COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
Denver, Colorado

FINANCIAL AND COMPLIANCE AUDIT
June 30, 2009 and 2008

LEGISLATIVE AUDIT COMMITTEE
2009 MEMBERS

Representative Dianne Primavera
Chair

Senator David Schultheis
Vice-Chair

Senator Morgan Carroll
Representative James Kerr
Representative Frank McNulty
Representative Joe Miklosi
Senator Shawn Mitchell
Senator Lois Tochtrop

Office of the State Auditor Staff

Sally Symanski
State Auditor

Dianne Ray
Deputy State Auditor

Crystal Dorsey
Legislative Auditor

Clifton Gunderson LLP
Contract Auditors

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Members of the Legislative Audit Committee:

This report contains the results of the financial and compliance audit of the Student Loan Program Funds of CollegeInvest as of June 30, 2009. The audit was conducted pursuant to Section 2-3-103 and 23-3.1-201, C.R.S., which authorizes the State Auditor to conduct audits of the departments, institutions and agencies of State government.

Clifton Gunderson LLP

Greenwood Village, Colorado
December 18, 2009

COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
FINANCIAL AND COMPLIANCE AUDIT
June 30, 2009

REPORT SUMMARY

COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
FINANCIAL AUDIT
FISCAL YEAR ENDED JUNE 30, 2009

Purpose and Scope

The Office of the State Auditor, State of Colorado engaged Clifton Gunderson LLP to conduct the financial and compliance audit of CollegeInvest Student Loan Program Funds (Student Loan Program Funds) for the Fiscal Year ended June 30, 2009. Clifton Gunderson LLP performed this 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.

The purpose and scope of our audit was to express an opinion on the Student Loan Program Funds' basic financial statements as of and for the Fiscal Year ended June 30, 2009.

Audit Opinions and Reports

We expressed an unqualified opinion on the Student Loan Program Funds' basic financial statements as of and for the year ended June 30, 2009.

Summary of Key Findings and Recommendations

There was a significant deficiency relating to the review and approval of journal entries. The finding is represented as Finding #1 in the Findings and Recommendations section of this report.

There was a significant deficiency relating to the timeliness of financial reporting. The finding is represented as Finding #2 in the Findings and Recommendations section of this report.

Summary of Progress in Implementing Prior Year audit Recommendations

There were no findings for the year ended June 30, 2008.

COLLEGEINVEST STUDENT LOAN PROGRAM FUNDS
RECOMMENDATION LOCATOR
FISCAL YEAR ENDED JUNE 30, 2009

Rec. No.	Page No.	Recommendation Summary	Entity's Response	Implementation Date
1	6	CollegeInvest should establish a process that requires review of all general ledger entries prior to posting.	Agree	April 1, 2010
2	7	CollegeInvest should evaluate options to expedite the closing and financial reporting processes in order to improve the timeliness of the year-end financial reporting process and audit support efforts needed to meet State deadlines.	Agree	June 30, 2010

DESCRIPTION OF THE COLLEGEINVEST STUDENT LOAN PROGRAM FUNDS

Organization

The Colorado General Assembly, pursuant to Colorado Revised Statutes 23-3.1-2 01, et. seq., and 23-3.1-3 01, et. seq., established a student obligation bond program (Student Loan Program Funds, which consist of the Bond Funds, the CollegeInvest Early Achievers Scholarship Fund (a scholarship trust program), the Nursing Teacher Loan Forgiveness Fund and the Health Care Provider Fund), a post secondary education expense program (Prepaid Tuition Fund), and an Internal Revenue Code Section 529 college savings program (Scholars Choice Fund, Direct Portfolio Fund, and Stable Value Plus Fund), which are administered by CollegeInvest. The programs assist students in meeting the expenses incurred in availing themselves of higher education opportunities. The Executive Director of the Colorado Department of Higher Education has responsibility for oversight and management of CollegeInvest and appoints the Director of CollegeInvest. In addition, CollegeInvest has a nine-person Board of Directors (Board) designated by the Governor with the consent of the State Senate to serve four-year terms.

Student Loan Program Funds

Primary operations of the student obligation bond program commenced in 1981. In meeting its legislative mandate, CollegeInvest issues tax-exempt and taxable financings. The amount of tax-exempt financing authority is limited by federal volume caps for private activity bonds, allocated to Colorado and by Colorado's allocation of these caps among state and local governments that issue debt. The proceeds from such financings are used to originate and purchase student loans. CollegeInvest is authorized to issue its own revenue bonds, notes and other obligations in the aggregate amount of $2.0 billion. The bonds do not constitute an indebtedness, debt or liability of the State of Colorado.

The financial statements of the Student Loan Program Funds present the activities of the Bond Funds, CollegeInvest's Borrower Benefit Fund, Nursing Teacher Loan Forgiveness, Health Care Provider Fund, and Early Achievers Scholarship Fund, formerly known as the College in Colorado Scholarship Trust Fund. Each Bond Fund represents bond proceeds that are restricted by the financing documents of each individual bond issue. Each Bond Fund is accounted for separately and is a separate trust estate. The Borrower Benefit Fund consists of assets and revenue that are not pledged as collateral to the Bond Funds. These monies are available for the administration of CollegeInvest and for use in other programs in accordance with CRS 23-3.1-201 that are authorized by the General Assembly.

During the 2004 legislative session, the General Assembly enacted H.B. 04-1350, making several changes to the Student Loan Program Funds, effective for fiscal year 2005. Nonresidents are now allowed to obtain student loans through CollegeInvest. The definition of "Student Loan" has been expanded to include loans made by institutions of higher education or by nonprofit corporations operating on behalf of the institution, located outside of Colorado. The definition of "lender" now includes any domestic branch or agency of a foreign bank duly licensed by a State or the United States.

Early Achievers Scholarship Trust Fund

Colorado Achievement Scholarship Program (Scholarship Program), created in statute as Colorado Achievement Scholarship Trust Fund, was created by Colorado statute CRS 23-3.1-206.9 to provide higher education scholarships for eligible students. CollegeInvest was designated by the statute to implement and administer the Scholarship Program. A scholarship under the Scholarship Program may only be awarded to undergraduate students who meet certain eligibility requirements established by the Board in accordance with the statute.

The financial activities of the Early Achievers Scholarship Trust Fund consists of investment of monies deposited to the trust by CollegeInvest, the State (to the extent appropriated) and as a result of any gifts, grants, or donations received by CollegeInvest for the Scholarship Program, as well as distribution of scholarships in conformance with the eligibility requirements established by the Board. Moneys in the trust may be used by CollegeInvest to fund the direct and indirect costs of implementing, marketing, and administering the Scholarship Program.

Nursing Teacher Loan Forgiveness Fund

A Loan Forgiveness Fund was created by Colorado statute CRS 23-3.6-101 to provide student loan forgiveness to persons who teach courses in nursing at a participating institution of higher education for at least five consecutive academic years after receipt of advanced degree. The General Assembly appropriates funds for the program to the Colorado Department of Higher Education (DHE). CollegeInvest was designated by statute to administer the Nursing Teacher Loan Forgiveness (NTLF) Fund for the DHE. Repayment of loans through the program may only be awarded to persons who meet certain eligibility requirements established by the Board in accordance with the statute.

The financial activities of the NTLF Fund consist of monies deposited in the State Treasurer's Cash Fund. CollegeInvest is also authorized to receive and expend gifts, grants, and donations or monies appropriated by the General Assembly for the purpose of implementing the program.

Health Care Provider Fund

A loan repayment program was created by Colorado statute CRS 23-3.6-201 to provide student loan repayment to certain health care professionals. The General Assembly appropriates funds for the program to the DHE. CollegeInvest was designated by the statute to administer the Health Care Provider (HCP) Fund for the DHE. Repayment of loans through the program may only be awarded to persons who meet certain eligibility requirements established by the Board in accordance with the statute.

The financial activities of the HCP Fund consist of monies deposited in the State Treasurer's cash fund. CollegeInvest is also authorized to receive and expend gifts, grants, and donations or moneys appropriated by the General Assembly for the purpose of implementing the program.

FINDINGS AND RECOMMENDATIONS

Student Loan Program Funds

Finding #1: Review of adjusting general journal entries

CollegeInvest makes manual entries into its general ledger to adjust for transactions that occur outside the normal cash receipt and disbursement cycles. Such entries include, but are not limited to, wire transfers between cash and investment accounts, indirect cost allocations, and accruals of various receivables and liabilities. A strong internal control structure should include a process for the review of all entries to the general ledger prior to posting, including a review of documentation such as source documents or other justification of amounts posted. A process to review and approve journal entries and support prior to posting to the general ledger will insure the accuracy of the entry and the affected account balances. Without proper support, it is impossible to determine if entries made to the general ledger are accurate.

During our testing, we noted that there is no process for review and approval of general ledger entries prior to posting. We further noted certain general ledger entries that were not supported by source documentation. We understand that CollegeInvest was undergoing certain staffing issues that impacted its review of journal entries prior to posting and that reconciliations of accounts were able to identify general journal entry errors. However, without a system to review and approve entries as they are made, unsupported and/or inaccurate entries could be made that would misstate the financial statements.

Recommendation #1:

CollegeInvest should establish a process that requires the review and approval of all general ledger entries prior to them being posted to the general ledger. All entries should be documented with appropriate supporting information and should be reviewed and approved by an individual other than the preparer, who is knowledgeable about the proposed adjustments.

CollegeInvest's Response:

Agree. CollegeInvest agrees that all journal entries should be reviewed and approved prior to entering into the general ledger. CollegeInvest does prepare supporting documentation, but will clarify its procedures to ensure that it reviews, approves and retains all signed copies of journal entries, along with supporting documentation, that are entered into the general ledger.

CollegeInvest will implement a review and approve all journal entries into the general ledger no later than April 1, 2010.

Finding #2: Timeliness and Accuracy of Financial Reporting

The State's financial reporting process requires CollegeInvest to submit its annual financial statements and other financial information to the Office of the State Controller at the end of October. The opinion on CollegeInvest's financial statements is needed to support the audit of the State's Comprehensive Annual Financial Report. The contract with the Office of the State Auditor requires that the external auditor issue a financial and compliance audit report by October 31 that includes an opinion on the basic financial statements as well as findings and recommendations resulting from the audit. We discussed the audit time and related deadlines at the May 13, 2009 Audit Entrance Conference. Delays in completing the audit impacted the State's ability to complete its financial reporting process in a timely manner. CollegeInvest agreed to provide the statements to Clifton Gunderson by August 24, 2009. The reporting process and issuance of the financial and compliance audit report extended two months after the deadline. Fieldwork began in May 2009, with the majority of the audit work taking place in September. We received a complete draft of the financial statements that had been reviewed by the Chief Financial Officer on November 6, 2009. Subsequently, various changes were made to the financial statements by CollegeInvest. Further, due to inaccuracy of information transmitted in the Exhibits required by the Office of the State Controller that aid in compiling the statewide Comprehensive Annual Financial Report, revisions to the Exhibits were made continuously up to the state's audit report date. Failure to meet the deadlines for completing the audit and incorrect Exhibits resulted from various factors including the delays in receiving the fully completed financial statements, missing information that included balances in the financial statements that were not provided to the auditor during fieldwork, and adjustments made to the balances subsequent to the audit fieldwork being completed. These delays have impacted the State's ability to complete its financial reporting process in a timely and accurate manner. In addition, audited financial statements lose their relevance when issued long after the end of the fiscal year.

Recommendation #2:

CollegeInvest should evaluate options and implement changes to expedite the closing and financial reporting processes in order to improve the timeliness and accuracy of the year-end financial reporting process and audit support efforts needed to meet State deadlines. CollegeInvest should also reassess the resources needed and priorities given to support the audit process to ensure audit requests are addressed accurately and in an efficient and timely manner.

CollegeInvest's Response:

Agree. CollegeInvest prepares three separate financial statements. CollegeInvest will revise its financial statement preparation process to include concurrent preparation of the Student Loan Program Funds along with the Prepaid Tuition Fund and College Savings Program Funds financial statements. The fiscal year 2009 process staged the three sets of financial statements so that the review process would not be scheduled at the same time. However, complexities surrounding the Student Loan Program Funds financial statements requires more time for preparation and analysis, so we will complete it earlier in the schedule than previous years. CollegeInvest will also implement a reporting procedure that lists all deadlines and a status update for each deadline that will be circulated to the entire group involved in the preparation and review process so that each level of each organization is aware of the status of deadlines.

CollegeInvest will ensure proper allocation of resources for preparation of financial statements provided that Clifton Gunderson and the State Auditor's Office perform timely reviews and feedback that allow CollegeInvest to finalize its financial statements within the deadlines. We have begun the process of coordinating a schedule with Clifton Gunderson and the SAO that allows us to accomplish this for the fiscal year 2010 financial statements.

DISPOSITION OF PRIOR AUDIT RECOMMENDATIONS

There were no findings or recommendations reported in the financial audit of the Student Loan Program Funds for the fiscal year ended June 30, 2008.

THIS PAGE LEFT BLANK INTENTIONALLY

Clifton Gunderson LLP
Certified Public Accountants & Consultants

Independent Auditor's Report

Members of the Legislative Audit Committee:

We have audited the accompanying financial statements of the business-type activities and each major fund of CollegeInvest, (a division of the Department of Higher Education, State of Colorado) Student Loan Program Funds, as of and for the years ending June 30, 2009 and 2008, which collectively comprise CollegeInvest Student Loan Program Funds' basic financial statements as listed in the table of contents. These financial statements are the responsibility of CollegeInvest Student Loan Program Funds' management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1 – Organization and Summary of Significant Accounting Policies, the financial statements of the Student Loan Program Funds are intended to present the financial position, and results of operations and cash flows for only that portion of the financial reporting entity, the State of Colorado, that is attributable to the transactions of CollegeInvest Student Loan Program Funds. They do not purport to, and do not present fairly, the financial position of the State of Colorado as of June 30, 2009 and 2008 and the changes in its financial position and its cash flows, where applicable, for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and each major fund of CollegeInvest Student Loan Program Funds, as of June 30, 2009 and 2008, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2009 on our consideration of CollegeInvest Student Loan Program Funds' 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 12 to 28 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this supplemental information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clifton Gunderson LLP

Greenwood Village, Colorado
December 18, 2009

COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2009 AND 2008

This section of the Student Loan Program Funds' (Funds) financial statements is a discussion and analysis of the financial performance of the Funds for the fiscal years ended June 30, 2009, 2008, and 2007. CollegeInvest, a division of the Colorado Department of Higher Education (Department) of the State of Colorado administers the Funds, the Prepaid Tuition Fund, and the College Savings Program, which consists of the Scholars Choice, Stable Value Plus, and Direct Portfolio Funds. The Funds' financial results are presented as a proprietary fund in the State of Colorado Comprehensive Annual Financial Report. Management of CollegeInvest is responsible for the financial statements, footnotes, and this discussion. The management's discussion and analysis should be read in conjunction with the Funds' financial statements.

