booklet for more details.

¹Accumulations (including contributions and earnings) under the Funding Agreement for the Principal Protected Portfolio credited to the Plan are subject to the claims-paying ability of Ameritas Life Insurance Corp.

Performance Summary of Investment Options

Performance as of 9/30/2020

Total Market Value: \$814,152,053

Fund Name	Market Value	% of Plan	3 Months	YTD	1 Year	3 Year	Inception	Inception Date
Year of College Enrollment Portfolios								
DC College Savings 2037 Portfolio	\$9,069,446	1.13%	6.22%	1.13%	7.39%		7.11%	09/06/19
<i>DC Custom 2037 Benchmark</i>			6.30%	0.75%	7.31%		6.96%	09/06/19
DC College Savings 2034 Portfolio	\$65,859,134	8.18%	5.30%	2.50%	7.64%	6.91%	8.00%	03/24/17
<i>DC Custom 2034 Benchmark</i>			5.33%	1.79%	7.23%	7.08%	8.20%	03/24/17
DC College Savings 2031 Portfolio	\$73,931,334	9.18%	4.39%	3.47%	7.54%	6.50%	7.34%	03/24/17
<i>DC Custom 2031 Benchmark</i>			4.37%	2.70%	7.04%	6.66%	7.51%	03/24/17
DC College Savings 2028 Portfolio	\$80,150,117	9.96%	3.40%	3.91%	6.94%	5.93%	6.50%	03/24/17
<i>DC Custom 2028 Benchmark</i>			3.35%	3.28%	6.49%	6.11%	6.71%	03/24/17
DC College Savings 2025 Portfolio	\$76,883,892	9.55%	2.22%	3.55%	5.47%	4.77%	5.19%	03/24/17
<i>DC Custom 2025 Benchmark</i>			2.13%	3.02%	5.05%	4.91%	5.35%	03/24/17
DC College Savings 2022 Portfolio	\$78,936,811	9.80%	1.60%	2.70%	4.10%	3.63%	3.87%	03/24/17
<i>DC Custom 2022 Benchmark</i>			1.33%	1.94%	3.40%	3.54%	3.79%	03/24/17
DC College Savings In College Portfolio	\$84,184,112	10.46%	1.18%	2.58%	3.63%	3.08%	3.12%	03/24/17
<i>DC Custom In College Benchmark</i>			0.90%	1.65%	2.72%	2.78%	2.75%	03/24/17
Principal Protected Portfolio								
Principal Protected Portfolio	\$63,801,442	7.92%	0.56%	1.60%	2.18%	2.19%	2.21%	03/24/17
<i>DC Citi Treasury Bill 3 Mon USD</i>			0.03%	0.56%	1.02%	1.65%	1.54%	03/24/17

Note: Portfolios do not include a receivable due to the District.

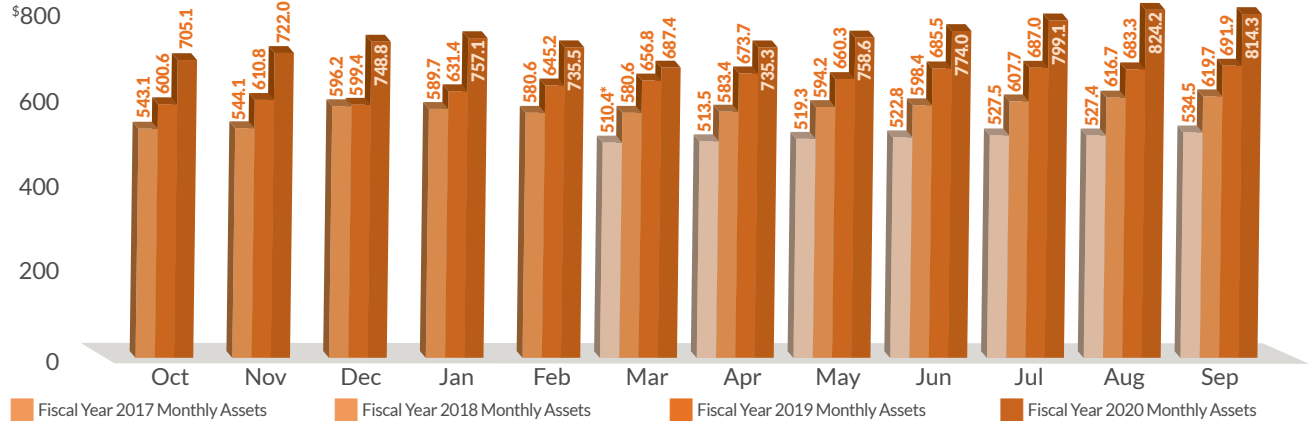
Performance Summary of Investment Options (Continued)

Fund Name	Market Value	% of Plan	3 Months	YTD	1 Year	3 Year	Inception	Inception Date
Individual Portfolios								
U.S. Intermediate-Term Bond Index Portfolio	\$8,339,509	1.04%	0.26%	6.19%	6.19%	4.69%	4.49%	03/24/17
<i>DC BBgBarc US Agg Bond TR USD</i>			0.62%	6.79%	6.98%	5.24%	5.15%	03/24/17
Intermediate-Term Bond Portfolio	\$15,198,337	1.89%	1.52%	8.36%	8.65%	5.57%	5.47%	03/24/17
<i>DC BBgBarc US Agg Bond TR USD</i>			0.62%	6.79%	6.98%	5.24%	5.15%	03/24/17
U.S. Total Stock Market Index Portfolio	\$167,764,526	20.84%	9.02%	5.09%	14.30%	11.04%	11.94%	03/24/17
<i>DC S&P US TMI TR USD</i>			9.07%	5.26%	14.77%	11.53%	12.41%	03/24/17
U.S. Large Cap Equity Portfolio	\$52,224,075	6.49%	9.56%	11.17%	22.73%	13.71%	13.92%	03/24/17
<i>DC S&P 500 TR USD</i>			8.93%	5.57%	15.15%	12.28%	12.99%	03/24/17
U.S. Socially Responsible Equity Portfolio	\$10,494,492	1.30%	8.80%	3.71%	13.64%	10.84%	11.85%	03/24/17
<i>DC Russell 3000 TR USD</i>			9.21%	5.41%	15.00%	11.65%	12.51%	03/24/17
U.S. Small Cap Equity Portfolio	\$12,417,850	1.54%	4.71%	(13.90)%	(5.81)%	(1.79)%	0.62%	03/24/17
<i>DC MSCI US Small Cap 1750 GR USD</i>			5.01%	(8.64)%	(0.58)%	2.11%	4.52%	03/24/17
Non-U.S. Total Stock Market Index Portfolio	\$8,026,569	1.00%	6.67%	(4.95)%	3.23%	0.91%	4.08%	03/24/17
<i>DC MSCI ACWI Ex USA IMI NR USD</i>			6.80%	(5.21)%	3.51%	1.13%	4.34%	03/24/17
Non-U.S. Socially Responsible Equity Portfolio	\$6,870,408	0.85%	7.49%	(4.23)%	4.62%	1.22%	4.74%	03/24/17
<i>DC MSCI World ex USA NR USD</i>			4.92%	(7.13)%	0.16%	0.62%	3.72%	03/24/17
Total assets ending September 30, 2020	\$814,152,053							

Note: Portfolios do not include a receivable due to the District.