Overview of the Financial Statements:

This annual report contains two sections - management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

The Statement of Net Assets presents information on all of the Funds' assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of the Funds is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets presents information that reflects how the Funds' net assets changed during the past year. All changes in the net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The Statement of Cash Flows reports the Funds' cash flows from operating, investing, non-capital, and capital financing activities.

Analysis of Major Funds:

CollegeInvest Student Loan Program Funds consists of five major funds, the Borrower Benefit Fund, the Bond Funds, the CollegeInvest Early Achievers Scholarship Trust Fund (CEAS Trust), the Nursing Teacher Loan Forgiveness Fund (NTLF Fund), and the Health Care Provider Loan Repayment Fund (HCP Fund). The Borrower Benefit Fund, the Bond Funds, the CEAS Trust, NTLF Fund, and the HCP Fund are accounted for as separate enterprise funds within the State of Colorado's financial reporting system. However, the State Controller's Office combines these five Funds in the State's Comprehensive Annual Financial Report.

Borrower Benefit Fund:

The Funds utilize the Borrower Benefit Fund for payment of general and administrative expenses and other activities of all of its other Funds, necessary to fulfill their purposes. The general and administrative expenses and activities have been allocated to the respective Funds. Additionally, cash in the Borrower Benefit Fund has been committed by CollegeInvest's Board of Directors (Board) to fund certain debt issuance costs of the Bond Funds, to pay for operating expenses of the Borrower Benefit Fund and capital expenditures, and to provide reserves for operating expenses and cash flow timing differences of the Prepaid Tuition Fund.

In August 2008, the U.S. Department of Education (USDE) implemented the Loan Purchase Commitment Program (Purchase Program) and the Loan Participation Program (Participation Program) pursuant to the Ensuring Continued Access to Student Loans Act, Public Law 110-227 (ECASLA) in response to concerns that credit market conditions could disrupt federal student loan availability. CollegeInvest entered into agreements with the USDE in order to participate in these Programs due to its inability to access credit markets at reasonable financing costs. The activities of these Programs are recorded in the Borrower Benefit Fund.

Analysis of Major Funds (continued):

Borrower Benefit Fund (continued):

Under the Purchase Program, the USDE will purchase loans at a price equal to the sum of (i) par value, (ii) accrued interest, (iii) a one-percent origination fee paid to the USDE, and (iv) a fixed amount of $75 per loan. Under the Participation Program, the USDE provides interim short term liquidity to Family Federal Education Loan Program (FFELP) lenders by purchasing participation interests in pools of FFELP loans. FFELP lenders are charged an annual rate of interest by using the Commercial Paper Rate plus 50 basis points on the principal amount of participation interests outstanding. This rate is re-set on a quarterly basis. Loans funded under the Participation Program must be either refinanced by the lender or sold to the USDE pursuant to the Purchase Program prior to its expiration on October 15, 2009. In November 2008, the USDE announced the replication of the terms of the Participation and Purchase Program, which will include FFELP student loans made for the 2009-2010 academic year. CollegeInvest is also utilizing this Program.

During 2009, the State of Colorado was awarded a federal College Access Challenge Grant (CACG). The Governor's office in turn selected the Colorado Department of Higher Education (Department) to administer the CACG and CollegeInvest was assigned administration of the grant from the Department. The CACG is a two-year federal grant with the opportunity for carry-over of its remaining funds for a third year. The required fifty percent match for the grant is funded by CollegeInvest (CI) through its outreach, collateral, and scholarship activities recorded in the Bond Funds and the College Savings Programs. The federal amount for the first year is $852,698 and the state match is $426,349. In the second year, the federal amount is $904,838 and the state match is $452,419. $297,559 was expended in the fiscal year ended June 30, 2009. Reimbursement from the USDE is recorded as intergovernmental revenue in the Borrower Benefit Fund. Funds must be used to increase access to post-secondary education for low-income students in high school and college.

Bond Funds:

In meeting its legislative mandate, the Bond Funds issue tax-exempt and taxable financings. The proceeds from such financings are used to originate and purchase student loans or to make loans to institutions of higher education for their graduate lending programs. These financial activities are recorded within the Bond Funds in funds and accounts established under the financing documents. The financing documents for each Bond Fund restrict assets held in each respective trust estate for the payment of the outstanding obligations. Additionally, revenues generated within the Bond Funds are pledged as security on the financings.

The net assets of the Funds are restricted by statute for the purpose of administering programs to assist higher education students in paying tuition, unless otherwise provided for by law or trust indenture.

CollegeInvest Early Achievers Scholarship Trust Fund (CEAS):

The CEAS Trust is designed to make college a reality for deserving students who work hard academically, but whose families cannot afford college. The CEAS Trust was funded by contributions from the Borrower Benefit Fund, the Bond Funds and the Colorado Student Loan Program dba College Assist (CA). CA was established in 1979 as a division of the Colorado Department of Higher Education. CA is the student loan guarantor for the State of Colorado. Loans to be insured by CA may only be originated by eligible institutions, which include CollegeInvest under the HEA (Higher Education Act). Effective January 6, 2006, the Director of CollegeInvest was appointed the Director of CA. Although CollegeInvest and CA are both divisions of the Department, they are each constituted and operate as separate enterprises of the State under the direction of the same Director, and each (CollegeInvest and CA) retains the ability to enforce contractual obligations against the other.

Analysis of Major Funds (continued):

Nursing Teachers Loan Forgiveness (NTLF):

The NTLF Fund is designed to increase the supply of teachers in the nursing field by helping them repay their student loans. The program will provide for a payment of up to $4,000 per year for five consecutive academic years after receiving an advanced degree. The maximum award for the five year teaching commitment is $20,000. The payment may be applied to the principal and interest on a loan for persons who teach courses in nursing at an eligible institution of higher education.

Health Care Provider Loan Repayment (HCP):

The HCP Fund is designed to increase the supply of health care professionals working in shortage areas by helping them repay their student loans. The program receives funds from the Federal Department of Health and Human Services for loan repayments, which the state matches. These combined funds provide for a payment of up to $25,000 a year for persons who practice for a minimum of two years in a Federally Designated Health Professional Shortage Area in Colorado as identified by the Federal Department of Health and Human Services.

The Executive Director of the Department and CollegeInvest's Board approve the annual budget and exercise financial oversight responsibilities of the Funds.

Comparison of Current Year Results to Prior Years:

Borrower Benefit Fund:

Borrower Benefit Fund Condensed Statements of Net Assets as of June 30:

	2009	2008	2007
	(dollar amounts expressed in thousands)		
Assets:			
Cash and investments	$ **8,446**	$ 9,430	$ 9,028
Student loans, net	**114,674**	-	-
Interest, other receivables and prepaid expenses	**2,246**	254	95
Capital assets, net	**196**	340	559
Total assets	**125,562**	10,024	9,682
Liabilities:			
Accounts payable and accrued expenses	**490**	429	541
Due to other funds and other agencies	**8,375**	467	447
Due to USDE	**108,675**	-	-
Long term liabilities	**185**	182	177
Total liabilities	**117,725**	1,078	1,165
Net assets:			
Invested in capital assets	**196**	340	559
Unrestricted	**7,641**	8,606	7,958
Total net assets	$ **7,837**	$ 8,946	$ 8,517

Comparison of Current Year Results to Prior Years (continued):

Borrower Benefit Fund (continued):

As noted above, in August 2008, CollegeInvest entered into agreement with the USDE in order to participate in the ECASLA program. In December 2008, CollegeInvest began originating student loans in its Borrower Benefit Fund and began utilizing the Participation Program. Cash and investments of the Borrower Benefit Fund decreased $1.0 million from June 30, 2008 to June 30, 2009, primarily due to operating losses of the Participation Program. Student loans, net increased from zero as of June 30, 2008 to $114.7 million as of June 30, 2009 as CollegeInvest had originated or purchased $114.7 million in loans and participated in $108.7 million of loans with the USDE.

Due to other funds and other agencies increased from $467,000 to $8.4 million from June 30, 2008 to June 30, 2009. In order to facilitate the Participation Program, CollegeInvest entered into a line of credit agreement with the Colorado Student Loan Program, dba College Assist. As of June 30, 2009, CollegeInvest had drawn $7.0 million on the line of credit, which it utilized to originate student loans. Due to USDE increased from zero as of June 30, 2008 to $108.7 million as of June 30, 2009. This liability consists of amounts due to the USDE for participated loans and for yield payments due to the USDE under the Participation Program. CollegeInvest pays the USDE the Commercial Paper Rate plus 50 basis points for borrowings under the Participation Program.

Prior to CollegeInvest entering into the Participation Program, student loans were originated with funds in the Bond Funds. Further discussions relating to student loan originations and the Participation Program are discussed in the Bond Funds section of this report in order to compare student loan volume into 2008 and 2007.

Net assets are restricted for use either by creditors, grantors, contributors, or laws and regulations of other governments or by law through constitutional provisions or enabling legislation. Under the Participation Program, the principal, interest receivable and revenues associated with the student loans are restricted for payment of the related liability to the USDE.

Cash and investments of the Borrower Benefit Fund increased $402,000 from June 30, 2007 to June 30, 2008, due primarily to operating income of $429,000.

Comparison of Current Year Results to Prior Years (continued):

Borrower Benefit Fund (continued):

Capital Assets:

The investment in capital assets at June 30, 2009 and 2008 amounted to $196,000 and $340,000, respectively, net of accumulated depreciation. Capital assets consist of furniture, equipment and software. The changes in capital assets were as follows:

	Balance June 30, 2008	Additions (Deletions)	Depreciation & Amortization	**Balance June 30, 2009**
	(dollar amounts expressed in thousands)			
Software	$ 47	$ 12	$ 15	$ **44**
Leasehold Improvements	18	-	4	**14**
Furniture and equipment	275	4	141	**138**
Total capital assets, net	$ 340	$ 16	$ 160	$ **196**

	Balance June 30, 2007	Additions (Deletions)	Depreciation & Amortization	Balance June 30, 2008
	(dollar amounts expressed in thousands)			
Software	$ 334	$ 3	$ 290	$ 47
Leasehold Improvements	-	19	1	18
Furniture and equipment	225	203	153	275
Total capital assets, net	$ 559	$ 225	$ 444	$ 340

The remaining net assets of the Borrower Benefit Fund are designated primarily for bond issuance costs, operating reserves for all funds administered by CollegeInvest, cash flow differences of the Prepaid Tuition Fund and computer equipment and software.

Comparison of Current Year Results to Prior Years (continued):

Borrower Benefit Fund (continued):

Borrower Benefit Fund Condensed Statement of Revenues, Expenses and Changes in Net Assets for the Years Ended June 30:

	2009	2008	2007
	(dollar amounts expressed in thousands)		
Operating revenues:			
Loan interest	$ 27	$ -	$ -
Investment income	270	504	622
Total operating revenues	297	504	622
Operating expenses:			
Interest expense	1,039	-	-
Loan servicing and financing fees	278	-	-
General and administrative expenses	387	75	49
Change in net assets before transfers	(1,407)	429	573
Intergovernmental revenue	298	-	-
Transfer to Bond Fund	-	-	(4,000)
Change in net assets	(1,109)	429	(3,427)
Net assets, beginning of year	8,946	8,517	11,944
Net assets, end of year	$ 7,837	$ 8,946	$ 8,517

Investment income consists of the following:

	2009	2008	2007
	(dollar amounts expressed in thousands)		
Interest on investments	$ 250	$ 410	$ 527
Unrealized gain on investments	20	94	95
Investment income	$ 270	$ 504	$ 622

Investment income decreased by $234,000 in 2009 and decreased by $118,000 in 2008. The average cash and investment balances for the years ended June 30, 2009, 2008, and 2007 were $8.6 million, $9.7 million, and $11.2 million, respectively, with average interest returns of 2.9%, 4.2%, and 4.7%, respectively.

Loan interest income, interest expense and loan servicing costs are expenses associated with the Participation Program. In 2009, general and administrative expenses increased by $312,000 primarily due to the inclusion of $298,000 of CACG expenses. Intergovernmental revenues of $298,000 reimbursed these expenses under the grant. Funds from the CACG were used to increase statewide CollegeInvest outreach efforts in English and Spanish, enhance College In Colorado web and outreach services to adult students, develop a financial literacy program to assist students in access to and retention in higher education, and offer a counselor loan forgiveness program.

Comparison of Current Year Results to Prior Years (continued):

Bond Funds:

Bond Funds Condensed Statements of Net Assets as of June 30:

	2009	2008	2007
	(dollar amounts expressed in thousands)		
Assets:			
Current:			
Cash and investments	$ **70,784**	$ 162,393	$ 376,328
Student loans, interest and other receivables	**94,712**	78,072	74,850
Total current assets	**165,496**	240,465	451,178
Noncurrent:			
Student loans, net	**1,664,815**	1,608,626	1,323,352
Bond and note issuance costs, net	**9,649**	9,687	9,422
Total noncurrent assets	**1,674,464**	1,618,313	1,332,774
Total assets	**1,839,960**	1,858,778	1,783,952
Liabilities:			
Current:			
Accounts payable, interest payable and other liabilities	**2,299**	6,128	6,395
Intrafund payable (receivable)	**1,810**	2,704	(318)
Due to Department of Education	**9,620**	1,492	1,049
Bonds and notes payable	**24,000**	24,000	15,974
Total current liabilities	**37,729**	34,324	23,100
Noncurrent:			
Arbitrage rebate payable	**17,730**	17,985	23,774
Bonds and notes payable	**1,677,330**	1,701,330	1,625,330
Total noncurrent liabilities	**1,695,060**	1,719,315	1,649,104
Total liabilities	**1,732,789**	1,753,639	1,672,204
Net assets (all restricted)	$ **107,171**	$ 105,139	$ 111,748

The decrease in cash and investments of $91.6 million in the Bond Funds from June 30, 2008 to June 30, 2009, was primarily due to the acquisition of student loans in excess of repayment of existing student loans of $31.5 million, redemption of $24.0 million of outstanding bonds and the purchase of $21.0 million in student loans and accrued borrower interest from the CEAS Trust.