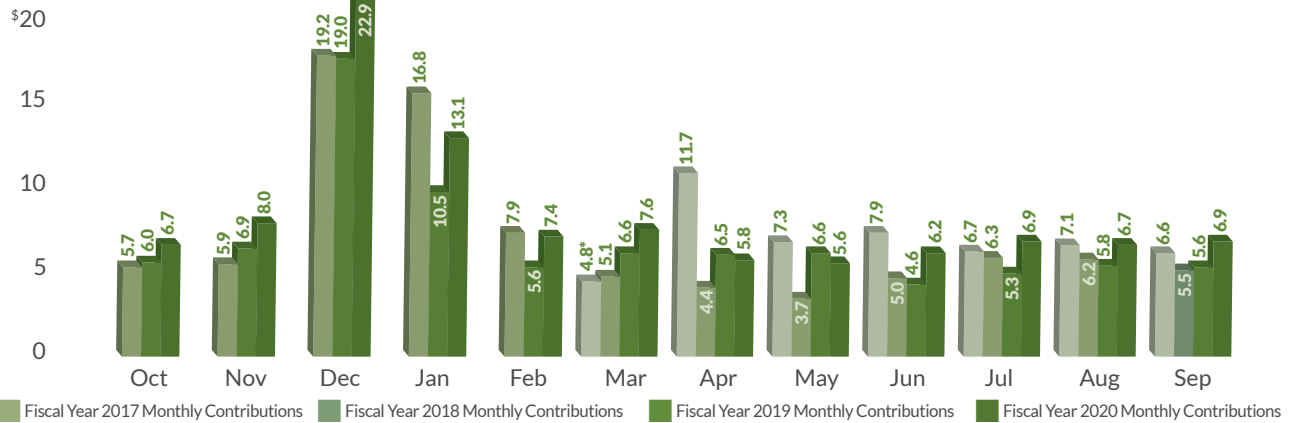
PLAN STATISTICS

MONTHLY TOTAL ASSETS YEAR-OVER-YEAR COMPARISON (\$ millions) as of 9/30/20



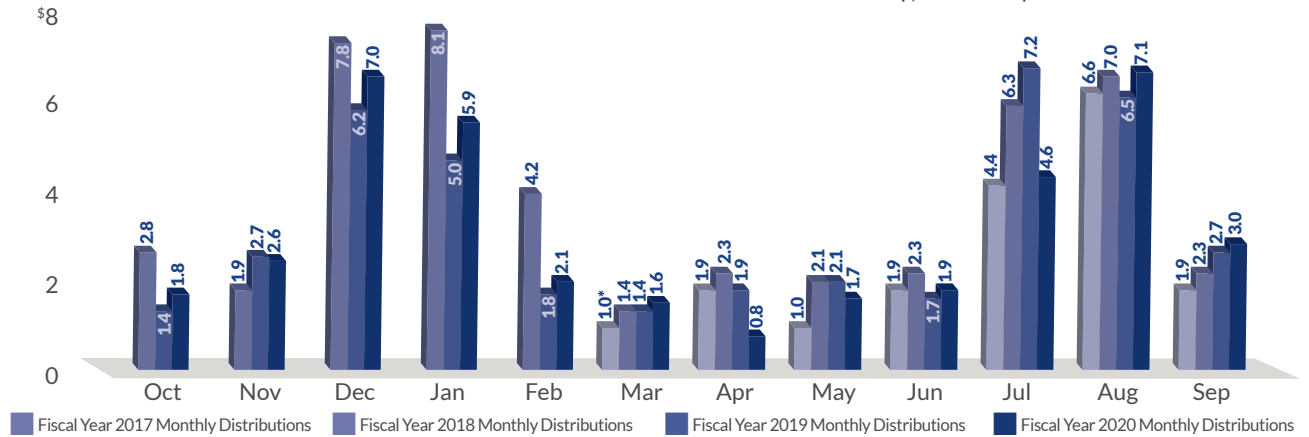
*Plan conversion to Ascensus March 2017

MONTHLY CONTRIBUTIONS YEAR-OVER-YEAR COMPARISON (\$ millions) as of 9/30/20



*Plan conversion to Ascensus March 2017

MONTHLY DISTRIBUTIONS YEAR-OVER-YEAR COMPARISON (\$ millions) as of 9/30/20



*Plan conversion to Ascensus March 2017



**LOOKING PAST THE
PANDEMIC:**
How DC families
saved in 2020.

THE NOT-SO-NEW NORMAL: KEEPING SAVING A PRIORITY BEFORE, DURING AND AFTER COVID-19

COVID-19 has had a devastating effect on families across the District of Columbia and across the country.



1 in 4

Americans will likely have to delay retirement as a result of the pandemic.¹

38%

relied on emergency savings, retirement accounts and family to offset a loss of income.²



Nearly half will take up to
12 months
to fully recover financially.³

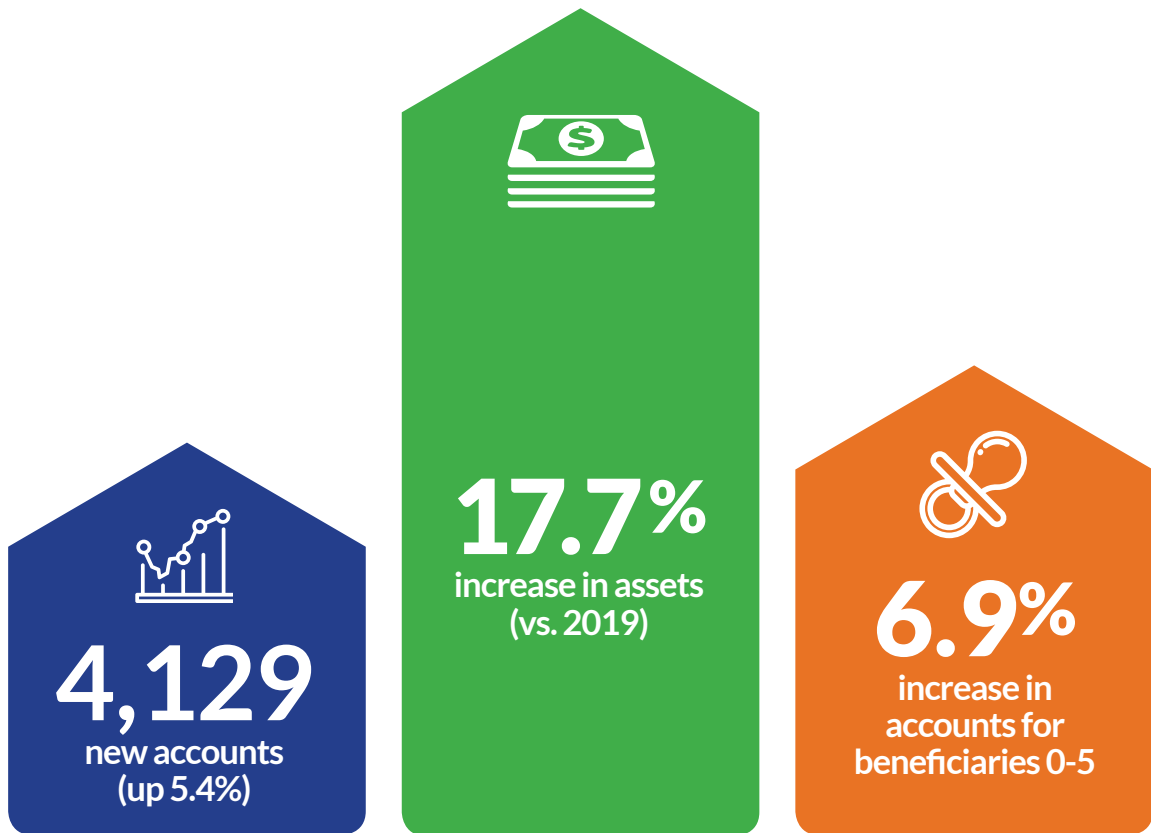
¹LendingTree/Stash.

²Northwestern Mutual, October 2020.

³Bankrate, June 18-23, 2020.

Yet, 2020 has been a good year for the DC College Savings Plan.

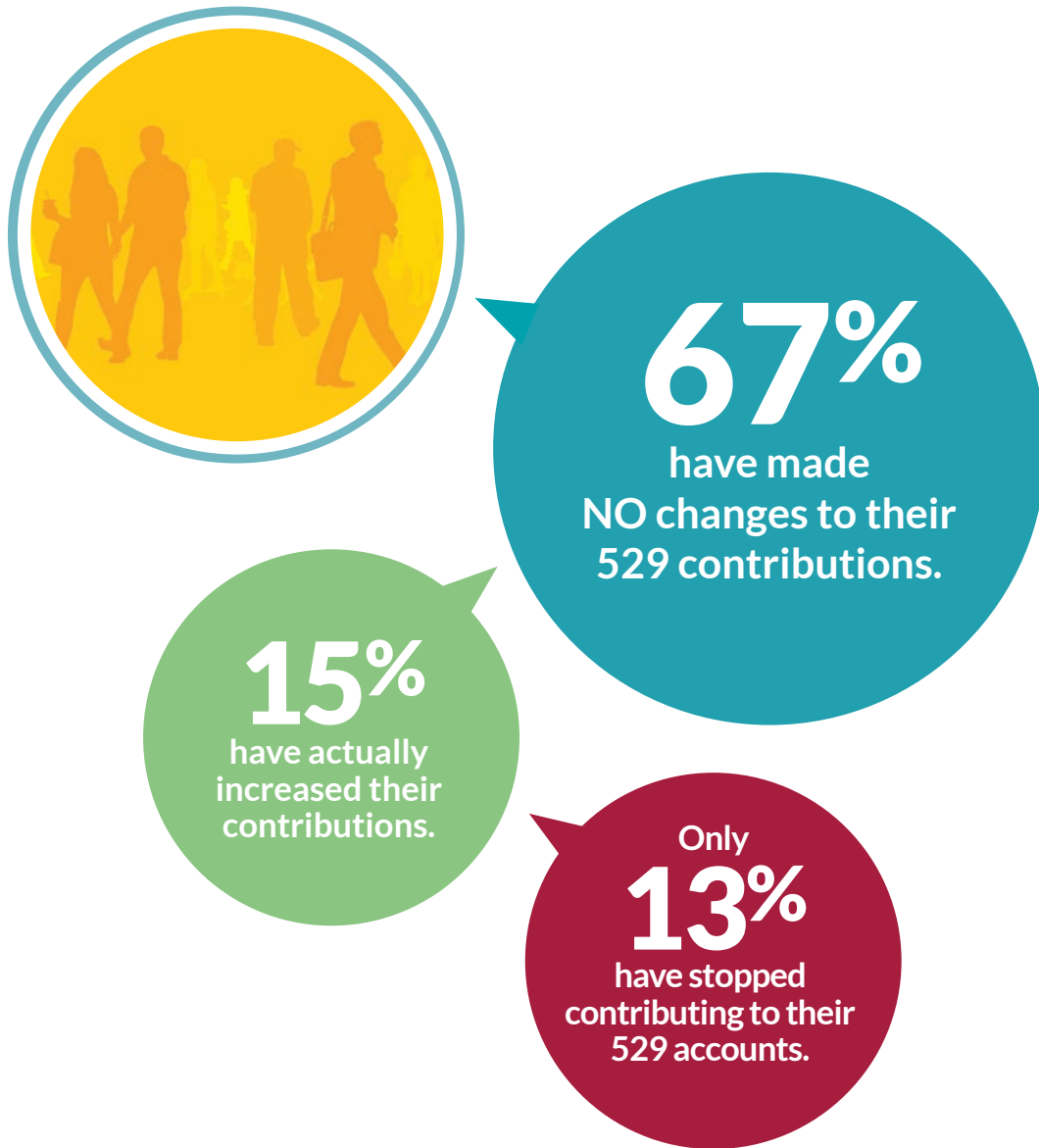
Clearly, District of Columbia families have not been immune to the pandemic's effects. Still, by most measures, 2020 was an excellent year for the District of Columbia's 529 savings plan.



It is possible that money saved on postponed vacations and lower commuting costs has played a role in these impressive results. Still, the District of Columbia families have shown they continue to prioritize their children's future, despite financial challenges.

That trend is not limited to the District of Columbia. Nationwide, 529 account holders have remained remarkably committed to saving for a loved one's future, despite the volatility of the COVID-19-induced "new normal."

According to a nationwide August 2020 Savingforcollege.com survey of college savers during the pandemic:



As 2020 grows smaller in our rearview mirror, and we look down the road at a potential end to the pandemic, one thing is clear. Even a once-in-a-century event will not distract District of Columbia families from the goal of saving for their children's (and grandchildren's) future.

In 2021, the DC College Savings Plan is broadening its prospecting efforts in what can only be a better, brighter and healthier economic environment. Because as successful as the DC College Savings Plan has been in 2020, even better times are just ahead.

SPONSOR PROFILE:

District of Columbia Office of the Chief Financial Officer Office of Finance and Treasury

The D.C. Chief Financial Officer (CFO) is responsible for the implementation and administration of the D.C. College Savings Act of 2002, D.C. Law 13-212, approved March 31, 2001, as amended by the College Savings Program Act of 2002, D.C. Law 14-307, approved June 5, 2003.

Pursuant to D.C. Regulations, 49 DCR 9859, November 1, 2002, made final at D.C. Mun. Regs, tit. 9, sec. 155 (2004), the CFO entered into a Declaration of Trust, establishing the DC College Savings Program Trust, an instrumentality of the District of Columbia. In addition, pursuant thereto, the CFO or the Treasurer, as designated by the CFO, shall serve as the fiduciary and Trustee of the District of Columbia College Savings Program Trust.

The CFO or the Treasurer, as designee of the CFO, is responsible for selecting a qualified financial institution as the program manager to administer the Program. In addition, the CFO or the Treasurer, as designee of the CFO, is responsible for approving the selection of the underlying investments in the Trust. The CFO or the Treasurer of the District of Columbia, as designee of the CFO, is responsible for the administration of the Program.

SPONSOR PROFILE:

Ascensus College Savings Recordkeeping Services, LLC

Ascensus provides the District 529 program management, recordkeeping, investment management, marketing and customer service that makes saving for college easy and intuitive.

ABOUT ASCENSUS

Ascensus helps more than 12 million Americans save for the future – retirement, education, and healthcare – through technology-enabled solutions. With more than 40 years of experience, the firm offers tailored solutions that meet the needs of asset managers, banks, credit unions, state governments, financial professionals, employers and individuals. Ascensus supports over 114,400 retirement plans, more than 6.2 million 529 education savings accounts and a growing number of ABLÉ savings accounts. It also administers more than 1.4 million IRAs and over 417,800 health savings accounts. As of September 30, 2020, Ascensus had over \$347.3 billion in total assets under administration. For more information about Ascensus, visit [ascensus.com](https://www.ascensus.com).

SUB-CONTRACTOR FOR THE PLAN

Ascensus has chosen BNY Mellon and Taylor Communications to provide the DC College Savings Plan with:

- BNY Mellon – Cash custody and trading
- Taylor Communications – Print vendor for statements, confirmations and correspondence

TENURE AS PROGRAM MANAGER

In November 2016, Ascensus was selected by the trustee as program manager for a new five-year contract through November 2021. After that time, the agreement between the trustee and Ascensus may be continued or terminated (in which case a different program manager may be selected).

Relationship Manager



David Rydzeki is an Institutional Relationship Manager for the DC College Savings Plan, the District's own 529 college saving program. He helps educate human resource and benefit professionals, school counselors and community groups on how to promote and encourage college savings.

Prior to Ascensus, David was responsible for the distribution of various investment products, both to institutions and retail investors. He now puts his career-long financial experience to work helping DC families save for college.

2020 marks the third full year since the conversion to Ascensus, and through several new and key contacts, David has been able to showcase the DC College Savings Plan at different events throughout the year.

His outreach efforts covered every Ward in the District and included workshops at a variety of employer and community venues. In addition to the workshops, which help explain the nuances of the program to the parents and families in attendance, David also staffed information tables plus hosted virtual events at over 60 different venues to help raise awareness on the importance of saving for college and the benefits of the DC College Savings Plan.

To learn more about our outreach efforts, please visit the *Community* tab on our website, www.dc529.com.

Mr. Rydzeki is a registered representative of Ascensus Broker Dealer Services LLC, 877-529-2980, 95 Wells Ave, Newton MA (member FINRA/SIPC) and is not employed by the District of Columbia.

District of Columbia Administrative Team



Rodney Dickerson, Program Director, is responsible for managing the DC College Savings Plan, 457(b) Deferred Compensation Plan, 401(a) Retirement Plan and the OPEB Plan. Mr. Dickerson provides oversight of the investments and operations, and he manages the audit of the Plans. He crafts and reviews all Plan communications and facilitates quarterly meetings with the vendors.

Merzie Davis, Financial Manager, is responsible for managing the day-to-day operations of the DC College Savings Plan and the 457(b) Deferred Compensation Plan. Mr. Davis also participates in the quarterly 529 investment meetings.

Eugenia Collis, Associate Treasurer for Asset Management, Office of Finance and Treasury (OFT), Ms. Collis oversees the District's investment programs, including the general fund, the District's 401(a) and 457(b) retirement programs, the 529 College Savings program and the District's OPEB Fund program. Ms. Collis has oversight of the 529 plan, and the staff who manage the program.

Bruno Fernandes, DC Treasurer and Deputy CFO, manages multiple financial and investment programs for the District government. In addition to overseeing the administration of the DC College Savings Plan, he has oversight of the Office of Finance and Treasury which manages the District's cash and liquid assets, all cash disbursements, banking relationships, the 457(b) Deferred Compensation Plan, the 401(a) Retirement Plan, and the Other Post Employment Benefits Fund (OPEB).

Joseph Nzioki, Financial Analyst, works closely with Rodney Dickerson, program director on the 401(a) Retirement Plan and OPEB Fund. He assists with the monthly asset reconciliation for the 401(a) and OPEB Fund. Mr. Nzioki participates in the quarterly 529 investment meetings.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF FINANCE AND TREASURY**

REPORT ON

**THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
PARTICIPANT AND ADMINISTRATIVE FUNDS**

**FINANCIAL STATEMENTS
AND
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
PARTICIPANT AND ADMINISTRATIVE FUNDS**

**FINANCIAL STATEMENTS
AND
MANAGEMENT’S DISCUSSION AND ANALYSIS**

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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1001 Connecticut Ave, NW
Suite 745
Washington, DC 20036
www.bcawatsonrice.com

Telephone: (202) 778-3450
Facsimile: (240) 764-6277

INDEPENDENT AUDITOR'S REPORT

To the Trustee of
The District of Columbia 529 College Savings Program Trust

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position of the Participant Fund and Administrative Fund of the District of Columbia 529 College Savings Program Trust (the "Trust") as of September 30, 2020 and 2019, and the related statement of changes in fiduciary net position of the Participant Fund and Administrative Fund for the years then ended and the related notes to the financial statements, which collectively comprise the Trust's financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust'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 Trust'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Trust, as of September 30, 2020 and 2019, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2020 on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Trust's internal control over financial reporting and compliance.

Washington, D.C. *BCA Watson Rze LLP*
December 23, 2020

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
PARTICIPANT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

The following presents management's discussion and analysis of the financial performance of the Government of the District of Columbia's (the "District") College Savings Program (the "Program") for the Fiscal Years ended September 30, 2020 and 2019. This discussion and analysis should be read in conjunction with the financial statements and note disclosures.

Basic Financial Statements

The Program is accounted for as a private purpose trust fund of the District. The District has overall fiduciary responsibility to program participants to administer the operations of the Program. The Program's basic financial statements, which are reported on the accrual basis of accounting, are the: (a) Statement of Fiduciary Net Position and (b) Statement of Changes in Fiduciary Net Position. In addition to the basic financial statements are the notes to the financial statements which are an integral part of the financial statements.