The decrease in cash and investments of $213.9 million in the Bond Funds from June 30, 2007 to June 30, 2008, was primarily due to the acquisition of student loans in excess of repayment of existing student loans of $311.0 million which was somewhat offset by the issuance of $100.0 million in new bonds and notes.

Comparison of Current Year Results to Prior Years (continued):

Bond Funds (continued):

In 2009, the Bonds Funds and the Borrower Benefit Fund both recorded activity related to student loans. For purposes of this section, this activity was combined in the table below for comparison to 2008 and 2007. During 2009, student loans, including premiums and borrower benefits, increased by $201.8 million due to the acquisition of $406.7 million in student loans. The increases were offset by student loan principal repayments and sales totaling $204.9 million. During 2008, student loans, including premiums and borrower benefits, increased by $293.4 million due to the acquisition of $548.6 million in student loans less student loan principal repayments of $231.4 million and sales of student loans to the CEAS Trust of $24.5 million. Constraints in the capital markets limited CollegeInvest's ability to issue bonds in 2008. In 2009, the disruption in capital markets continued and CollegeInvest was unable to issue bonds so loans were participated to the USDE.

Borrower benefits, which have been offered by CollegeInvest since 1997 and periodically revised, generally reward prompt and regular payments, and payments made by automatic bank drafts, with credits to or reduction of principal balance, interest rate reductions and credit or waiver of origination and federal default fees. These benefits vary depending on loan type. Once a benefit has been earned, the borrower retains that benefit for the life of the loan unless the borrower defaults. The premiums and borrower benefits are capitalized and amortized over five years. As of July 1, 2008, CollegeInvest eliminated its credit or waiver of origination fees borrower benefit for new loans.

Student loan acquisitions and principal payments were as follows:

	2009			2008	2007
	Bond Funds	**BBF**	**Total**	Bond Funds	Bond Funds
	(dollar amounts expressed in millions)				
Originations	$ **158.6**	$ **87.4**	$ **246.0**	$ 191.0	$ 153.3
Purchases	**115.2**	**44.4**	**159.6**	210.7	191.3
Consolidations	**1.1**	**-**	**1.1**	146.9	166.2
Sales	**(60.9)**	**(17.0)**	**(77.9)**	(23.8)	-
Principal payments received	**(126.8)**	**(0.2)**	**(127.0)**	(231.4)	(290.7)
Net Increase	$ **87.2**	$ **114.6**	$ **201.8**	$ 293.4	$ 220.1

The increase of $55.0 million in new loan originations from $191.0 million in 2008 to $246.0 million in 2009 is a result of several different factors. Some lenders have exited the market as a result of limited availability of financing due to the disruption in the credit markets and the diminishing profitability of student loans. Changes implemented by the USDE in October 2007 decreased yields on student loans made by private lenders. Disruption in the credit markets has diminished CollegeInvest's ability to obtain cost effective financing for origination and purchase of student loans. CollegeInvest may have gained volume due to fewer lenders in the marketplace. Additionally, after concluding the CollegeLender program effective June 30, 2008, (a program in which CollegeInvest loaned funds to Colorado colleges to originate student loans, then purchased the student loans from the colleges), CollegeInvest has directly originated a portion of the graduate loans that would have been originated by CollegeLenders and reflected as "Purchases" in prior years.

Purchases and sales of student loans in the Bond Funds in 2009 were primarily between the CEAS Trust and the Bond Funds. In 2008, purchases were primarily from CollegeLenders. The CollegeLender program was eliminated effective June 30, 2008 and therefore, we did not purchase any loans from CollegeLenders in 2009.

Comparison of Current Year Results to Prior Years (continued):

Bond Funds (continued):

The decrease in consolidations during the years ended June 30, 2008 and 2009, was due to the suspension of consolidation originations effective March 1, 2008. Changes in the Higher Education Act (HEA) reduced the yield earned on consolidation loans and CollegeInvest, along with many other student loan lenders, stopped consolidating existing loans. The decrease in principal payments received in the year ended June 30, 2008 was primarily due to a reduction in loans consolidated away from us by other lenders.

The arbitrage rebate payable is composed of excess interest and arbitrage rebate fees. The decrease of $0.3 million from June 30, 2008 to June 30, 2009, is due primarily to a decrease in excess interest liability of approximately $1.1 million and an increase in the arbitrage rebate liability of $871,000. The decrease of $5.8 million from June 30, 2007 to June 30, 2008, is due primarily to a decrease in excess interest liability of approximately $4.8 million and a decrease in arbitrage rebate liabilities of approximately $1.0 million. See the operating expense section for a discussion of the changes in excess earnings and arbitrage rebate expenses.

The Bond Funds had bonds and notes payable as of June 30,

	2009	2008	2007
	(dollar amounts expressed in thousands)		
Beginning balance	$ **1,725,330**	$ 1,641,304	$ 1,195,916
Bond and note issuance	**-**	188,300	506,000
Redemptions of bonds and notes	**(24,000)**	(104,274)	(60,612)
Bonds and notes payable	$ **1,701,330**	$ 1,725,330	$ 1,641,304

The Bond Funds issue and redeem bonds in an effort to maximize the ability to originate and purchase loans and take advantage of favorable tax-exempt and taxable debt attributes while minimizing the carrying costs of debt and costs of issuance. CollegeInvest did not issue bonds in 2009 due to the high cost of debt as a result of the on-going disruption in the capital markets. The USDE introduced the Participation Program to provide liquidity to lenders in the FFEL Program in July 2008, and CollegeInvest used this program to finance origination of loans beginning December 2008.

In April 2003, CollegeInvest issued $120 million of Floating Rate Notes (2003 Series VIII-A2). The interest rate was reset quarterly based on 3 Month LIBOR plus 0.225%. On June 3, 2008, these notes were not remarketed successfully and were converted to Auction Rate Securities per the Master Indenture. As a result of a failed Auction Rate Securities market, accelerated amortization of these bonds was triggered. Principal payments of $6.0 million for twenty (20) equal installments are due on the first business day of each March, June, September, and December, continuing through June 2013. Principal payments of $24.0 million were made as of June 30, 2009.

Restricted net assets include net assets that are restricted for use either by creditors, grantors, contributors, or laws and regulations of other governments or by law through constitutional provisions or enabling legislation. The Bond Funds had restricted net assets of $107.2 million, $105.1 million and $111.7 million as of June 30, 2009, 2008, and 2007, respectively.

COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF JUNE 30, 2009 AND 2008

Comparison of Current Year Results to Prior Years (continued):

Bond Funds Condensed Statement of Revenues, Expenses and Changes in Net Assets for the Years Ended June 30:

	2009	2008	2007
	(dollar amounts expressed in thousands)		
Operating revenues:			
Loan interest, net	$ **51,304**	$ 78,369	$ 79,029
Investment income	**1,256**	9,292	12,206
Total operating revenues	**52,560**	87,661	91,235
Less provision for loan losses	**1,461**	1,715	719
Total operating revenues after provision for loan losses	**51,099**	85,946	90,516
Operating expenses:			
Interest expense	**36,127**	84,396	64,987
Rebate tax expense, net	**(256)**	(5,325)	980
Loan servicing costs and bond fees	**10,467**	8,752	8,241
General and administrative expenses	**2,711**	4,682	4,042
Total operating expenses	**49,049**	92,505	78,250
Operating income before transfers	**2,050**	(6,559)	12,266
Transfer to Health Care Provider Loan Repayment Fund	**(18)**	(50)	-
Transfer from Borrower Benefit Fund	**-**	-	4,000
Change in net assets	**2,032**	(6,609)	16,266
Net assets, beginning of year	**105,139**	111,748	95,482
Net assets, end of year	$ **107,171**	$ 105,139	$ 111,748

Detail of loan interest is as follows:

	2009	2008	2007
	(dollar amounts expressed in thousands)		
Borrower interest	$ **93,903**	$ 88,073	$ 72,297
Special allowance payments	**(23,471)**	10,228	22,066
Borrower benefits and premium amortization	**(9,654)**	(9,616)	(7,102)
Consolidation rebate fees	**(7,958)**	(7,789)	(6,654)
Lender fees	**(1,516)**	(2,527)	(1,578)
Total loan interest, net	$ **51,304**	$ 78,369	$ 79,029

Comparison of Current Year Results to Prior Years (continued):

Bond Funds (continued):

Borrower interest increased from the year ended June 30, 2008 to the year ended June 30, 2009 by $5.9 million and increased from the year ended June 30, 2007 to the year ended June 30, 2008 by $15.8 million. In 2009, borrower interest income increased by $17.7 million due to an increase in the average student loan balance but was offset by a decrease of $11.8 million due to a lower average interest rate paid by borrowers, as lower interest rate indices impacted the variable interest rate adjusting loans. Interest rates on the Stafford loans in the portfolio originated from July 1, 1998 through June 30, 2006 are variable and are set based on the 91-day U. S. Treasury bill rate plus a spread that is determined by the loan status. All variable rate student loans are reset July 1 of each year and remain fixed for one year. The 91-day U.S. Treasury bill rates on July 1, 2008, 2007 and 2006 were 1.6%, 4.9% and 4.8%, respectively. Loans originated after June 30, 2006 and before July 1, 2008 bear interest at a 6.8% fixed rate. Subsidized Stafford undergraduate loans originated after June 30, 2008 bear interest at a 6.0% fixed rate. All other loans originated after June 30, 2008 remained at the 6.8% fixed rate. The average interest rate on consolidation loans was 5.1% in 2007 and 2008, and increased to 5.2% for 2009. The average monthly balance of student loans increased from $1.25 billion in 2007 to $1.54 billion in 2008 and to $1.74 billion in 2009.

Special allowance is the difference between the borrower interest rate and a "market" rate defined by the Higher Education Act (HEA) of 1965, as amended. If the borrower rate is higher than the "market" rate, then CollegeInvest pays the allowance to the USDE. The USDE pays CollegeInvest if the opposite occurs. Special allowance payments decreased by approximately $33.7 million from the year ended June 30, 2008 to the year ended June 30, 2009, which resulted in payments to the USDE in 2009 of $23.5 million. This decrease is primarily due to a decrease in the commercial paper rate. Special allowance is paid quarterly based on the 90-day commercial paper rate plus a spread based on the status of the loan. Commercial paper quarterly average was 1.7%, 4.1%, 5.4% for the years ended June 30, 2009, 2008, and 2007, respectively.

Special allowance payments decreased by approximately $11.8 million from the year ended June 30, 2007 to the year ended June 30, 2008. The decrease in special allowance income from the year ended June 30, 2007 to the year ended June 30, 2008 is primarily due to a decrease in commercial paper rate. Additionally, there was a change in the USDE's interpretation of the HEA regarding payments of 9.5% Floor special allowance. The USDE suspended payments of Floor special allowance effective October 1, 2006 until lenders completed an audit of their Floor special allowance eligible loan population. CollegeInvest completed this audit in January 2008. The Floor special allowance loan population was decreased from $197.9 million as of September 30, 2006 to $88.7 million. Supplemental special allowance payments at the 9.5 percent minimum rate were approximately $977,000 for 2009. CollegeInvest billed the USDE for seven quarters of Floor special allowance payments in its billing for the quarter ended June 30, 2008. CollegeInvest recorded Floor special allowance income in the year ended June 30, 2008, the past due amounts of $836,000 relating to the year ended June 30, 2007 and $1.1 million related to the year ended June 30, 2008. The College Cost Reduction and Access Act which became Public Law 110-84 effective October 1, 2007 reduced by 40 and 55 basis points lender subsidies for Stafford and Consolidation loans made by non-profit and for-profit lenders, respectively, on or after October 1, 2007.

Borrower benefits and premium amortization fees increased only slightly in 2009. CollegeInvest last purchased student loans at a premium in June 2008 and discontinued the upfront borrower benefits at the end of 2008. Premiums and borrower benefits are capitalized and amortized over five years. CollegeInvest also purchased a small amount of student loans at a discount in 2009 that somewhat offset this amortization expense. Borrower benefits and premium amortization fees increased $2.5 million during the year ended June 30, 2008 due to an increase in the acquisition of student loans at a premium as well as a higher volume of loan originations containing capitalized borrower benefits.

Consolidation rebate expense is a fee paid monthly to the USDE on the balance of consolidation loans owned by CollegeInvest. Consolidation rebate fees increased slightly in 2009 due to the purchase of approximately $44.1 million in consolidation rehabilitation loans during the year. The consolidation rebate fees increased during the year ended June 30, 2008 by $1.1 million from the year ended June 30, 2007. This is due to an increase on the balance of consolidation loans by $97.2 million from June 30, 2007 to June 30, 2008.

Comparison of Current Year Results to Prior Years (continued):

Bond Funds (continued):

Lender fees are paid on originations of Stafford and Consolidation loans. In 2009, originations were recorded in both the Bond Funds and the Borrower Benefit Fund, and overall, were lower in 2009 compared to 2008. As a result of lower originations, lender fees decreased by a total of $1.0 million in 2009. Lender fees increased $900,000 in 2008 compared to 2007 as a result of the USDE increasing the lender fees from 0.5% to 1.0% for loans originated after October 1, 2007.