- The Statement of Fiduciary Net Position presents the assets, liabilities, and net position of the Program.
- The Statement of Changes in Fiduciary Net Position presents the additions to and deductions from the Program's net position.
- The notes provide more detailed data and explanations for some of the information in the financial statements.

2020 Financial Highlights

- Investments increased by \$121,729,176 or 17.80%
- Participant contributions increased by \$14,683,316 or 16.48%
- Net investment income increased by \$35,218,161 or 136.59%
- Distributions to participants decreased by \$559,950 or 1.38%

2019 Financial Highlights

- Investments increased by \$70,581,211 or 11.51%
- Participant contributions decreased by \$2,623,356 or 2.86%
- Net investment income decreased by \$18,026,727 or 41.15%
- Distributions to participants decreased by \$7,828,937 or 16.15%

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
PARTICIPANT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Financial Analysis – Fiduciary Net Position

Table 1 - Condensed Statements of Fiduciary Net Position as of September 30, 2020, 2019 and 2018

	2020	2019	2018	2020 - 2019		2019 - 2018	
				Variance (\$)	Variance (%)	Variance (\$)	Variance (%)
ASSETS							
Cash and Cash Equivalents	\$ 7,434,268	\$ 7,515,672	\$ 4,902,501	\$ (81,404)	-1.08%	\$ 2,613,171	53.30%
Investments	805,684,569	683,955,393	613,374,182	121,729,176	17.80%	70,581,211	11.51%
Receivables	1,744,406	1,046,535	1,842,877	697,871	66.68%	(796,342)	-43.21%
Total Assets	814,863,243	692,517,600	620,119,560	122,345,643	17.67%	72,398,040	11.67%
LIABILITIES							
Total Liabilities	549,854	583,804	416,655	(33,950)	-5.82%	167,149	40.12%
Net Position Held in Trust for Program Participants	\$814,313,389	\$691,933,796	\$619,702,905	\$ 122,379,593	17.69%	\$ 72,230,891	11.66%

Fiscal Year 2020

The Program's primary asset was investments, which totaled \$805,684,569. Investments increased by 17.80% over Fiscal Year 2019 because of asset growth and the excess of contributions over distributions to participants. Market conditions were favorable in Fiscal Year 2020, and as a result, fifteen (15) of the sixteen (16) Program funds had positive rates of return. The Program's funds invest in one or more underlying investments. The underlying investments are primarily held in mutual funds and a principal protected portfolio.

As shown in **Table 2a - Investment by Fund with Rates of Returns as of September 30, 2020**, the top four Program investments were held in the U.S. Total Stock Market Index Portfolio (\$164,865,404 or 20.5%); DC College Savings Income College Portfolio (\$83,334,529 or 10.3%); DC College Savings 2028 Portfolio (\$79,283,134 or 9.8%); and DC College Savings 2022 Portfolio (\$78,067,965 or 9.7%).

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
PARTICIPANT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Table 2a - Investment by Fund with Rates of Returns as of September 30, 2020

	<u>Investment Value</u>	<u>Percent of Total Assets</u>	<u>Rate of Return %</u>
DC College Savings 2037 Portfolio	\$ 8,918,937	1.1	7.39
DC College Savings 2034 Portfolio	64,999,790	8.1	7.64
DC College Savings 2031 Portfolio	73,060,448	9.1	7.54
DC College Savings 2028 Portfolio	79,283,134	9.8	6.94
DC College Savings 2025 Portfolio	76,071,305	9.4	5.47
DC College Savings 2022 Portfolio	78,067,965	9.7	4.10
DC College Savings Income College Portfolio	83,334,529	10.3	3.63
U.S. Large Cap Equity Portfolio	51,955,230	6.5	22.73
U.S. Socially Responsible Equity Portfolio	10,482,535	1.3	13.64
U.S. Total Stock Market Index Portfolio	164,865,404	20.5	14.30
U.S. Small Cap Equity Portfolio	12,399,143	1.5	(5.81)
Non-U.S. Socially Responsible Equity Portfolio	6,864,403	0.9	4.62
Non-U.S. Total Stock Market Index Portfolio	7,808,517	1.0	3.23
Intermediate-Term Bond Portfolio	15,453,427	1.9	8.65
U.S. Intermediate-Term Bond Index Portfolio	8,335,976	1.0	6.19
Principal Protected Portfolio	63,783,826	7.9	2.18
TOTAL	\$ 805,684,569	100.0	

Receivables increased by \$697,871 or 66.68% over the prior Fiscal Year primarily because of an increase in accounts receivable for investments sold and related interest and dividend receivables at the end of the year.

Total liabilities decreased by \$33,950 or 5.82% over the prior Fiscal Year primarily because of a decrease in accounts payable for investments purchased at the end of the year.

Fiscal Year 2019

The Program's primary asset was investments, which totaled \$683,955,393. Investments increased by 11.51% over Fiscal Year 2018 because of asset growth and the excess of contributions over distributions to participants. Market conditions were favorable in fiscal 2019, and as a result, thirteen (13) of the sixteen (16) Program funds had positive rates of return. The Program's funds invest in one or more underlying investments. The underlying investments are primarily held in mutual funds and a principal protected portfolio.

As shown in **Table 2b - Investment by Fund with Rates of Returns as of September 30, 2019**, the top four Program investments were held in the U.S. Total Stock Market Index Portfolio (\$141,238,085 or 20.7%); DC College Savings Income College Portfolio (\$90,649,703 or 13.2%); DC College Savings 2022 Portfolio (\$68,674,904 or 10.0%); and DC College Savings 2028 Portfolio (\$66,960,827 or 9.8%).

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
PARTICIPANT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Table 2b - Investment by Fund with Rates of Returns as of September 30, 2019

	Investment Value	Percent of Total Assets	Rate of Return %
DC College Savings 2037 Portfolio*	\$ 135,509	0.0	0.20
DC College Savings 2034 Portfolio	44,609,576	6.5	4.46
DC College Savings 2031 Portfolio	59,078,381	8.6	5.20
DC College Savings 2028 Portfolio	66,960,827	9.8	5.80
DC College Savings 2025 Portfolio	66,767,522	9.8	5.40
DC College Savings 2022 Portfolio	68,674,904	10.0	4.27
DC College Savings Income College Portfolio	90,649,703	13.2	3.27
U.S. Large Cap Equity Portfolio	42,763,740	6.3	1.26
U.S. Socially Responsible Equity Portfolio	7,276,756	1.1	1.08
U.S. Total Stock Market Index Portfolio	141,238,085	20.7	2.44
U.S. Small Cap Equity Portfolio	13,041,396	1.9	(13.20)
Non-U.S. Socially Responsible Equity Portfolio	6,263,059	0.9	(2.60)
Non-U.S. Total Stock Market Index Portfolio	5,870,669	0.9	(1.59)
Intermediate-Term Bond Portfolio	13,546,745	2.0	8.50
U.S. Intermediate-Term Bond Index Portfolio	3,909,005	0.6	9.79
Principal Protected Portfolio	53,169,516	7.7	2.22
TOTAL	\$ 683,955,393	100.0	

* Inception date of the DC College Savings 2037 Portfolio was September 6, 2019.

Receivables decreased by \$796,342 or 43.21% over the prior Fiscal Year primarily because of a decrease in interest and dividend receivables at the end of the year.

Total liabilities increased by \$167,149 or 40.12% over the prior Fiscal Year primarily because of an increase in accounts payable for investments purchased at the end of the year.

Financial Analysis – Changes in Fiduciary Net Position

Table 3 - Condensed Statements of Changes in Fiduciary Net Position as of September 30, 2020, 2019 and 2018

	2020	2019	2018	2020-2019		2019-2018	
				Variance(\$)	Variance (%)	Variance (\$)	Variance (%)
ADDITIONS							
Contributions	\$ 103,803,955	\$ 89,120,639	\$ 91,743,995	\$ 14,683,316	16.48%	\$ (2,623,356)	- 2.86%
Net Investment Income	61,001,576	25,783,415	43,810,142	35,218,161	136.59%	(18,026,727)	-41.15%
Total Additions	164,805,531	114,904,054	135,554,137	49,901,477	43.43%	(20,650,083)	-15.23%
DEDUCTIONS							
Distributions to Participants	40,074,022	40,633,972	48,462,909	(559,950)	- 1.38%	(7,828,937)	-16.15%
Other Expenses	2,351,916	2,039,191	1,832,686	312,725	15.34%	206,505	11.27%
Total Deductions	42,425,938	42,673,163	50,295,595	(247,225)	- 0.58%	(7,622,432)	-15.16%
Increase in Net Position	\$ 122,379,593	\$ 72,230,891	\$ 85,258,542	\$ 50,148,702	69.43%	\$(13,027,651)	-15.28%

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**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
PARTICIPANT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Fiscal Year 2020

The Program's contributions increased by \$14,683,316 or 16.48% over the prior Fiscal Year. The year-over-year changes reflect the investment decision made by the participants and the actions of the program manager to process these transactions. The Program had an increase in participants from 28,504 in Fiscal Year 2019 to 31,445 in Fiscal Year 2020.

The Program had a net investment income of \$61,001,576 in Fiscal Year 2020, which is a 136.59% increase over Fiscal Year 2019. The increase in net investment income was primarily due to an increase in the net appreciation in the fair value of investments from \$15,315,841 in Fiscal Year 2019 to \$51,357,272 in Fiscal Year 2020. Conversely, interest and dividends decreased from \$10,961,147 in Fiscal Year 2019 to \$10,208,710 in Fiscal Year 2020. Overall, fifteen (15) of the sixteen (16) funds of the Program reflected positive rates of return, which contributed to a net appreciation in the fair value of investments for the year. For Fiscal Year 2020, the Program's investments collectively had a weighted average rate of return of 8.02%, an increase of 471 basis points from the weighted average rate of return of 3.31% in Fiscal Year 2019.

Distributions to participants in 2020 were \$40,074,022 or 1.38% decrease over Fiscal Year 2019. This decrease is due to individual participant behavior and the timing of distributions to participants as funds are utilized to pay for college expenses or other purposes.

Other expenses include program management fees, and administrative and maintenance expenses. The overall increase in other expenses is primarily due to an increase in program management fees from \$1,542,440 in Fiscal Year 2019 to \$1,785,664 in Fiscal Year 2020. For Fiscal Year 2020, program management and administrative fees were on average 0.25% and 0.05%, respectively, of the funds average daily net asset value. Underlying investment management fees ranged from 0.00% to 0.44% for each investment option.

Fiscal Year 2019

The Program's contributions decreased by \$2,623,356 or 2.86% over the prior Fiscal Year. The year-over-year changes reflect the investment decision made by the participants and the actions of the program manager to process these transactions. The Program had an increase in participants from 25,871 in Fiscal Year 2018 to 28,504 in Fiscal Year 2019.

The Program had a net investment income of \$25,783,415 in Fiscal Year 2019, which is a 41.15% decrease over Fiscal Year 2018. The decrease in net investment income was primarily due to a decrease in the net appreciation in the fair value of investments from \$39,646,233 in Fiscal Year 2018 to \$15,315,841 in Fiscal Year 2019. Conversely, interest and dividends increased from \$4,674,984 in Fiscal Year 2018 to \$10,961,147 in Fiscal Year 2019. Overall, thirteen (13) of the sixteen (16) funds of the Program reflected positive rates of return, which contributed to a net appreciation in the fair value of investments for the year. For Fiscal Year 2019, the Program's investments collectively had a weighted average rate of return of 3.31%, a decrease of 301 basis points from the weighted average rate of return of 6.32% in Fiscal Year 2018.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
PARTICIPANT FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

Distributions to participants in 2019 were \$40,633,972 or 16.15% decrease over Fiscal Year 2018. This decrease is due to individual participant behavior and the timing of distributions to participants as funds are utilized to pay for college expenses or other purposes.

Other expenses include program management fees, and administrative and maintenance expenses. The overall increase in other expenses is primarily due to an increase in program management fees from \$1,383,310 in Fiscal Year 2018 to \$1,542,440 in Fiscal Year 2019. For Fiscal Year 2019, program management and administrative fees were on average 0.25% and 0.05%, respectively, of the funds average daily net asset value. Underlying investment management fees ranged from 0.00% to 0.44% for each investment option.

Contact Information

This financial report is designed to provide a general overview of the Program's finances. Questions concerning any information provided in this report, or requests for additional financial information, should be addressed to the Office of the Chief Financial Officer (Office of Finance and Treasury); Government of the District of Columbia; 1101 4th Street SW, 8th Floor, Washington, DC 20024.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
PARTICIPANT FUND**

**STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2020 AND 2019**

	2020	2019
ASSETS		
Cash and Cash Equivalents	\$ 7,434,268	\$ 7,515,672
Receivables:		
Due from D.C. Government Administrative Fund	161,355	-
Interest and Dividends	567,851	259,718
Accounts Receivable for Investments Sold	1,015,200	786,817
Total Receivables	1,744,406	1,046,535
Investments:		
Equity Mutual Funds	398,704,812	332,767,986
Fixed Income Mutual Funds	210,140,358	182,320,116
Guaranteed Investment Contracts	196,839,399	168,867,291
Total Investments	805,684,569	683,955,393
Total Assets	814,863,243	692,517,600
LIABILITIES		
Accounts Payable for Investments Purchased	357,931	416,686
Program Management Fees Payable	158,624	135,215
Due to D.C. Government Administrative Fund	33,299	31,903
Total Liabilities	549,854	583,804
Net Position Held in Trust for Program Participants	\$ 814,313,389	\$ 691,933,796

The accompanying notes are an integral part of the financial statements

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
PARTICIPANT FUND**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ADDITIONS		
Contributions	\$ 103,803,955	\$ 89,120,639
Investment Income:		
Net Appreciation in Fair Value of Investments	51,357,272	15,315,841
Interest and Dividends	10,208,710	10,961,147
Less: Investment Expenses	<u>(564,406)</u>	<u>(493,573)</u>
Net Investment Income	<u>61,001,576</u>	<u>25,783,415</u>
Total Additions	<u>164,805,531</u>	<u>114,904,054</u>
DEDUCTIONS		
Distributions to Participants	40,074,022	40,633,972
Program Management Fees	1,785,664	1,542,440
Administrative Expenses	374,729	324,053
Maintenance Expenses	<u>191,523</u>	<u>172,698</u>
Total Deductions	<u>42,425,938</u>	<u>42,673,163</u>
Increase in Net Position	122,379,593	72,230,891
Net Position Held in Trust for Program Participants		
Beginning of Year	<u>691,933,796</u>	<u>619,702,905</u>
End of Year	<u>\$ 814,313,389</u>	<u>\$ 691,933,796</u>

The accompanying notes are an integral part of the financial statements

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**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
ADMINISTRATIVE FUND**

**STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2020 AND 2019**

	2020	2019
ASSETS		
Investment		
Fixed Income	\$ 844,337	\$ 559,579
Receivables:		
Due from Program Manager	5,634	1,146
Due from Participant Fund	33,299	31,903
Total Receivables	38,933	33,049
Total Assets	883,270	592,628
LIABILITIES		
Accrued Expenses	26,234	-
Due to Participant Fund	161,335	-
Total Liabilities	187,569	-
Net Position Held in Trust for Administrative Expenses	\$ 695,701	\$ 592,628

The accompanying notes are an integral part of the financial statements

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
ADMINISTRATIVE FUND**

**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	2020	2019
ADDITIONS		
Administrative Fees	\$ 374,729	\$ 324,053
Maintenance Fees	17,651	16,335
Net Investment Income	6,357	15,087
Total Additions	398,737	355,475
DEDUCTIONS		
Administrative Services	259,164	451,447
Donations (Scholarships)	36,500	16,500
Total Deductions	295,664	467,947
Increase/(Decrease) in Net Position	103,073	(112,472)
Net Position Held in Trust for Administrative Expenses		
Beginning of Year	592,628	705,100
End of Year	\$ 695,701	\$ 592,628

The accompanying notes are an integral part of the financial statements

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 1 ORGANIZATION AND PURPOSE

The District of Columbia (DC) College Savings Program (the Program) was created by D.C. Law 47-4501 et seq., as amended and pursuant to D.C. Regulations, 49 DCR 9859, November 1, 2002 made final at D.C. Mun. Regs, title 9 sec. 155 (2004), as a Trust of the District of Columbia Government (the District). The Program enables participants to save for qualified higher education expenses. On December 22, 2017, federal tax bill H.R.1 was signed into law and expanded the definition of “qualified higher education expenses” to include qualified K-12 tuition expenses at a private, public or parochial school up to specified expense limitations per student. The Chief Financial Officer of the District of Columbia or his/her designee is the Trustee of the Plan. The current designee is the D.C. Treasurer. The Trustee is responsible for entering into contracts for program management services, adopting program administration rules and regulations, and establishing investment policies. The Program is managed by Ascensus College Savings Recordkeeping Services, LLC (ACSR) and its affiliates (collectively, Ascensus College Savings) and they have the overall responsibility for the day-to-day operation of the Program including recordkeeping, investment management, administrative services, and marketing. The management agreement between Ascensus College Savings and the D.C. Treasurer expires November 15, 2021 with the option to extend for two one-year periods, unless earlier termination.

The Program is available to both District of Columbia and non-District of Columbia residents. It is a qualified tuition program that allows participants to make contributions into sixteen (16) different investment options. The account balance limit is \$500,000 per beneficiary. Accounts are subject to market investment risk, except for those that are invested in the Principal Protected Portfolio, which focuses on protecting the invested principal. As of September 30, 2020, and 2019, the Plan had 31,455 and 28,504 participants with a net asset value of \$814,313,389 and \$691,933,796, respectively. Fees and expenses of the program are paid by each account owner and vary according to the Portfolio, in which they are invested.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Reporting Entity

The accompanying financial statements report the fiduciary net position and the changes in fiduciary net position as of and for the Fiscal Years ended September 30, 2020 and 2019. For financial reporting purposes, the Program includes all funds over which the Program exercises or can exercise oversight authority.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Program reports the activity of the District of Columbia College Savings Program as a private-purpose trust fund, which is a type of fiduciary fund. Private-purpose trust funds account for transactions of trust arrangements in which the principal and income benefit individuals, private organizations, or governments. The financial statements of the fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Valuation and Income Recognition

Portfolio investments in the underlying funds are valued at the closing net asset value per share (unit) of each underlying fund on the day of valuation. The stability of principal portfolio is valued in accordance with the terms of the funding agreement, inclusive of accrued interest.