The decrease in pledged investment income of approximately $8.0 million from the year ended June 30, 2008 to the year ended June 30, 2009 is due to a $92.9 million decrease in the average cash and investments balance and a decrease in the average interest rate from 4.4% for the year ended June 30, 2008 to 1.1% for the year ended June 30, 2009. The decrease in pledged investment interest income of approximately $2.9 million from the year ended June 30, 2007 to the year ended June 30, 2008 is due to a $31.5 million decrease in the average cash and investments balance and a decrease in the average interest rate from 5.0% for the year ended June 30, 2007 to 4.4% for the year ended June 30, 2008. See above for an explanation of the changes in cash and investment balances for each period. The average monthly cash and investment balance for the years ending June 30, 2009, 2008, and 2007 was $116.8 million, $209.7 million, and $241.2 million, respectively, with an average return of 1.1%, 4.4%, and 5.0%, respectively.

Interest expense is comprised of interest and amortization of bond issuance costs. Interest expense on bonds for the year ended June 30, 2009 decreased by $48.3 million from the year ended June 30, 2008. The decrease over the past year was due to a decrease in the weighted average interest rate on debt in 2009. As of June 30, 2008 and 2009, there were $1.0 billion and $1.1 billion, respectively, of bonds outstanding that are auction rate securities. As of February 2008 turmoil in the capital markets negatively impacted the auction rate market causing these securities to fail and maximum interest rate waivers to take effect. This caused CollegeInvest to incur larger than normal interest expense between the months of February through June 2008. However, the maximum rate waivers were a temporary measure. Between July and September 2008 the maximum rate waivers associated with the auction rate securities expired and the interest rates for these bonds reset, using calculations per each series indentures. As a result, the average interest rates for the auction rate securities are substantially lower in 2009 compared to 2008.

Interest expense on bonds for the year ended June 30, 2008 increased by $19.4 million from the year ended June 30, 2007. Average debt outstanding for the years ended June 30, 2009, 2008, and 2007 was $1.7 billion, $1.6 billion and $1.4 billion, respectively. The increase in average debt outstanding is due primarily to a higher amount of debt issuance in response to anticipated student loan purchases. The average interest rate on debt for the years ended June 30, 2009, 2008 and 2007 was 2.1%, 5.1% and 4.6%, respectively.

Rebate tax expense includes excess interest and arbitrage rebate as follows:

	2009	2008	2007
	(dollar amounts expressed in thousands)		
Excess interest	$ **(1,127)**	$ (4,809)	$ (366)
Arbitrage rebate	**871**	(516)	1,346
Total rebate tax expense	$ **(256)**	$ (5,325)	$ 980

The excess interest liability has been reduced the last three years. Therefore, excess interest expense resulted in a credit for the fiscal years ended June 30, 2007, 2008 and 2009. The credit decreased approximately $3.7 million for the year ended June 30, 2009. The change in excess earnings is due to the increased earnings for tax-exempt financing from 2009 over 2008. The excess interest credit increased approximately $4.4 million for the year ended June 30, 2008, primarily

Comparison of Current Year Results to Prior Years (continued):

Bond Funds (continued):

due to the acquisition of lower earning loans by tax-exempt bonds and an increase in interest paid on bonds. The arbitrage rebate expense is the amount of interest earned from investments using tax-exempt financing above the allowable spread. This expense increased approximately $1.4 million from June 30, 2008 to June 30, 2009 and decreased approximately $1.9 million from June 30, 2007 to June 30, 2008. The spread between the interest earned on investments and the interest paid on tax-exempt bonds increased in the year ended June 30, 2009 and decreased in the year ended June 30, 2008 CollegeInvest made payments to the IRS of $463,000 and $173,000 during the years ended June 30, 2008 and 2007, respectively.

Loan servicing costs and bond fees were 0.6% , 0.6% and 0.7% of the average student loan balance for the years ended June 30, 2009, 2008 and 2007. General and administrative expenses support the student loan activity and were 0.2% of the average net student loan balance for 2009, and 0.4% for the 2008 and 2007. Net student loans increased by $73.3 million, $293.4 million and $220.1 million during the years ended June 30, 2009, 2008 and 2007, respectively.

CollegeInvest Early Achievers Scholarship Trust Fund:

Effective June 25, 2007, CollegeInvest entered into a trust agreement with Russell Trust Company (RTC) to maintain the CEAS Trust established by Senate Bill 05-003 which created a new program for higher education scholarships. Prior to the trust agreement with RTC, CollegeInvest held a trust agreement with Zions First National Bank effective from September 16, 2005 through June 24, 2007. In March 2008, CollegeInvest entered into a new trust agreement with Zions Bank to accommodate the purchase of approximately $24.5 million in student loans receivable held as an investment. The Bond Funds paid the CEAS Trust a net rate of 2.3% on these student loans during the year ended June 30, 2009, and a net rate of 4.6% during the year ended June 30, 2008. The trust accounts are also used to pay for the costs of implementing, marketing, and administering the CEAS Trust. The CEAS Trust is being offered to Colorado's 8th and 9th grade students who maintain at least a 2.5 GPA in high school. The scholarship encourages students to begin planning for college early and provides financial support for high-need students. Scholarships were awarded to students who meet the appropriate criteria beginning in the 2008-2009 academic year. As of June 30, 2009, over 21,000 students have applied for this program and approximately 75 students have received an average award of $1,200. As of June 30, 2008, 18,059 students had applied for the program.

CollegeInvest Early Achievers Scholarship Condensed Statements of Net Assets as of June 30:

	2009	2008	2007
	(dollar amounts expressed in thousands)		
Assets:			
Cash and investments	$ **68,046**	$ 51,798	$ 80,677
Student loans	**-**	22,786	-
Interest and other receivables	**24**	684	290
Total assets	**68,070**	75,268	80,967
Accounts payable and accrued expenses	**61**	67	18
Intrafund payable	**612**	(183)	142
Total liabilities	**673**	(116)	160
Net assets (all restricted)	$ **67,397**	$ 75,384	$ 80,807

Comparison of Current Year Results to Prior Years (continued):

CollegeInvest Early Achievers Scholarship Trust Fund (continued):

Cash and investments increased by approximately $16.2 million from June 30, 2008 to June 30, 2009. This was primarily a result of net sales of student loans to the Bond Funds of $21.0 million and an increase of $1.4 million in the fair value of equity investments. These increases were offset by investment losses of $9.5 million. Cash and investments decreased by approximately $28.9 million from June 30, 2007 to June 30, 2008. A portion of the decrease was due to the purchase of student loans noted above. The additional decrease was due to realized losses and a decrease in the fair value of the equity investments.

The decrease in student loans and interest and other receivables is due to the sale of student loans and accrued interest to the Bond Funds in 2009.

CollegeInvest Early Achievers Scholarship Condensed Statements of Revenues, Expenses and Changes in Net Assets for the Years Ended June 30:

	2009	2008	2007
	(dollar amounts expressed in thousands)		
Operating revenues:			
Net investment income	$ **(7,776)**	$ (5,181)	$ 4,317
Operating expenses:			
General and administrative expenses	**211**	242	380
Change in net assets	**(7,987)**	(5,423)	3,937
Net assets, beginning of year	**75,384**	80,807	76,870
Net assets, end of year	$ **67,397**	$ 75,384	$ 80,807

Comparison of Current Year Results to Prior Years (continued):

CollegeInvest Early Achievers Scholarship Trust Fund (continued):

Net investment income consists of the following:

	2009	2008	2007
	(dollar amounts expressed in thousands)		
Unrealized gain (loss) on investments	$ **1,445**	$ (5,433)	$ 194
Realized loss on investments	**(9,471)**	(2,206)	-
Dividends	**-**	2,384	4,123
Interest	**479**	332	-
Investment fees	**(229)**	(258)	-
Net investment income	$ **(7,776)**	$ (5,181)	$ 4,317

Unrealized gain/loss on investments as of June 30, 2009 and 2008 respectively, were $1.4 million and $(5.4) million. The positive change to unrealized gain/loss on investments in 2009 was due to improving equity market conditions as of June 30, 2009. The significant increase in the unrealized loss on investments as of June 30, 2008 was due to poor equity market conditions.

On July 1, 2008, RTC eliminated its Common Trust Fund investment vehicle and transferred all assets into Russell Institutional Funds (RIFL). The change in investment vehicle is intended to provide greater flexibility to investors including a broader investment base and more flexibility to directly exercise investment discretion. The $9.5 million realized loss in 2009 was partially due to changes in the investment vehicle noted above ($5.3 million) and partially due to the sale of investments to purchase student loans ($3.7 million). The regular sale of investments throughout the year to realign the investment allocation resulted in $0.5 million in realized losses. The CEAS investment allocation targets are 40% Large Cap U.S. Equity, 40% Fixed Income, 15% Non-U.S. Equity and 5% Small Cap U.S. Equity investments. Dividends decreased by $2.4 million in 2009 due to the change in investment vehicle. The RIFL investments do not pay dividends. Interest income increased by $147,000 in 2009 due to a higher average balance of student loans held during 2009 than in 2008. The weighted average student loans held for the years ended June 30, 2009 and 2008 were $20.5 million and $7.3 million, respectively. Investment fees were consistent between 2009 and 2008. The average interest rate on student loans for the years ended June 30, 2009 and 2008 was 2.3% and 4.6%, respectively.

In 2008, the significant increase in the unrealized loss on investments was due to equity market conditions as of June 30, 2008. The sale of $25.0 million in equity investments to purchase student loans resulted in a $2.2 million realized loss. Dividends decreased by nearly $1.7 million due to equity market conditions and a smaller balance in the equity investments for a portion of the year.

Comparison of Current Year Results to Prior Years (continued):

CollegeInvest Early Achievers Scholarship Trust Fund (continued):

Total operating expenses decreased by $31,000 for the year ended June 30, 2009 and $138,000 for the year ended June 30, 2008, due primarily to decreases in salaries and benefits in both years. In 2009, they were further reduced due to the completion of start-up activities such as systems development that occurred in 2007 and 2008.

Economic Factors and Future Years' Rates:

- Since its original enactment in 1965, the Higher Education Act (HEA), governing the Federal Family Education Loan (FFEL) Program, has been amended and reauthorized numerous times. As a result, the HEA and FFEL Program have been subject to numerous changes including changes in the calculation of interest rates and special allowance payments on federal student loans, changes in the requirements to offer certain payment plans to borrowers, additional loan forgiveness provisions, and additional restrictions on guarantors' use of funds. The changes resulting from recent amendments are summarized as follows:

  The Ensuring Continued Access to Student Loans Act (Public Law 110-227) became effective July 1, 2008. The legislation gives the USDE the authority to purchase, or enter into forward commitments to purchase FFEL Program loans made under the HEA. CollegeInvest began participating in the program in 2009. The intent of participating in this program is to provide liquidity to originate loans until the capital market disruption subsides. As a result of the continued disruption in the credit markets, CollegeInvest was not able to issue reasonably cost effective debt and intends to Put, or sell, all eligible loans participated or originated during the 2008-2009 academic year under this program to the USDE. The USDE has extended this program for the 2009-2010 academic year and CollegeInvest is also participating in this program.

  CollegeInvest's yield on federal student loans is set by federal law and prior to July 1, 2006, is variable based on either the 3-month commercial paper rate or the 91-day Treasury bill rate. As of July 1, 2006, federal student loans have their interest rates fixed at 6.8%. Additionally, loan yields are based on the 3-month commercial paper rate plus a spread. However, if the loan yield is less than 6.8%, then CollegeInvest pays an allowance to the USDE. The USDE pays CollegeInvest if the opposite occurs.

  The College Cost Reduction and Access Act became Public Law 110-84 on September 27, 2007 effective October 1, 2007. The legislation reduces by 40 and 55 basis points lender subsidies for Stafford and Consolidation loans made by non-profit and for-profit lenders, respectively, on or after October 1, 2007. Additionally, it provides for a 70 and 85 basis point reduction for PLUS loans made by non-profit lenders and for-profit lenders, respectively, increases lender paid origination fees from 0.5% to 1.0% with an exception for "small lenders", and repeals exceptional performer status. It further reduces lender insurance from 97% to 95% effective October 1, 2012.

  Congress may continue further amending the HEA as part of reauthorization of other provisions of the HEA. Any such amendments could affect the federal student loans held under the Indentures. It is not possible to predict whether or when any amendments to the HEA may be introduced, in what form they may be adopted, or the final content of any such amendments and their effect upon CollegeInvest student loan programs. There can be no assurance that the HEA, or other relevant law or regulations, will not be changed in a manner that could adversely affect CollegeInvest student loan programs.

Economic Factors and Future Years' Rates (continued):

- Historically, CollegeInvest has received approximately 20% of the statewide Private Activity Bonds from the State of Colorado, but there is no guarantee that CollegeInvest will continue to receive a portion of any Private Activity Bonds. Private Activity Bonds are tax-exempt to the holder and therefore typically priced at a lower rate to investors and accordingly provide a lower cost of debt to CollegeInvest. A decrease in the Private Activity Bonds allocated to CollegeInvest could negatively impact CollegeInvest's net yield on student loans.

- As of June 30, 2009, 100% of CollegeInvest's outstanding debt was variable rate debt. If debt levels remain at the same level, economic conditions that cause variances in interest rates may have a positive or negative effect on interest expense.

- CollegeInvest's net income will increase or decrease depending on the interest rate spread between the borrower rates earned (as described within the Bond Fund section of this report), the rates it experiences on its variable debt, and market access to such debt vehicles. As of February, 2008 turmoil in the capital markets spilled over into the Auction Rate Market causing the market to fail and for maximum interest rate waivers to take effect. This caused CollegeInvest to incur larger than normal interest expense, while at the same time indices that determine revenue, such as T-Bill and Commercial Paper, fell to all-time lows due to an overall flight to quality in the financial market. This inverse relationship of failed bond markets and a flight to quality created dislocation of indices which contributed to a decline in CollegeInvest's overall revenue and increased interest expense. Additionally, the auction rate securities market is no longer a viable and cost effective solution for obtaining capital. We anticipate that the credit markets will eventually return to some normalcy, however, the cost of financing in the credit markets will likely increase, and options and financing vehicles will likely decrease as a result of failed markets and reduced market liquidity.

- Under the terms of federal grants, periodic audits and or reviews are required and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Such audits could lead to reimbursement to the grantor agency or the USDE. The USDE performed a review of CollegeInvest in May 2006. As a result, CollegeInvest received a finding from the USDE regarding under billing of 9.5% Floor SAP of approximately $13.6 million. The under billing identified in the review began in the quarter ended March 31, 1999. Effective October 1, 2006, the DOE changed its interpretation of Floor SAP. Utilizing this new methodology, CollegeInvest is in the process of working with USDE in determining the revised amount of the under billing. See footnote #13 for further discussion.