Security transactions, normally in shares of the underlying funds, are accounted for on the trade date. Realized gains and losses are reported on the identified cost basis. Income and capital gains distributions, if any, from investments in the underlying funds are recorded on the ex-dividend date. Expenses included in the accompanying financial statements reflect the expenses of each portfolio and do not include any expenses associated with the underlying funds.

Units represent the beneficial interest of each participant in the net assets of a Portfolio. Contributions to and distributions from the portfolios are subject to terms and limitations defined in the Participation Agreement between the participant and the Trust. Contributions and distributions are recorded upon receipt of the participant's instructions in good order, based on the next determined net asset value per unit. Net investment income and realized and unrealized gains and losses accumulate in the net asset value of each Portfolio and are not separately distributed to participants.

Fair Value Measurements

Governmental Accounting Standards Board Statement number 72 (GASB 72), *Fair Value Measurement and Application*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements. GASB 72 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 - that are observable for the asset or liability, either directly or indirectly (for example, quoted prices for similar assets or liabilities in active markets).

Level 3 – unobservable inputs (including the District's own assumptions in determining the fair value of investments).

Cash and Cash Equivalents

The balance includes cash on deposit and short-term highly liquid investments that are (a) readily convertible to known amounts of cash and (b) so near their maturities that they present insignificant risk of changes in value because of changes in interest rates.

Receivables and Payables for Investments Purchased and Sold

The receivables and payables represent transactions related to the purchase and sale of investments that have not settled at the end of the Fiscal Year.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reporting period. Actual results could differ from those estimates.

Income Tax Status

The Program is exempt from federal taxes in accordance with Section 529 of the Internal Revenue Code. D.C. resident participants are exempt from state and local taxes when earnings from the Program are used for qualified expenses. Non-D.C. residents may be subject to state and local taxes in their jurisdiction.

NOTE 3 INVESTMENTS

Investment Policy and Guidelines

The Program offers account owners several Investment Portfolios that provide a range of risk and return characteristics, each unique to aid in proper diversification. Three different types of Investment Portfolios are offered to account owners: 1) Year of College Enrollment Portfolios, 2) Individual Portfolios, and 3) Principal Protected Portfolio. Once an account owner's Investment Portfolio(s) is selected for a particular contribution, IRS guidance dictates the rules through which an account owner can move money or transfer from one Investment Portfolio to another.

Year of College Enrollment Portfolio: The Portfolios offer account owners pre-diversified Investment Portfolios that become more conservative as the beneficiary nears his/her intended year of high school graduation. The Year of College Enrollment Portfolios represent a weighted allocation among a predetermined number and type of investment strategies, as follows:

Underlying Investments	Year of College Enrollment Portfolios**						
	DC College Savings Portfolios						
	Income	2022	2025	2028	2031	2034	2037
iShares Core S&P Total U.S. Stock Market ETF	5.20%	13.00%	22.75%	32.50%	42.25%	52.00%	52.00%
iShares Core MSCI Total International Stock ETF	2.00%	5.00%	8.75%	12.50%	16.25%	20.00%	20.00%
Schwab US REIT ETF	0.80%	2.00%	3.50%	5.00%	6.50%	8.00%	8.00%
Vanguard Intermediate-Term Bond Index Fund	6.00%	16.50%	19.50%	15.00%	10.50%	6.00%	6.00%
Vanguard Short-Term Corporate Bond Index Fund	5.00%	13.75%	16.25%	12.50%	8.75%	5.00%	5.00%
Vanguard Short-Term Inflation Protected Securities Index Fund	7.00%	19.25%	22.75%	17.50%	12.25%	7.00%	7.00%
iShares Core International Aggregate Bond ETF	2.00%	5.50%	6.50%	5.00%	3.50%	2.00%	2.00%
Principal Protected Portfolio	72.00%	25.00%	0.00%	0.00%	0.00%	0.00%	0.00%

** The 2019 Year of College Enrollment Portfolio is rolled into the Income Portfolio.

The Program Manager monitors and rebalances the underlying asset allocation of the Year of College Enrollment Portfolios on a quarterly basis. The Program Manager has discretion to rebalance the Year of College Enrollment Portfolios when the Investment Portfolios fall outside the strategic targets by more than one percentage point.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 3 INVESTMENTS (Continued)

Individual Portfolios: The Individual Portfolios are stand-alone options, which allow account owners to allocate their account into one or more Investment Portfolios. The goal in offering the Individual Portfolios is to provide account owners with the ability to construct diversified portfolios by asset class and investment style that match their risk tolerance, asset class preferences, time horizons and expected returns. Each portfolio invests (100%) in a single underlying mutual fund or exchange-traded fund (ETF), as follows:

<u>Individual Portfolios</u>	<u>Underlying Investments</u>	<u>Asset Class</u>
U.S. Intermediate-Term Bond Index Portfolio	iShares Core U.S. Aggregate Bond ETF	Fixed Income
Intermediate-Term Bond Portfolio	Loomis Sayles Core Plus Bond Fund	Fixed Income
U.S. Total Stock Market Index Portfolio	iShares Core S&P Total U.S. Stock Market ETF	Domestic Equity
U.S. Socially Responsible Equity Portfolio	DFA U.S. Sustainability Core 1 Portfolio	Domestic Equity
U.S. Large-Cap Equity Portfolio	JP Morgan U.S. Equity Fund	Domestic Equity
Non-U.S. Socially Responsible Equity Portfolio	DFA International Sustainability Core 1 Portfolio	International Equity
Non-U.S. Total Stock Market Index Portfolio	iShares Core MSCI Total International Stock ETF	International Equity
U.S. Small-Cap Equity Portfolio	Vanguard Strategic Small-Cap Equity Fund	Domestic Equity

The Trustee reserves the right to add or replace Individual Portfolios based upon market conditions, Program Manager and Investment Consultant input, account owner response, or other factors.

Principal Protected Portfolio: The Principal Protected Portfolio focuses on protecting the principal account owners' investment by allocating account owner contributions and earnings to a funding agreement issued by an insurance company that provides a guaranteed return of principal plus a minimum annualized rate of interest to the Trust. As of September 30, 2020, and 2019, this portfolio was maintained in a stable value fund.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 3 INVESTMENTS (Continued)

Unrealized Appreciated / (Depreciated) Value of the Program's Investments

At September 30, 2020, the Program held the following investments, which are stated at fair value based on fair market prices:

	<u>Aggregate Cost</u>	<u>Aggregate Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Domestic Equity Mutual Funds and ETFs			
iShares Core S&P Total U.S. Stock Market ETF	\$ 191,248,484	\$ 259,406,815	\$ 68,158,331
Schwab U.S. REIT ETF	14,656,947	13,606,167	(1,050,780)
DFA U.S. Sustainability Core 1 Portfolio	8,918,488	10,482,535	1,564,047
JP Morgan U.S. Equity	45,136,732	51,955,230	6,818,498
Vanguard Strategic Small Cap Equity	14,482,308	12,399,143	(2,083,165)
International Equity Mutual Funds and ETFs			
DFA International Sustainability Core 1	6,583,067	6,864,403	281,336
iShares Core MSCI Total International Stock ETF	42,184,258	43,990,519	1,806,261
Fixed Income Mutual Funds and ETFs			
Vanguard Intermediate -Term Bond Index Fund	51,013,775	56,403,906	5,390,131
Vanguard Short-Term Corporate Bond Fund	45,111,675	46,720,270	1,608,595
Vanguard Short-Term Inflation Protected Securities	63,875,939	65,759,780	1,883,841
Loomis Sayles Core Plus Bond Fund	14,196,258	15,453,427	1,257,169
iShares Core U.S. Aggregate Bond ETF	16,448,141	17,466,999	1,018,858
iShares Core International Aggregate Bond	7,907,112	8,335,976	428,864
Guaranteed Investment Contracts			
Ameritas Stable Value Fund	196,839,399	196,839,399	-
Total Investments	<u>\$ 718,602,583</u>	<u>\$ 805,684,569</u>	<u>\$ 87,081,986</u>

The net unrealized gain on investments as of September 30, 2020 was \$87,081,986. The net appreciation in the fair value of the investments as reflected in the Statement of Changes in Fiduciary Net Position consists of the following for the year ended September 30, 2020:

Unrealized gain as of September 30, 2020	\$ 87,081,985
Less: Unrealized gain as of September 30, 2019	<u>47,639,439</u>
Net change in unrealized gain during the year	39,442,546
Net realized gain during the year	<u>11,914,726</u>
Net Appreciation in Fair Value of Investments	<u>\$ 51,357,272</u>