- Future fair market valuation of equity and fixed income securities may fluctuate based on market conditions and interest rates.

Requests for Information:

This report is designed to provide a general overview of the Funds' finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Kenton J. Spuehler, Chief Financial Officer, CollegeInvest, 1560 Broadway, Suite 1700, Denver, CO 80202.

COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
STATEMENTS OF NET ASSETS
JUNE 30, 2009 AND 2008
(dollar amounts expressed in thousands)

	2009						2008					
	Borrower Benefit Fund	Bond Funds	CollegeInvest Early Achievers Scholarship	Nursing Teacher Loan Forgiveness	Health Care Provider Loan Repayment	Total	Borrower Benefit Fund	Bond Funds	CollegeInvest Early Achievers Scholarship	Nursing Teacher Loan Forgiveness	Health Care Provider Loan Repayment	Total
Assets:												
Current assets:												
Cash and investments	$ 8,446	$ 70,784	$ 68,046	$ 466	$ 101	$ 147,843	$ 9,430	$ 162,393	$ 51,798	$ 343	$ 112	$ 224,076
Investment in student loans	-	-	-	-	-	-	-	-	22,786	-	-	22,786
Student loans, net	114,674	54,781	-	-	-	169,455	-	36,397	-	-	-	36,397
Interest and other receivables	1,959	39,748	22	-	-	41,729	47	41,468	684	-	-	42,199
CollegeLender receivable	-	-	-	-	-	-	-	2	-	-	-	2
Prepaid expenses	287	183	2	-	-	472	207	205	-	-	-	412
Total current assets	125,366	165,496	68,070	466	101	359,499	9,684	240,465	75,268	343	112	325,872
Noncurrent assets:												
Capital assets, net	196	-	-	-	-	196	340	-	-	-	-	340
Student loans, net	-	1,664,815	-	-	-	1,664,815	-	1,608,626	-	-	-	1,608,626
Bond and note issuance costs, net	-	9,649	-	-	-	9,649	-	9,687	-	-	-	9,687
Total noncurrent assets	196	1,674,464	-	-	-	1,674,660	340	1,618,313	-	-	-	1,618,653
Total assets	125,562	1,839,960	68,070	466	101	2,034,159	10,024	1,858,778	75,268	343	112	1,944,525
Liabilities:												
Current liabilities:												
Accounts payable and accrued expenses	490	1,099	61	-	-	1,650	429	2,146	67	-	-	2,642
Due to (from) other Funds and other agencies	8,375	1,810	612	-	-	10,797	467	2,704	(183)	16	-	3,004
Due to (from) USDE	108,675	9,620	-	-	-	118,295	-	1,492	-	-	-	1,492
Interest payable	-	1,200	-	-	-	1,200	-	3,982	-	-	-	3,982
Bonds and notes payable	-	24,000	-	-	-	24,000	-	24,000	-	-	-	24,000
Total current liabilities	117,540	37,729	673	-	-	155,942	896	34,324	(116)	16	-	35,120
Noncurrent liabilities:												
Accrued compensated absences	185	-	-	-	-	185	182	-	-	-	-	182
Arbitrage rebate payable	-	17,730	-	-	-	17,730	-	17,985	-	-	-	17,985
Bonds and notes payable	-	1,677,330	-	-	-	1,677,330	-	1,701,330	-	-	-	1,701,330
Total noncurrent liabilities	185	1,695,060	-	-	-	1,695,245	182	1,719,315	-	-	-	1,719,497
Total liabilities	117,725	1,732,789	673	-	-	1,851,187	1,078	1,753,639	(116)	16	-	1,754,617
Net assets:												
Invested in capital assets	196	-	-	-	-	196	340	-	-	-	-	340
Restricted	-	107,171	67,397	466	101	175,135	-	105,139	75,384	327	112	180,962
Unrestricted	7,641	-	-	-	-	7,641	8,606	-	-	-	-	8,606
Total net assets	$ 7,837	$ 107,171	$ 67,397	$ 466	$ 101	$ 182,972	$ 8,946	$ 105,139	$ 75,384	$ 327	$ 112	$ 189,908

The accompanying notes are an integral part of these financial statements.

COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008
(dollar amounts expressed in thousands)

	2009 Borrower Benefit Fund	2009 Bond Funds	2009 CollegeInvest Early Achievers Scholarship	2009 Nursing Teacher Loan Forgiveness	2009 Health Care Provider Loan Repayment	2009 Total	2008 Borrower Benefit Fund	2008 Bond Funds	2008 CollegeInvest Early Achievers Scholarship	2008 Nursing Teacher Loan Forgiveness	2008 Health Care Provider Loan Repayment	2008 Total
Operating revenues:												
Loan interest	$ 27	$ 51,304	$ -	$ -	$ -	$ 51,331	$ -	$ 78,369	$ -	$ -	$ -	$ 78,369
Investment income	270	1,256	(7,776)	17	4	(6,229)	504	9,292	(5,181)	16	2	4,633
Total operating revenues	297	52,560	(7,776)	17	4	45,102	504	87,661	(5,181)	16	2	83,002
Less provision for loan losses	-	1,461	-	-	-	1,461	-	1,715	-	-	-	1,715
Total operating revenues after provision for loan losses	297	51,099	(7,776)	17	4	43,641	504	85,946	(5,181)	16	2	81,287
Operating expenses:												
Interest expense	1,039	36,127	-	-	-	37,166	-	84,396	-	-	-	84,396
Loan servicing costs	244	6,155	-	40	185	6,624	-	5,939	-	16	-	5,955
Rebate tax expense, net	-	(256)	-	-	-	(256)	-	(5,325)	-	-	-	(5,325)
Financing fees	34	4,312	-	-	-	4,346	-	2,813	-	-	-	2,813
General and administrative expenses	281	1,037	145	-	-	1,463	75	2,267	154	-	-	2,496
Salaries and benefits	106	1,547	66	-	-	1,719	-	2,041	88	-	-	2,129
Depreciation and amortization	-	127	-	-	-	127	-	374	-	-	-	374
Total operating expenses	1,704	49,049	211	40	185	51,189	75	92,505	242	16	-	92,838
Operating income (loss) before transfers	(1,407)	2,050	(7,987)	(23)	(181)	(7,548)	429	(6,559)	(5,423)	-	2	(11,551)
Nonoperating - intergovernmental revenue	298	-	-	162	152	612	-	-	-	162	60	222
Interfund transfers	-	(18)	-	-	18	-	-	(50)	-	-	50	-
Change in net assets	(1,109)	2,032	(7,987)	139	(11)	(6,936)	429	(6,609)	(5,423)	162	112	(11,329)
Net assets, beginning of year	8,946	105,139	75,384	327	112	189,908	8,517	111,748	80,807	165	-	201,237
Net assets, end of year	$ 7,837	$ 107,171	$ 67,397	$ 466	$ 101	$ 182,972	$ 8,946	$ 105,139	$ 75,384	$ 327	$ 112	$ 189,908

The accompanying notes are an integral part of these financial statements.

COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008
(dollar amounts expressed in thousands)

2009	Borrower Benefit Fund	Bond Funds	CollegeInvest Early Achievers Scholarship	Nursing Teacher Loan Forgiveness	Health Care Provider Loan Repayment	Total
Cash Flows from Operating Activities:						
Borrower principal and interest payments received	$ 744	$ 196,509	$ 2,075	$ -	$ -	$ 199,328
Loans participated with the USDE	107,008	20,857	-	-	-	127,865
Borrower interest subsidy received from USDE	721	19,912	-	-	-	20,633
Cash received from educational institutions	-	2	-	-	-	2
Cash sales of student loans	17,002	61,280	38,507	-	-	116,789
Cash received from plan managers and other Funds	10,171	-	-	-	-	10,171
Cash borrowed from other agency	7,000	-	-	-	-	7,000
Purchases/redemptions of student loans	(131,792)	(287,818)	(17,001)	-	-	(436,611)
Cash loaned to educational institutions	-	-	-	-	-	-
Cash payments to federal government	(3,134)	(25,501)	-	-	-	(28,635)
Cash payments to suppliers for goods and services	(8,313)	(10,102)	(174)	-	-	(18,589)
Cash payments to employees for service	(106)	(1,547)	(66)	(56)	(185)	(1,960)
Income received from CollegeLenders	-	-	-	-	-	-
Net cash provided (used) by operating activities	(699)	(26,408)	23,341	(56)	(185)	(4,007)
Cash Flows from Investing Activities:						
Proceeds from maturities of investments	340	91,609	14,000	-	-	105,949
Purchase of investments	-	-	(25,008)	-	-	(25,008)
Income received from investments	250	1,490	(8,538)	14	3	(6,781)
Increase (decrease) from unrealized gain (loss) on investments	20	-	(3,795)	3	1	(3,771)
Net cash provided (used) by investing activities	610	93,099	(23,341)	17	4	70,389
Cash Flows from Non-Capital Financing Activities:						
Issuance of bonds and notes	-	-	-	-	-	-
Repayment of bonds and notes	-	(24,000)	-	-	-	(24,000)
Interest paid on bonds, notes and participation	(1,039)	(38,546)	-	-	-	(39,585)
Payment of bond and arbitrage rebate fees	-	(4,127)	-	-	-	(4,127)
Payment of bond and note issuance costs	-	-	-	-	-	-
Contribution from intergovenmental agency	-	-	-	162	152	314
Intrafund transfers	-	(18)	-	-	18	-
Net cash provided (used) in non-capital financing activities	(1,039)	(66,691)	-	162	170	(67,398)
Cash Flows from Capital Financing Activities:						
Cash received from other Funds for depreciation reimbursement	160	-	-	-	-	160
Purchase of capital assets	(16)	-	-	-	-	(16)
Net cash provided by capital financing activities	144	-	-	-	-	144
Increase (decrease) in cash and cash equivalents	(984)	-	-	123	(11)	(872)
Cash and cash equivalents, beginning of year	9,430	-	-	343	112	9,885
Cash and cash equivalents, end of year	$ 8,446	$ -	$ -	$ 466	$ 101	$ 9,013

2008	Borrower Benefit Fund	Bond Funds	CollegeInvest Early Achievers Scholarship	Nursing Teacher Loan Forgiveness	Health Care Provider Loan Repayment	Total
Cash Flows from Operating Activities:						
Borrower principal and interest payments received	$ -	$ 310,286	$ 1,348	$ -	$ -	$ 311,634
Loans participated with the USDE	-	-	-	-	-	-
Borrower interest subsidy received from USDE	-	31,037	-	-	-	31,037
Cash received from educational institutions	-	174,928	-	-	-	174,928
Cash sales of student loans	-	-	-	-	-	-
Cash received from plan managers and other Funds	8,878	-	-	-	-	8,878
Cash borrowed from other agency	-	-	-	-	-	-
Purchases/redemptions of student loans	-	(549,090)	(24,462)	-	-	(573,552)
Cash loaned to educational institutions	-	(163,972)	-	-	-	(163,972)
Cash payments to federal government	-	(13,491)	-	-	-	(13,491)
Cash payments to suppliers for goods and services	(9,199)	(6,189)	(102)	-	-	(15,490)
Cash payments to employees for service	-	(2,041)	(88)	-	-	(2,129)
Income received from CollegeLenders	-	4,422	-	-	-	4,422
Net cash provided (used) by operating activities	(321)	(214,110)	(23,304)	-	-	(237,735)
Cash Flows from Investing Activities:						
Proceeds from maturities of investments	340	208,648	28,684	-	-	237,672
Purchase of investments	(329)	-	-	-	-	(329)
Income received from investments	410	10,622	(141)	13	1	10,905
Increase (decrease) from unrealized gain (loss) on investments	94	-	(5,239)	3	1	(5,141)
Net cash provided (used) by investing activities	515	219,270	23,304	16	2	243,107
Cash Flows from Non-Capital Financing Activities:						
Issuance of bonds and notes	-	188,300	-	-	-	188,300
Repayment of bonds and notes	-	(104,274)	-	-	-	(104,274)
Interest paid on bonds, notes and participation	-	(84,887)	-	-	-	(84,887)
Payment of bond and arbitrage rebate fees	-	(3,241)	-	-	-	(3,241)
Payment of bond and note issuance costs	-	(1,008)	-	-	-	(1,008)
Contribution from intergovenmental agency	-	-	-	162	60	222
Intrafund transfers	-	(50)	-	-	50	-
Net cash provided (used) in non-capital financing activities	-	(5,160)	-	162	110	(4,888)
Cash Flows from Capital Financing Activities:						
Cash received from other Funds for depreciation reimbursement	444	-	-	-	-	444
Purchase of capital assets	(225)	-	-	-	-	(225)
Net cash provided by capital financing activities	219	-	-	-	-	219
Increase (decrease) in cash and cash equivalents	413	-	-	178	112	703
Cash and cash equivalents, beginning of year	9,017	-	-	165	-	9,182
Cash and cash equivalents, end of year	$ 9,430	$ -	$ -	$ 343	$ 112	$ 9,885

The accompanying notes are an integral part of these financial statements.

COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008
(dollar amounts expressed in thousands)

	2009 Borrower Benefit Fund	2009 Bond Funds	2009 CollegeInvest Early Achievers Scholarship	2009 Nursing Teacher Loan Forgiveness	2009 Health Care Provider Loan Repayment	2009 Total	2008 Borrower Benefit Fund	2008 Bond Funds	2008 CollegeInvest Early Achievers Scholarship	2008 Nursing Teacher Loan Forgiveness	2008 Health Care Provider Loan Repayment	2008 Total
Reconciliation of operating income to net cash provided by operating activities:												
Operating income before transfers	$ (1,407)	$ 2,050	$ (7,987)	$ (23)	$ (181)	$ (7,548)	$ 429	$ (6,559)	$ (5,423)	$ -	$ 2	$ (11,551)
Items reflected as investing and non-capital financing activities:												
Income received from investments	(250)	(1,490)	8,538	(14)	(3)	6,781	(410)	(10,622)	141	13	-	(10,878)
Interest paid on bonds and notes	1,039	38,546	-	-	-	39,585	-	84,887	-	-	-	84,887
Bond fees	-	4,128	-	-	-	4,128	-	3,241	-	-	-	3,241
Amortization of bond and note issuance costs	-	359	-	-	-	359	-	742	-	-	-	742
Prepaid expenses	-	15	-	-	-	15	-	(37)	-	-	-	(37)
Accounts payable and accrued expenses	-	186	-	-	-	186	-	(1,092)	-	-	-	(1,092)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:												
Amortization of premium costs	-	9,654	-	-	-	9,654	-	9,616	-	-	-	9,616
Change in allowance for loan losses	-	504	-	-	-	504	-	1,088	-	-	-	1,088
Depreciation expense	160	-	-	-	-	160	444	-	-	-	-	444
Depreciation expense allocated to other Funds	(160)	-	-	-	-	(160)	(444)	-	-	-	-	(444)
Net (appreciation) depreciation of fair value of investments and State Treasurer's cash pool	(20)	-	(1,445)	(3)	(1)	(1,469)	(94)	-	5,433	3	(2)	5,340
Changes in operating assets and liabilities:												
Student loans	(114,716)	(87,598)	22,786	-	-	(179,528)	-	(303,013)	(22,786)	-	-	(325,799)
Interest and other receivables	(1,912)	1,486	662	-	-	236	(42)	2,799	(393)	-	-	2,364
CollegeLender receivable	-	2	-	-	-	2	-	8,956	-	-	-	8,956
Prepaid expenses	(80)	7	(2)	-	-	(75)	(117)	(17)	-	-	-	(134)
Due (to) from other funds and other agencies	7,908	(894)	795	(16)	-	7,793	20	2,514	(325)	(16)	-	2,193
Due to USDE	108,675	8,128	-	-	-	116,803	-	-	-	-	-	-
Accounts payable and accrued expenses	64	(1,236)	(6)	-	-	(1,178)	(107)	(824)	49	-	-	(882)
Arbitrage rebate payable	-	(255)	-	-	-	(255)	-	(5,789)	-	-	-	(5,789)
Net cash provided (used) by operating activities	$ (699)	$ (26,408)	$ 23,341	$ (56)	$ (185)	$ (4,007)	$ (321)	$ (214,110)	$ (23,304)	$ -	$ -	$ (237,735)

The accompanying notes are an integral part of these financial statements.

1. Organization and Summary of Significant Accounting Policies:

Pursuant to Colorado Revised Statutes 23-3.1-201, et seq., and 23-3.1-301, et seq., as amended, CollegeInvest is a division of the Colorado Department of Higher Education (Department). The Executive Director of the Department (Executive Director) has responsibility for oversight and management of CollegeInvest. In addition, CollegeInvest has a nine-person advisory Board of Directors (Board) designated by the Governor and with the consent of the State Senate to serve four-year terms.

The Colorado General Assembly established a student obligation bond program (Bond Funds), a scholarship trust program (CollegeInvest Early Achievers Scholarship), a Section 529 post secondary education expense program (Prepaid Tuition Fund), a Section 529 college savings program (Scholars Choice, Stable Value Plus and Direct Portfolio Funds), a loan forgiveness program for nursing teachers (Nursing Teacher Loan Forgiveness) and a loan repayment program for health care providers (Health Care Providers Fund), which are administered by CollegeInvest. The mission of CollegeInvest is to be Colorado's higher education financing leader and to help Colorado families break down the financial barriers to college. The financial statements presented here do not include operations of the post secondary education expense program or the college savings program.

CollegeInvest receives less than 10% of its funding from the State or any local government of the State, and therefore retains its enterprise status under Section 20, Article X of the Colorado Constitution.

Primary operations of the student obligation bond program commenced in 1981. In meeting its legislative mandate, CollegeInvest issues tax-exempt and taxable financings. The proceeds from such financings are used to originate and purchase student loans and to make loans to institutions of higher education. Pursuant to Colorado Revised Statute 23-3.1-208, as amended, CollegeInvest is authorized to issue its own revenue bonds, notes and other obligations which are not deemed to constitute indebtedness, a debt or liability of the State of Colorado.

Reporting Entity:

The Student Loan Program Funds (Funds) present the financial statements of the Borrower Benefit Fund, the Bond Funds, the CollegeInvest Early Achievers Scholarship Trust Fund (CEAS Trust), the Nursing Teacher Loan Forgiveness Fund (NTLF Fund) and the Health Care Provider Fund (HCP Fund). The Borrower Benefit Fund, the Bond Funds, the CEAS Trust, the NTLF Fund and the HCP Fund are accounted for as separate enterprise funds within the State of Colorado's financial reporting system. The CEAS Trust, NTLF Fund and HCP Fund were established by statute in July 2005, July 2006 and July 2007, respectively. An enterprise fund is established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the fund be self-supporting.

The accompanying financial statements of the Funds are not intended to present the financial position, results of operations, and cash flows of CollegeInvest as a whole in conformity with accounting principles generally accepted in the United States of America.

Borrower Benefit Fund

In August 2008, the U.S. Department of Education (USDE) implemented the Loan Purchase Commitment Program (Purchase Program) and the Loan Participation Program (Participation Program) pursuant to the Ensuring Continued Access to Student Loans Act, Public Law 110-227 (ECASLA) in response to concerns that credit market conditions could disrupt federal student loan availability. CollegeInvest entered into agreements with the USDE in order to participate in these Programs due to its inability to access credit markets at reasonable financing costs. The activities of these Programs are recorded in the Borrower Benefit Fund.

1. Organization and Summary of Significant Accounting Policies (continued):

Reporting Entity (continued):

Borrower Benefit Fund (continued):

Under the Purchase Program, the USDE will purchase loans at a price equal to the sum of (i) par value, (ii) accrued interest, (iii) a one-percent origination fee paid to the USDE, and (iv) a fixed amount of $75 per loan. Under the Participation Program, the USDE provides interim short term liquidity to Family Federal Education Loan Program (FFELP) lenders by purchasing participation interests in pools of FFELP loans. FFELP lenders are charged an annual rate of interest by using Commercial Paper plus 50 basis points on the principal amount of participation interests outstanding. This rate is re-set on a quarterly basis. Loans funded under the Participation Program must be either refinanced by the lender or sold to the USDE pursuant to the Purchase Program prior to its expiration on October 15, 2009 (see Note 15). In November 2008, the USDE announced the replication of the terms of the Participation and Purchase Program, which will include FFELP student loans made for the 2009-2010 academic year. CollegeInvest is also utilizing this Program. During 2009, the State of Colorado was awarded a federal College Access Challenge Grant (CACG). The Governor's office in turn selected the Colorado Department of Higher Education (Department) to administer the CACG and CollegeInvest was assigned administration of the grant from the Department. The CACG is a two-year federal grant with the opportunity for carry-over of its remaining funds for a third year. The required fifty percent match for the grant is funded by CollegeInvest (CI) through its outreach, collateral, and scholarship activities recorded in the Bond Funds and the College Savings Programs. The federal amount for the first year is $852,698 and the state match is $426,349. In the second year, the federal amount is $904,838 and the state match is $452,419. $297,559 was expended in the fiscal year ended June 30, 2009. Reimbursement from the USDE is recorded as intergovernmental revenue in the Borrower Benefit Fund. Funds must be used to increase access to post-secondary education for low-income students in high school and college.

CollegeInvest also utilizes the Borrower Benefit Fund for payment of general and administrative expenses and other activities of all of its Funds. These expenses and activities have been allocated to the respective funds. Assets and revenues of the Borrower Benefit Fund are not pledged as collateral for the Bond Funds. However, assets associated with the Participation Program are pledged as collateral to the USDE.

Bond Funds

The financial activities of the Bond Funds are recorded in funds and accounts established under various financing documents. The financing documents for each Bond Fund restrict assets held in the respective trust estate for the payment of the outstanding obligations. Each Bond Fund is accounted for separately and is a separate trust estate. All obligations are revenue bonds or notes and are collateralized as provided in the bond or note indentures, by an assignment and pledge to the Trustee of all CollegeInvest's right, title and interest in the investments, student loans, and loans purchased from Colorado institutions of higher education and the related revenues and receipts.

CollegeInvest administers the Loan Incentives For Teachers Program (LIFT). The Program provides for loan forgiveness for teachers in a qualified position. Because this program was established within the statute that established the Student Loan Program, it is not separately appropriated and therefore the activity of this Program is not presented in a separate fund. Under the LIFT program, CollegeInvest forgave $409,000 and $407,000 for the years ended June 30, 2009 and 2008, respectively.

CollegeInvest Early Achievers Scholarship Trust Fund

A scholarship program (Scholarship Program) was created by Colorado statute to provide higher education scholarships for eligible students. CollegeInvest was designated by the statute to implement and administer the Scholarship Program. A

1. Organization and Summary of Significant Accounting Policies (continued):

Reporting Entity (continued):

CollegeInvest Early Achievers Scholarship Trust Fund (continued):

scholarship under the Scholarship Program may only be awarded to undergraduate students who meet certain eligibility requirements established by the Board in accordance with the statute.

The financial activities of the CEAS Trust consist of investment of monies deposited to the trust by CollegeInvest, the State (to the extent appropriated) and monies received from gifts, grants or donations. Distribution of scholarships are recorded in the CEAS Trust in conformance with the eligibility requirements established by the Board. Moneys in the trust may be used by CollegeInvest to fund the costs of implementing, marketing, and administering the Scholarship Program.

Nursing Teacher Loan Forgiveness Fund

A loan forgiveness program was created by Colorado statute to provide student loan forgiveness to certain nursing teachers. Intergovernmental revenue is appropriated from the State of Colorado to the Department. CollegeInvest was designated by the statute to administer the NTLF Fund for the Department. Repayment of loans through the program may only be awarded to persons who meet certain eligibility requirements established by the Colorado General Assembly in accordance with the statute.

The financial activities of the NTLF Fund consist of monies deposited in the State Treasurer's cash fund. CollegeInvest is also authorized to receive and expend gifts, grants, and donations or moneys appropriated by the General Assembly for the purpose of implementing the program. Moneys in the trust may be used by CollegeInvest for the payment of $4,000 per year up to $20,000 for all or part of the principal and interest on a loan for persons who teach courses in nursing at an eligible institution of higher education for at least five consecutive academic years after receipt of an advanced degree. The State appropriated $160,000 in fiscal year 2008 and 2009 for repayment of student loans for the five year forgiveness period and $1,600 annually to administer the program. All amounts shown as loan servicing costs in the statement of revenues, expenses and changes in net assets are related to the loan forgiveness program.

Health Care Providers Fund

A loan repayment program was created by Colorado statute to provide student loan repayment to certain health care professionals. Intergovernmental revenue is appropriated from the State of Colorado to the Department. CollegeInvest was designated by the statute to administer the HCP Fund for the Department. Repayment of loans through the program may only be awarded to persons who meet certain eligibility requirements established by the Colorado General Assembly in accordance with the statute.

The financial activities of the HCP Fund consist of monies deposited in the State Treasurer's cash fund. CollegeInvest is also authorized to receive and expend gifts, grants, and donations or moneys appropriated by the General Assembly for the purpose of implementing the program. Moneys in the trust may be used by CollegeInvest for the payment of up to $35,000 in each of the two or more years for all or part of the principal, interest, and related expenses of the education loans of physicians or other health professionals who agree to provide primary health services in federally designated health professional shortage areas in Colorado. CollegeInvest received $60,000 from the Colorado Department of Public Health and Environment for the years ended June 30, 2009 and 2008. CollegeInvest received a $92,000 match from the Federal Department of Health and Human Services for loan repayment. CollegeInvest contributed $18,000 and $50,000 to the program for the years ended June 30, 2009 and 2008, respectively. A total of $185,000 in loan repayment was distributed to participants by CollegeInvest in fiscal year 2009. No funds were distributed during fiscal year 2008. Effective July 1, 2009, administration of this Fund has been transferred to the Colorado Department of Public Health and Environment.

1. Organization and Summary of Significant Accounting Policies (continued):

Budgets and Budgetary Accounting:

By statute, the Funds are continuously appropriated through user charges. Therefore, the budget is not legislatively adopted and a Statement of Revenues and Expenses – Budget to Actual is not a required part of these financial statements. However, the Board does approve an annual budget for all funds. Total budgeted expenses for the Funds for the year ended June 30, 2009 were \$79.7 million, compared with actual expenses of \$51.2 million. The total expenses for the Funds were \$27.5 million under budget for the year ended 2009 primarily due to lower than expected bond interest expenses. Total budgeted operating revenues of the Funds were \$91.8 million as compared with actual revenues of \$43.6 million. The lower than budgeted revenues for the year ended June 30, 2009 was primarily due to lower special allowance income, realized and unrealized investment losses in the CEAS Trust. Special allowance is paid by the federal government and is the difference between the borrower interest rate and a rate defined by the HEA. When the borrower's rate is higher than the HEA rate, CollegeInvest pays the difference to the federal government. The Early Achiever's Scholarship Trust revenues were also substantially lower than budgeted due to equity market conditions during the years ended June 30, 2009 and 2008. The Executive Director and the Board exercise oversight responsibilities, including budgetary and financial oversight.

Basis of Accounting:

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and standards of the Governmental Accounting Standards Board (GASB). CollegeInvest has applied pronouncements issued on or before November 30, 1989 by the Financial Accounting Standards Board, the Accounting Principles Board, and the Committee on Accounting Procedure except for pronouncements that conflict with or contradict the GASB. As enterprise activities, the Funds use the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred.

Operating Revenues and Expenses:

The Funds distinguish between operating revenues and expenses and nonoperating items in the Statement of Revenues, Expenses and Changes in Net Assets. Operating revenues and expenses generally result from providing services in connection with the Funds' purpose of providing loans to borrowers for higher education. Operating revenues consist of interest and special allowance earned on loans and investment income. Operating expenses include the cost of interest on debt, servicing of loans, arbitrage, and general and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital transfers.

Cash and Cash Equivalents:

CollegeInvest considers all cash, demand deposit accounts and the State Treasurer's cash pool to be cash equivalents.