The net appreciation or depreciation in the fair value of investments consists of net realized and net unrealized gains or losses during the period.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 3 INVESTMENTS (Continued)

At September 30, 2019, the Program held the following investments which are stated at fair value based on fair market prices:

	<u>Aggregate Cost</u>	<u>Aggregate Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Domestic Equity Mutual Funds and ETFs			
iShares Core S&P Total U.S. Stock Market ETF	\$ 177,271,699	\$ 216,529,056	\$ 39,257,357
Schwab U.S. REIT ETF	10,187,528	11,901,180	1,713,652
DFA U.S. Sustainability Core 1 Portfolio	6,626,677	7,276,756	650,079
JP Morgan U.S. Equity	41,145,457	42,763,740	1,618,283
Vanguard Strategic Small Cap Equity	14,090,181	13,041,396	(1,048,785)
International Equity Mutual Funds and ETFs			
DFA International Sustainability Core 1	6,159,922	6,263,059	103,137
iShares Core MSCI Total International Stock ETF	34,487,244	34,992,799	505,555
Fixed Income Mutual Funds and ETFs			
Vanguard Intermediate -Term Bond Index Fund	47,134,527	49,721,085	2,586,558
Vanguard Short-Term Corporate Bond Fund	40,541,082	41,242,431	701,349
Vanguard Short-Term Inflation Protected Securities	57,973,213	57,799,075	(174,138)
Loomis Sayles Core Plus Bond Fund	13,096,366	13,546,745	450,379
iShares Core U.S. Aggregate Bond ETF	14,987,383	16,101,775	1,114,392
iShares Core International Aggregate Bond	3,747,384	3,909,005	161,621
Guaranteed Investment Contracts			
Ameritas Stable Value Fund	168,867,291	168,867,291	-
Total Investments	<u>\$ 636,315,954</u>	<u>\$ 683,955,393</u>	<u>\$ 47,639,439</u>

The net unrealized gain on investments as of September 30, 2019 was \$47,639,439. The net appreciation in the fair value of the investments as reflected in the Statement of Changes in Fiduciary Net Position consists of the following for the year ended September 30, 2019:

Unrealized gain as of September 30, 2019	\$ 47,639,439
Less: Unrealized gain as of September 30, 2018	<u>45,285,424</u>
Net change in unrealized gain during the year	2,354,015
Net realized gain during the year	<u>12,961,826</u>
Net Appreciation in Fair Value of Investments	<u>\$ 15,315,841</u>

The net appreciation or depreciation in the fair value of investments consists of net realized and net unrealized gains or losses during the period.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 3 INVESTMENTS (Continued)

Investment Risks

The Program's investments are subject to the following risks common to investments:

Custodial Credit Risk is the risk that the Program will not be able to recover the value of its investments in the event of a failure by the counterparty to a transaction. Investments are exposed if they are uninsured, are not registered in the name of the Program, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent, but not in the Program's name. The Program's investments for Fiscal Year 2020 and 2019 are uninsured and unregistered but are held by the counterparty in the Program's name and are generally segregated by the counterparty in a manner to protect them from certain claims by creditors. The Plan also invests in mutual funds and exchange traded funds (ETF), which are not generally exposed to custodial credit risks.

Credit Risk is the risk that an issuer to an investment will not fulfill its obligations. The Program does not invest in debt securities that have an overall quality, which is less than the BBB as rated by Moody's or S&P Global. The primary credit ratings of the Program's debt securities are as follows:

Fund	Credit Rating	
	2020	2019
iShare Core International Aggregate Bond ETF	A, AA, AAA, BBB	AA, A, AAA, BBB
iShare Core U.S. Aggregate Bond ETF	A, AA, AAA, BBB	AAA, BBB, A, AA
Loomis Sayles Core Plus Bond Fund	AAA, BBB, A, AA	AAA, BBB, A, AA
Principal Protected Plus	BBB, A, AAA, AA	BBB, A, AAA, AA
Vanguard Intermediate -Term Bond Index I	AAA, BBB, A, AA	AAA, BBB, A, AA
Vanguard Short -Term Corp Bd Index I	A, BBB, AA, AAA	BBB, A, AA,AAA
Vanguard Short -Term Inflation-Protection Sec Index Ins	AAA	AAA

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Program does not invest in any investment account that has an average maturity exceeding ten years for its Bond Mutual Funds. The interest rate sensitivity, defined as duration, for each fund is as follows:

Fund	Average Duration	
	2020	2019
iShare Core International Aggregate Bond ETF	7.89	7.86
iShare Core U.S. Aggregate Bond ETF	5.91	5.29
Loomis Sayles Core Plus Bond Fund	6.59	6.04
Principal Protected Plus	7.06	6.80
Vanguard Intermediate -Term Bond Index I	6.52	6.32
Vanguard Short-Term Corp Bond Index I	2.79	2.63
Vanguard Short-Term Inflation-Protection Sec Index	2.80	2.58

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 3 INVESTMENTS (*Continued*)

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment in a foreign financial institution. The Program does not have a formal policy for limiting its exposure to changes in exchange rates.

The investment funds that invest primarily in foreign financial institutions are the DFA International Sustainability Core 1 Portfolio and iShare Core International Aggregate Bond ETF. The Fund has various currency denominations. The primary currency denominations are the Franc, the Yen, and the British Pound.

Fair Value Measurements

Equity Mutual Funds: Equity Mutual Funds consist of open-ended mutual funds that are registered with the Securities and Exchange Commission (SEC). These mutual funds publish a daily NAV and transact at that price. The mutual funds held in equities are deemed to be actively traded and support classification of the fair value measurement as Level 1 in the fair value hierarchy.

Fixed Income Mutual Funds: Mutual funds are a pool of money invested by an investment company in a variety of instruments such as emerging markets sovereigns, government related agencies, and emerging markets corporations. This investment category consists of open-ended mutual funds that are registered with the Securities and Exchange Commission (SEC). The mutual funds are invested in high yield markets bonds that represent fixed income securities issued by corporations with credit ratings of AAA or lower. These fixed income mutual funds publish a daily NAV and transact at that price. The mutual funds held in bonds are deemed to be actively traded and support the classification as Level 1 in the fair value hierarchy.

Guaranteed Investment Contracts: The Guaranteed Investment Contract (GIC) is valued at the sum of the net cash contributions to the deposit account plus interest credited minus withdrawals (the Contract Value). The GIC is measured at fair value and is a contractual investment rather than a security and is not deemed to be subject to custodial credit risk. The determination of fair value includes certain unobservable inputs as well as the assessment of the projected long-term duration of the Insurance and Annuity Company through review of contract terms and substantiated utilizing available market data. However, there is a risk that an insurance company could fail to perform its obligations under a funding agreement for financial or other reasons. These contract value of the GIC is not leveled in the fair value hierarchy table below.

The Program categorizes fair value measurement within a hierarchy established by generally accepted accounting principles. The underlying funds had the following recurring fair value measurements at September 30, 2020:

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 3 INVESTMENTS (Continued)

	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
INVESTMENTS MEASURED AT FAIR VALUE				
Domestic Equity Mutual Fund and ETFs				
iShares Core S&P Total U.S. Stock Market ETF	\$ 259,406,815	\$ 259,406,815	\$ -	\$ -
Schwab U.S. REIT ETF	13,606,167	13,606,167	-	-
DFA U.S. Sustainability Core 1 Portfolio	10,482,535	10,482,535	-	-
JP Morgan U.S. Equity	51,955,230	51,955,230	-	-
Vanguard Strategic Small Cap Equity	12,399,143	12,399,143	-	-
			-	-
Total Domestic Equity Mutual Funds	347,849,890	347,849,890	-	-
International Equity Mutual Funds and ETFs				
DFA International Sustainability Core 1 Portfolio	6,864,403	6,864,403	-	-
iShares Core MSCI Total International Stock ETF	43,990,519	43,990,519	-	-
			-	-
Total International Equity Mutual Funds	50,854,922	50,854,922	-	-
Fixed Income Mutual Funds and ETFs				
Vanguard Intermediate-Term Bond Index Fund	56,403,906	56,403,906	-	-
Vanguard Short-Term Corporate Bond Fund	46,720,270	46,720,270	-	-
Vanguard Short-Term Inflation Protection Securities	65,759,780	65,759,780	-	-
Loomis Sayles Core Plus Bond ETF	15,453,427	15,453,427	-	-
iShares Core U.S. Aggregate Bond ETF	17,466,999	17,466,999	-	-
iShares Core International Aggregate Bond	8,335,976	8,335,976	-	-
			-	-
Total Fixed Income Mutual Funds	210,140,358	210,140,358	-	-
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	608,845,170	\$ 608,845,170	\$ -	\$ -
INVESTMENT MEASURED AT CONTRACT VALUE				
Guaranteed Investment Contracts				
Ameritas Stable Value Fund	196,839,399			
TOTAL INVESTMENTS	\$ 805,684,569			

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

NOTE 3 INVESTMENTS (Continued)

The Program categorizes fair value measurement within a hierarchy established by generally accepted accounting principles. The underlying funds had the following recurring fair value measurements at September 30, 2019.