Investments:

Investments are carried at fair value, which is determined primarily based on quoted market prices at June 30, 2009 and 2008.

Student Loans:

Student loans are carried at their uncollected principal balances net of an allowance for loan losses. The Bond Funds may purchase student loans from lenders at a premium or discount. The Bond Funds also originate student loans directly to borrowers. During the year ended June 30, 2009, the Borrower Benefit Fund also originated loans directly to borrowers. The Bond Funds provide a benefit to borrowers which generally rewards prompt and regular payments, and payments made

1. Organization and Summary of Significant Accounting Policies (continued):

Student Loans (continued):

by automatic bank drafts, with credits to or reduction of principal balance, interest rate reductions and waiver of origination fees. During the year ended June 30, 2009, CollegeInvest suspended its waiver of origination fees benefit and eliminated most interest rate reductions. Premiums and borrower benefits are capitalized and amortized over the estimated life of the loan using a method approximating the effective interest method. Unamortized premiums and borrower benefits collectively were $25.2 million and $34.9 million at June 30, 2009 and 2008, respectively.

During 2009, the CEAS Trust purchased $17.0 million in student loans from the Bond Funds and sold approximately $38.5 million in student loans plus accrued interest to the Bond Funds. During 2008, CollegeInvest sold approximately $24.5 million in student loans and borrower interest receivable from the Bond Funds to the CEAS Trust. The CEAS Trust held $0 and $22.8 million in student loan investments as of June 30, 2009 and 2008, respectively.

Allowance for Loan Losses:

The provision for loan losses is determined by management's evaluation of the student loan portfolios. This evaluation considers such factors as historical loss experience, quality of student loan servicing and collection, and economic conditions. When this evaluation determines that an exposure to loss is probable and can be reasonably estimated, a provision against current operations net of student loan recoveries is recorded. Actual losses are charged against the allowance for loan losses as they occur. The allowance for loan loss was $3.3 million and $2.8 million at June 30, 2009 and 2008, respectively. As of June 30, 2009, CollegeInvest's intent is to sell all loans originated in the Borrower Benefit Fund to the USDE and therefore, a provision of loan loss was not recorded in that Fund.

Capital Assets:

Equipment is carried at cost less accumulated depreciation. Costs of major additions and improvements are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation of equipment is computed on the straight-line method over the estimated life of the equipment ranging from three to five years. Amortization is computed on the straight-line method over the original office facility lease term. Software is carried at cost less accumulated amortization. Amortization is calculated on the straight-line method over the estimated life of the software ranging from three to five years.

Bond and Note Issuance Costs:

Bond and note issuance costs are carried at cost, less accumulated amortization. Amortization of issuance costs is computed using a method approximating the effective interest method over the life of the bond or note issue, unless the bonds or notes are retired early, at which time the remaining issuance costs related to the retired bonds or notes are expensed.

Compensated Absences:

Compensated absences, known as general leave, includes vacation and is included in accrued compensated absences. Compensated absences are based on an employee's length of service and are earned ratably during the term of employment. Vested and accumulated vacation that is expected to be liquidated is accrued and charged against current operations.

Arbitrage Rebate Payable:

Interest income earned from investments in the Bond Funds is limited by U. S. Treasury regulations to the bond yield on tax-exempt bond issues. Interest income in excess of this limit has been deposited in rebate accounts in accordance with

1. Organization and Summary of Significant Accounting Policies (continued):

Arbitrage Rebate Payable (continued):

applicable financing documents. These rebate funds are remitted to the federal government as required by the applicable laws and regulations.

Interest income from student loans is limited to 1.5% or 2% over bond yield of the respective tax-exempt bond issue. Student loans, including principal and accrued interest, and cash have been deposited in excess earnings accounts in the amount of the interest income which exceeded the limit. The Bond Funds may utilize losses on non-performing, non-guaranteed student loans; reduction of principal on performing guaranteed loans; or pay the federal government to liquidate the liability for excess earnings as required by the applicable laws and regulations.

Transfers From/To Other Funds:

During the years ended June 30, 2009 and 2008, the Bond Funds of CollegeInvest transferred $18,000 and $50,000, respectively, to HCP to fund a portion of the loan repayment program.

Due From/To Other Funds and Other Agencies:

At June 30, 2008, the Bond Funds had interagency balances of $30,000 due to the University of Northern Colorado, $430,000 due to the University of Colorado Denver & Health Sciences, and $31,000 due from the University of Colorado at Colorado Springs for monies related to the CollegeLender program. All amounts were paid in full as of June 30, 2009.

As of June 30, 2009 and 2008, $7.0 million and $0, respectively, was due to College Assist (CA), the State of Colorado's designated FFELP Guarantee Agency.

The following interfund and interagency balances exist as of June 30, 2009:

Interfunds loans due from (to):	Borrower Benefit Funds	Bond Funds	Prepaid Tuition Fund	Scholars Choice Fund	Stable Value Plus Fund	Direct Portfolio Fund	CollegeInvest Early Achievers Scholarship	Nursing Loan Forgiveness
	(dollars amounts expressed in thousands)							
Bond Funds	$ 2,871	$ (2,329)	$ -	$ -	$ -	$ -	$ (542)	$ -
Prepaid Tuition Fund	48	-	(48)	-	-	-	-	-
Scholar's Choice Fund	(3,670)	-	-	3,670	-	-	-	-
Stable Value Plus Fund	66	-	-	-	(66)	-	-	-
Direct Portfolio Fund	(212)	-	-	-	-	212	-	-
Early Achievers Scholarship	(472)	542	-	-	-	-	(70)	-
Other agencies	(7,006)	(23)	-	-	-	-	-	-
Total:	$ (8,375)	$ (1,810)	$ (48)	$ 3,670	$ (66)	$ 212	$ (612)	$ -

The following interfund and interagency balances existed as of June 30, 2008:

Interfunds loans due from (to):	Borrower Benefit Fund	Bond Funds	Prepaid Tuition Fund	Scholars Choice Fund	Stable Value Plus Fund	Direct Portfolio Fund	CollegeInvest Early Achievers Scholarship	Nursing Loan Forgiveness
	(dollars amounts expressed in thousands)							
Bond Funds	$ 2,100	$ (2,100)	$ -	$ -	$ -	$ -	$ -	$ -
Prepaid Tuition Fund	82	-	(82)	-	-	-	-	-
Scholar's Choice Fund	(2,542)	-	-	2,542	-	-	-	-
Stable Value Plus Fund	116	-	-	-	(116)	-	-	-
Direct Portfolio Fund	(230)	-	-	-	-	230	-	-
Early Achievers Scholarship	(9)	(174)	-	-	-	-	9	-
Nursing Loan Forgiveness	16	-	-	-	-	-	-	(16)
Other agencies	-	(430)	-	-	-	-	-	-
Total:	$ (467)	$ (2,704)	$ (82)	$ 2,542	$ (116)	$ 230	$ 9	$ (16)

1. Organization and Summary of Significant Accounting Policies (continued):

Revenues:

Revenue consists of interest income on student loans, investment income, and special allowance on student loans, net of borrower benefits, premium amortization and consolidation rebate fees. Pursuant to the Higher Education Act (Act), special allowance payments are intended to assure that the limitation on interest rates and other conditions imposed by the Act do not impede the carrying out of the purposes of the Act or cause the return to holders of loans made and insured under the Act to be less than equitable. The rate of special allowance payments for loans depends on the date of disbursement of the loan, and the source of the holder's funding to acquire the loan. Special allowance is the difference between the borrower interest rate and a "market" rate defined by the Higher Education Act (HEA) of 1965, as amended. If the borrower rate is higher than the "market" rate, then CollegeInvest pays the allowance to the U. S. Department of Education's (USDE). The USDE pays CollegeInvest if the opposite occurs.

Use of Estimates:

The preparation of financial statements in conformity with 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from these estimates.

Related Party Transactions:

CA was established in 1979 as a division of the Department. CA is the student loan guarantor for the State of Colorado. Loans to be insured by CA may only be originated by eligible institutions, which include CollegeInvest under the HEA. Effective January 6, 2006, the Director of CollegeInvest was appointed the Director of CA. Although CollegeInvest and CA are both divisions of the Department, they are each constituted and operated as separate enterprises of the State under the direction of the same Director, and each (CollegeInvest and CA) retains the ability to enforce contractual obligations against the other.

CollegeInvest purchases loans that have been rehabilitated by CA. CollegeInvest purchased $54.4 million and $25.5 million in rehabilitated loans during the years ended June 30, 2009 and 2008, respectively. Purchases of rehabilitated loans include principal, collection fees and accrued borrower interest less discounts, if any.

In order to facilitate the Participation Program, CollegeInvest obtained short-term financing from CA and the Colorado State Treasurer. CollegeInvest entered into Revolving Financing Agreements (RFAs) with CA and the Colorado State Treasurer. Under the RFAs, CollegeInvest could borrow up to $30.0 million from both entities. CollegeInvest pays interest on the unpaid average daily principal balances outstanding based on the interest rate calculated monthly and published by the State Treasurer. The RFA with the Colorado State Treasurer expired on March 31, 2009 and was paid in full. The RFA with CA was set to expire on September 30, 2009 but was superseded by a new RFA that allows borrowing up to $20.0 million and expires on September 30, 2010. During 2009, CollegeInvest paid interest of $59,000 to CA and $63,000 to the Colorado State Treasurer under the agreements.

1. Organization and Summary of Significant Accounting Policies (continued):

Reclassifications:

Certain amounts in the June 30, 2008 financial statements have been reclassified to conform to the current year's presentation.

2. Cash Deposits and Investments:

Cash Deposits:

All cash deposits of the Borrower Benefit Fund, NTLF Fund and HCP Fund are held by a bank or the State Treasurer. Receipts are deposited to demand deposit accounts daily. Collected balances are transferred daily into money market funds.

CollegeInvest deposits cash with the Colorado State Treasurer as required by Colorado Revised Statutes (CRS). The State Treasurer pools these deposits and invests them in securities approved by CRS 24-75-601.1. CollegeInvest reports its share of the State Treasurer's unrealized gains/losses based on its participation in the State Treasurer's pool. All of the State Treasurer's investments are reported at fair value, which is determined based on quoted market prices at June 30, 2009 and 2008. The State Treasurer does not invest any of the pool resources in any external investment pool, and there is no assignment of income related to participation in the pool. The unrealized gains or losses on the treasurer's pooled cash are shown as increases or decreases in cash balances, and therefore, are reported as noncash transactions. Additional information on the State Treasurer's pool may be obtained in the State of Colorado's Comprehensive Annual Financial Report.

Cash deposits and cash equivalents of the Borrower Benefit Fund, the CEAS Trust, the NTLF Fund and the HCP Fund as of June 30 are as follows:

	2009			2008		
	Unrestricted	**Restricted**	**Total**	Unrestricted	Restricted	Total
			(dollar amounts expressed in thousands)			
Demand deposit accounts	$ -	$ -	$ -	$ 341	$ -	$ 341
State Treasurer's cash pool	6,755	567	7,322	9,089	455	9,544
Total cash deposits	6,755	567	7,322	9,430	455	9,885
Add: cash equivalents	1,691	-	1,691	-	-	-
Total cash and cash equivalents	$ 8,446	$ 567	$ 9,013	$ 9,430	$ 455	$ 9,885

The Bond Funds allows for demand deposits, however, all funds are currently invested in money market accounts or guaranteed investment contracts.

2. Cash Deposits and Investments (continued):

Custodial Credit Risk – Cash Deposits:

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Funds will not be able to recover their deposits or will not be able to recover collateral securities that are in the possession of an outside party. Monies in the demand deposit accounts are insured by federal depository insurance for the first $250,000. Deposits in excess of the $250,000 limit are collateralized subject to the provisions of the State's Public Deposit Protection Act (PDPA) for monies held within the State.

Investment Authority and Policy:

The Borrower Benefit Fund allows investment in direct obligations of the U.S. government and its agencies, demand deposits, certificates of deposit, banker's acceptances, commercial paper, money market funds, written reverse repurchase agreements and written repurchase agreements, general or revenue obligations of any state in the United States, and investment agreements as authorized by the Colorado Revised Statutes Section 24-75-6.

Cash receipts of the Bond Funds are invested when received and are held by the bond trustee and are governed by provisions of the respective debt agreements. These investments are comprised primarily of guaranteed investment contracts. The investment contracts are between the trustee as agent for CollegeInvest, and various AAA or AA rated financial institutions.

Investments of assets in the CEAS Trust and the underlying portfolios are selected and managed in accordance with the standards set forth in the Colorado Revised Statutes Sections 15-1-304 and 15-1.1-103. Consistent with these standards, the Board, or its designated committee, will determine from time to time suitable investment parameters for the CEAS Trust, which seek to control risk through portfolio diversification, and obtain a reasonable return on the investment of Trust assets.

The appropriate asset allocation for investments of the CEAS Trust is a function of multiple factors, including projected cash flow requirements, minimizing risk while working to achieve an overall 5% disbursement objective, and minimizing loss or use of corpus.

The table below identifies the broad asset categories based on the respective benchmark that are authorized for investments of the CEAS Trust:

Asset Category	Allocation	Range	Benchmark
Fixed Income Securities	40%	+/- 2%	Barclays Capital US Aggregate Bond
Small Cap Equity Securities	5%	+/- 2%	Russell 2000 Index
Large Cap Equity Securities	40%	+/- 2%	Russell 1000 Index
International Equity Securities	15%	+/- 2%	MSCI EAFE Index net

2. Cash Deposits and Investments (continued):

Investment Authority and Policy (continued):

Investments of the Borrower Benefit Fund, the Bond Funds and the CEAS Trust as of June 30 are as follows:

	2009			2008		
	Unrestricted	**Restricted**	**Total**	Unrestricted	Restricted	Total
	(dollar amounts expressed in thousands)					
Money market mutual funds	$ 1,442	$ 58,832	$ 60,274	$ -	$ 33,814	$ 33,814
Fixed income securities	-	21,007	21,007	-	20,066	20,066
Guaranteed investment contracts	-	27,730	27,730	-	130,476	130,476
International equity securities	-	7,877	7,877	-	7,235	7,235
Large cap equity securities	-	21,007	21,007	-	19,999	19,999
Small cap equity securities	-	2,626	2,626	-	2,601	2,601
	$ 1,442	$ 139,079	$ 140,521	$ -	$ 214,191	$ 214,191

During 2008 and 2009, the CEAS Trust purchased student loans and borrower interest receivable from the Bond Funds. During 2009, the CEAS Trust sold all student loans and accrued interest back to the Bond Funds.