	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
INVESTMENTS MEASURED AT FAIR VALUE				
Domestic Equity Mutual Funds and ETFs				
iShares Core S&P Total U.S. Stock Market ETF	\$ 245,651,186	\$ 245,651,186	\$ -	\$ -
Schwab U.S. REIT ETF	11,901,180	11,901,180	-	-
DFA U.S. Sustainability Core 1 Portfolio	7,276,756	7,276,756	-	-
JP Morgan U.S. Equity	42,763,740	42,763,740	-	-
Vanguard Strategic Small Cap Equity	13,041,396	13,041,396	-	-
Total Domestic Equity Mutual Funds	320,634,258	320,634,258	-	-
International Equity Mutual Funds and ETFs				
DFA International Sustainability Core 1 Portfolio	6,263,059	6,263,059	-	-
iShares Core MSCI Total International Stock ETF	5,870,669	5,870,669	-	-
Total International Equity Mutual Funds	12,133,728	12,133,728	-	-
Fixed Income Mutual Funds and ETFs				
Vanguard Intermediate-Term Bond Index Fund	49,721,085	49,721,085	-	-
Vanguard Short-Term Corporate Bond Fund	41,242,431	41,242,431	-	-
Vanguard Short-Term Inflation Protection Securities	57,799,075	57,799,075	-	-
Loomis Sayles Core Plus Bond ETF	13,546,745	13,546,745	-	-
iShares Core U.S. Aggregate Bond ETF	16,101,775	16,101,775	-	-
iShares Core International Aggregate Bond	3,909,005	3,909,005	-	-
Total Fixed Income Mutual Funds	182,320,116	182,320,116	-	-
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	515,088,102	\$ 515,088,102	\$ -	\$ -
INVESTMENT MEASURED AT CONTRACT VALUE				
Guaranteed Investment Contracts				
Ameritas Stable Value Fund	168,867,291			
TOTAL INVESTMENTS	\$ 683,955,393			

NOTE 4 ADMINISTRATIVE AND MAINTENANCE FEES

The Program assessed underlying investment, program management, state fees and an annual maintenance fee. Program management and state fees (administrative fees) which totaled 0.15% on the principal protected portfolio and 0.30% on all other funds were assessed. The annual maintenance fee is generally charged during the month of the first anniversary in which the account was opened and annually thereafter. Account owners who are residents of the District are charged an annual maintenance fee of \$10.00, and non-District residents are charged an annual maintenance fee of \$15.00. The annual maintenance fees are charged on a pro rata basis upon closure of an account. The Program Manager receives the \$10.00 annual maintenance fee charged to District residents. Of the \$15.00 annual maintenance fee charged to non-District residents, the Program Manager receives \$10.00 and the District receives \$5.00.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 4 ADMINISTRATIVE AND MAINTENANCE FEES (Continued)

For Fiscal Year 2020, total program management and administrative fees assessed to account owners were \$1,785,664 and \$374,729, respectively. These fees are reflected in the Participant Fund Statement of Changes in Fiduciary Net Position. The District portion of the fees was \$374,729, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. As of September 30, 2020, the total amount earned during the Fiscal Year but not remitted to the District was \$33,299.

For the Fiscal Year 2020, maintenance and enrollment fees reflected in the Participant Fund Statement of Changes in Fiduciary Net Position totaled \$191,523. The District's portion was \$17,651, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. As of September 30, 2020, the total amount earned during the Fiscal Year but not remitted to the District was \$938.

The District incurred administrative expenses of \$295,664 in Fiscal Year 2020, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. The expenses incurred were for professional fees and scholarship donations. At year-end, the Administrative Fund position balance was \$695,701.

For Fiscal Year 2019, total program management and administrative fees assessed to account owners were \$1,542,440 and \$324,053, respectively. These fees are reflected in the Participant Fund Statement of Changes in Fiduciary Net Position. The District portion of the fees was \$324,053, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. As of September 30, 2019, the total amount earned during the Fiscal Year but not remitted to the District was \$31,903.

For the Fiscal Year 2019, maintenance and enrollment fees reflected in the Participant Fund Statement of Changes in Fiduciary Net Position totaled \$172,698. The District's portion was \$16,335, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. As of September 30, 2020, the total amount earned during the Fiscal Year but not remitted to the District was \$1,146.

The District incurred administrative expenses of \$467,947 in Fiscal Year 2019, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. The expenses were for the professional services and donations for scholarship. At year-end, the Administrative Fund position balance was \$592,628.

On May 2, 2017, the Securities and Exchange Commission ("Commission") issued an order instituting and settling administrative and cease-and-desist proceedings ("Order") with Calvert Investment Distributors, Inc. ("Calvert Distributor") and Calvert Investment Management, Inc. ("Calvert") (together, "Respondents"). The Order required Respondents to repay excessive Rule 12b-1 fees. During Fiscal Year 2020 the Administrative Fund received \$161,355 of such repayments for the benefit of plan participants. The funds will be paid to the Trust pending a detailed allocation determination.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

NOTE 5 INVESTMENT EXPENSES

Investment expenses represent the operating expenses and load fees paid to the broker dealers. Certain fees charged by the investment funds for operating expenses and load fees are reflected in the net appreciation in fair value of investments amount in the Statement of Changes in Fiduciary Net Position. Underlying investment fees, net of administrative and program management fees (see note 4), ranged from 0.00% to 0.44% (gross of 0.15% to 0.74%) of the fund's average daily net asset value. Underlying investment management fees, net of administrative and program management fees, totaled \$564,406 and \$493,573 for Fiscal Year 2020 and 2019, respectively. The fees are reflected in the Participant Fund Statement of Changes in Fiduciary Net Position.

NOTE 6 RELATED PARTY TRANSACTIONS

All the Program's individual portfolios invest in a single underlying mutual fund or ETF managed by a third-party investment manager. The year of enrollment portfolios have a set target allocation and are invested in multiple underlying mutual funds, ETFs as well as the Ameritas Funding Agreement.

Ascensus College Savings monitors and rebalances the underlying asset allocations of the Year of College Enrollment Portfolios on a quarterly basis. The principal protected portfolio invests in a funding agreement issued by Ameritas Life.

NOTE 7 RISKS AND UNCERTAINTIES

The Plan invests in investment securities that are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible, that changes in the values of the investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statement of Fiduciary Net Position.

NOTE 8 SUBSEQUENT EVENTS

As result of the incidence of COVID-19, economic uncertainties may negatively impact the financial position and results of operations of the Trust. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

The Trust has evaluated events subsequent to September 30, 2020 and through December 23, 2020, the date the financial statements were available to be issued, and determined there have not been any events that have occurred that would require adjustments to the financial statements.



1001 Connecticut Ave, NW
Suite 745
Washington, DC 20036
www.beawatsonrice.com

Telephone: (202) 778-3450
Facsimile: (240) 764-6277

**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*.**

To the Trustee of
The District of Columbia 529 College Savings Program Trust

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 District of Columbia 529 College Savings Program Participant and Administrative Funds (the "Trust"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated December 23, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust'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 Trust'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 Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

This report is intended solely for the information and use of the Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

Washington, D.C. *BCA Watson Rre LLP*
December 23, 2020



Before you invest, consider whether your or the beneficiary’s home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state’s qualified tuition program.

For more information about The DC College Savings Plan (“The Plan”), call 800.987.4859, or visit dccollegesavings.com to obtain a Program Disclosure Booklet, which includes investment objectives, risks, charges, expenses, and other important information; read and consider it carefully before investing.

The Plan is administered by the District of Columbia Office of the Chief Financial Officer, Office of Finance and Treasury. Ascensus College Savings Recordkeeping Services, LLC, the Program Manager, and its affiliates, have overall responsibility for the day-to-day operations, including recordkeeping and administrative services. Ascensus Investment Advisors, LLC serves as the Investment Manager.

The Plan’s Portfolios invest in: (i) exchange-traded funds, (ii) mutual funds and (iii) a funding agreement. Investments in The Plan are municipal securities that will vary with market conditions. Investments are not guaranteed or insured by the Government of the District of Columbia, the District of Columbia College Savings Program Trust, the District of Columbia Chief Financial Officer, the District of Columbia Treasurer, the Trustee for the District of Columbia College Savings Program Trust or any co-fiduciary or instrumentality thereof, the Federal Deposit Insurance Corporation or any instrumentality thereof.

INVESTMENTS ARE NOT FDIC INSURED, MAY LOSE VALUE AND ARE NOT BANK GUARANTEED.

Upromise is an optional service offered by Upromise, Inc., is separate from the DC College Savings Plan, and is not affiliated with Ascensus College Savings Recordkeeping Services, LLC or the District of Columbia. Terms and conditions apply to the Upromise service. Participating companies, contribution levels, and terms and conditions are subject to change at any time without notice. Transfers from Upromise to a DC College Savings Plan account are subject to a \$25 minimum. Upromise and the Upromise logo are registered service marks of Upromise, Inc.

Ugift is a registered service mark