Custodial Credit Risk:

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Funds will not be able to recover the value of its investment or collateral securities that are in the possession of another party. All investments of the Borrower Benefit Fund, the Bond Funds and the CEAS Trust are held in CollegeInvest's name.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Borrower Benefit Fund invests in money market mutual funds which are exposed to interest rate risk. The Bond Funds invest in a money market mutual fund and in guaranteed investment contracts. The guaranteed investment contracts are not exposed to interest rate risk as of June 30, 2009 and 2008. The CEAS Trust invests in a money market mutual fund and in fixed income, small cap equity, large cap equity and international equity funds managed by Russell Trust Company (RTC). The fixed income fund is exposed to interest rate risk. RTC chooses money managers with expertise in selecting bonds across the maturity spectrum and combines firms that have differing investment approaches to manage the risk.

2. Cash Deposits and Investments (continued):

Interest Rate Risk (continued):

Investment Type		2009 Fair Value	2009 Weighted Average Maturity (in years)		2008 Fair Value	2008 Weighted Average Maturity (in years)
			(dollar amounts expressed in thousands)			
RIFL Core Bond Fund	$	**21,007**	**6.8**	$	-	N/A
RIC Fixed Income I Fund Class Y		**-**	**N/A**		20,066	7.2
JPMorgan 100% U.S. Treasury Securities Money Market Fund		**1,442**	**< 1 year**		-	N/A
Federated Treasury Obligation Fund		**248**	**< 1 year**		-	N/A
Dreyfus Treasury and Agency Cash Management Fund		**57,887**	**< 1 year**		31,819	< 1 year

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Fund's investment policy and the actual ratings for each investment type:

2. Cash Deposits and Investments (continued):

Credit Risk (continued):

As of June 30, 2009:

Investment Type	Minimum Rating	Exempt From Disclosure	Moody's Rating as of Year End Aaa	Aa3	Aa2	NR
			(dollar amounts expressed in thousands)			
Fixed income securities	N/A	$ -	$ 21,007	$ -	$ -	$ -
Guaranteed investment contracts	N/A	27,730	-	-	-	-
International equity securities	N/A	-	-	-	-	7,877
Large cap equity securities	N/A	-	-	-	-	21,007
Money market mutual fund	N/A	-	59,578	-	-	696
Small cap equity securities	N/A	-	-	-	-	2,626

As of June 30, 2008:

Investment Type	Minimum Rating	Exempt From Disclosure	Moody's Rating as of Year End Aaa	Aa3	Aa2	NR
			(dollar amounts expressed in thousands)			
Fixed income securities	N/A	$ -	$ 20,066	$ -	$ -	$ -
Guaranteed investment contracts	N/A	130,476	-	-	-	-
International equity securities	N/A	-	-	-	-	7,235
Large cap equity securities	N/A	-	-	-	-	19,999
Money market mutual fund	N/A	-	31,819	-	-	1,995
Small cap equity securities	N/A	-	-	-	-	2,601

2. Cash Deposits and Investments (continued):

Concentrations of Credit Risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments in any one issuer that represent 5% or more of total Bond Funds' and CEAS investments as of June 30, 2009 and 2008 are as follows:

Issuer	Investment Type	2009 Fair Value	2008 Fair Value
		(dollar amounts expressed in thousands	
Dreyfus Treasury Cash Management	Money market mutual fund	**$ 57,887**	$ 31,819
CTF Russell Core Bond Fund	Fixed income securities	**21,007**	-
CTF Russell Common Trust Large Cat Structured Equity	Large cap equity securities	**21,007**	19,999
RIC Fixed Income I Fund Class Y	Fixed income securities	**-**	20,066
Trinity Plus Funding Company	Guaranteed investment contracts	**15,302**	20,253
AIG Matched Funding Corporation	Guaranteed investment contracts	**-**	13,596
Bayerische Landesbank	Guaranteed investment contracts	**12,428**	9,984
CTF Russell Common Trust International Equity Fund	International equity securities	**7,877**	7,235
Natixis Funding Corporation	Guaranteed investment contract	-	86,642

Investment Income:

Net investment income as of June 30, 2009 and 2008 was comprised of the following:

	2009					2008				
	Borrower Benefit Fund	**Bond Funds**	**CollegeInvest Early Achievers Scholarship**	**Nursing Teachers Loan Forgiveness**	**Health Care Provider Fund**	Borrower Benefit Fund	Bond Funds	CollegeInvest Early Achievers Scholarship	Nursing Teachers Loan Forgiveness	Health Care Provider Fund
	(dollar amounts expressed in thousands)									
Investment income	**$ 250**	**$ 1,256**	**$ 250**	**$ 13**	**$ 3**	$ 410	$ 9,292	$ 2,458	$ 13	$ -
Realized loss on investments	**-**	**-**	**(9,471)**	**-**	**-**	-	-	(2,206)	-	-
Unrealized gain (loss) on investments	**-**	**-**	**1,445**	**-**	**-**	-	-	(5,433)	-	-
Change in fair value of State Treasurer's cash pool	**20**	**-**	**-**	**4**	**1**	94	-	-	3	2
Net investment income	**$ 270**	**$ 1,256**	**$ (7,776)**	**$ 17**	**$ 4**	$ 504	$ 9,292	$ (5,181)	$ 16	$ 2

In the year ended June 30, 2009, Early Achievers Scholarship Trust Fund realized a $9.5 million loss, of which $5.8 million was a result in changes in the investment vehicle and $3.7 million which was a result of the sale of investments to purchase student loans. In the year ended June 30, 2008, Early Achievers Scholarship Trust Fund, sold $25.0 million in equity investments in order to purchase student loans as an investment, which resulted in a $2.2 million realized loss.

3. Student Loans:

The Bond Funds originate student loans directly to the borrower and purchase student loans from originating lenders in accordance with the provisions of the Federal Family Education Loan Program (Program) under the HEA and administered by the USDE. Almost all of the student loans in the Bond Funds have been originated under the Program. The Program includes loans originated in the Federal Stafford Loan program, the Federal Parent Loan for Undergraduate Students program, and the Federal Consolidation Loan program. Loan terms and interest rates vary depending on the respective loan program and date of origination. Loan terms generally provide repayment of principal and interest on a monthly basis over a period of up to thirty years. Interest rates range from 1.5% to 12.0% (not including borrower benefits). CollegeInvest also began originating loans directly in the Borrower Benefit Fund under the USDE Purchase Program and the Participation Program in December 2008.

CollegeInvest terminated the origination of loans in its alternative loan program in the Bond Funds effective May 1, 2008. However, the ending balances remaining as of June 30, 2009 and 2008 were approximately $1.8 million and $1.7 million, respectively. Alternative loans are credit-based, school certified, supplemental loans offered by private lenders to students who are not eligible for federal loans or who need assistance beyond their federal loan eligibility. Interest rates are variable, adjusted quarterly and equal to the three month LIBOR, plus a spread, dependent on the borrower's or cosigner's credit rating.

For loans originated under the Program, interest paid by the borrower is either at a fixed or variable rate subject to a maximum rate. Per HEA, the interest rate on student loans is the maximum interest rate to the borrower or a rate indexed to the 91-day Treasury bill rate for each calendar quarter, for loans originated before January 1, 2000 or a rate indexed to the 91-day commercial paper rate for each calendar quarter for loans originated on or after January 1, 2000 through June 30, 2006. Loans originated after June 30, 2006 bear interest at a 6.8% fixed rate.

Principally, CA guarantees Program loans against the borrower's default, death, disability, and bankruptcy. CA is reinsured under HEA. The loan guarantee is subject to applicable procedures relating to the origination and servicing of student loans. There are penalties up to loss of guarantee if the applicable procedures are not met. CollegeInvest can reinstate guarantees under certain circumstances. CollegeInvest also has recourse provisions with its lenders and its servicers for any loss of guarantee. Loans disbursed prior to October 1, 1993 are 100% insured while loans disbursed on or after October 1, 1993 are insured up to 98% of principal and accrued interest in the case of default. Loans disbursed after June 30, 2006 are insured up to 97% of principal and accrued interest. From July 1, 2007 through September 30, 2007 CollegeInvest's student loan servicers operated under a designation from the USDE which allowed loss of guarantee reimbursement at 2% above the allowable rate. The USDE eliminated this designation effective October 1, 2007. Management has provided an allowance for loan losses of principal and/or interest due to claim penalties, loss of guarantee and insurance below 100%.

4. Capital Assets:

Capital assets activity for the year ended June 30, 2009 and 2008 was as follows:

	Balance June 30, 2008	Additions	Deletions/ Depreciation	**Balance June 30, 2009**
	(dollar amounts expressed in thousands)			
Software	$ 2,861	$ 12	$ -	$ **2,873**
Leasehold Improvements	19	-	-	**19**
Furniture and equipment	732	4	-	**736**
Accumulated depreciation	(3,272)	-	(160)	**(3,432)**
Total capital assets, net	$ 340	$ 16	$ (160)	$ **196**

	Balance June 30, 2007	Additions	Deletions/ Depreciation	Balance June 30, 2008
	(dollar amounts expressed in thousands)			
Software	$ 2,858	$ 3	$ -	$ 2,861
Leasehold Improvements	-	19	-	19
Furniture and equipment	529	203	-	732
Accumulated depreciation	(2,828)	-	(444)	(3,272)
Total capital assets, net	$ 559	$ 225	$ (444)	$ 340

Depreciation expense for the years ended June 30, 2009 and 2008 was $160,000 and $444,000, respectively, of which $127,000 and $374,000, respectively, was allocated to the Bond Funds. The remaining amount was allocated to the Prepaid Tuition, Scholars Choice, Stable Value Plus, and Direct Portfolio Funds.

5. Bond and Note Issuance Costs:

Bond and note issuance costs as of June 30 are as follows:

	2009	2008
	(dollar amounts expressed in thousands)	
Bond and note issuance costs	$ **12,696**	$ 14,450
Less accumulated amortization	**(3,047)**	(4,763)
Bond and note issuance costs, net	$ **9,649**	$ 9,687

6. Bonds and Notes Payable:

CollegeInvest issues bonds and notes to originate and purchase student loans. Each bond or note payable is a separate financing. All financings are revenue bonds or notes that are collateralized as provided in the financing agreements, by an assignment and pledge to a Trustee of all CollegeInvest's rights, title and interest in the investments, student loans, and loans purchased from Colorado institutions of higher education and the revenues and receipts derived there from. CollegeInvest has issued bonds and notes in different series under master indentures which allows cross collateralizing, greater efficiency, and the ability to issue additional bonds and notes.

Restrictive Covenants:

Certain indentures of trust and insurance policies include, among other requirements, covenants relative to restrictions on additional indebtedness, limits as to direct and indirect administrative expenses, restrictions to student loan portfolio mix, and requirements for maintaining certain financial ratios. Also, certain indentures of trust require the establishment of reserve accounts. CollegeInvest was in compliance with such covenants as of June 30, 2009 and 2008.

The serial bonds and notes may, at the option of CollegeInvest, be redeemed, without premium, from available surpluses in the respective Bond Funds. The term bonds and notes are subject to mandatory redemption at the principal amount plus accrued interest to the redemption date to the extent monies are available in the respective Bond Funds.

Refunding:

Bonds totaling $88.3 million previously issued by CollegeInvest were currently refunded (debt legally satisfied) by the issuance of refunding bonds during the year ended June 30, 2008. The $88.3 million refunding resulted in an economic gain (difference between the present values of the old and new debt service payments) of $953,000, based on gross savings of $1.0 million.

Liquidity and Insurance Agreements:

CollegeInvest has entered into agreements with two liquidity providers. Pursuant to the Standby Agreements, the Liquidity Providers agreed, subject to the terms and conditions therein, to purchase certain Series 1999 A-2 and A-3 Bonds, Series 1989A Bonds or Series 1990A Bonds which are tendered by the owners thereof to the Tender Agent or are subject to mandatory purchase but are not remarketed by the Remarketing Agents. The liquidity fees on principal and interest are paid quarterly. On June 5, 2008, CollegeInvest refunded its 1999 Series A-2 and A-3 Bonds and the liquidity agreement relating to these bonds was terminated. During 2009, the Remarketing Agent was unable to remarket the bonds and the liquidity provider was required to purchase the bonds. As of June 30, 2009, the liquidity provider owned the Series 1989A and 1990A Bonds.

On March 24, 1999, CollegeInvest entered into an agreement to obtain municipal bond insurance on the Series 1999A-2, A-3, and A-4 Bonds, Series 1989A Bonds and Series 1990A Bonds. The policy insures payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. The term of the policy is for the life of the bonds and requires an annual fee. The Series 1999 A-4 Bonds were paid in full on March 3, 2008. The Series 1999 A-2 and 1999 A-3 bonds were refunded on June 5, 2008.

On June 5, 2008, CollegeInvest entered into a letter of credit agreement. The letter of credit calls for the trustee to draw on the letter of credit to pay the principal and accrued interest on the Series 2008 I-A bonds which are properly tendered by the owners thereof to the Trustee that are not remarketed by the Remarketing Agent. The agreement is initially scheduled to expire on June 4, 2010, but may terminate or be replaced prior to such expiration. The bonds are subject to mandatory tender or purchase prior to the occurrence of any expiration, termination or replacement of the letter of credit. The letter of credit requires an annual fee. As a part of this transaction, CollegeInvest borrowed $13 million in private activity bond cap from

6. Bonds and Notes Payable (continued):

the Colorado Housing and Finance Authority with a commitment to return it by December 31, 2008. CollegeInvest complied with this commitment. The following bonds and notes payable are outstanding:

	Authorized And Issued	Outstanding June 30, 2008	Issued (Redeemed) During 2009	**Outstanding June 30, 2009**	**Due Within One Year**
		(dollar amounts expressed in thousands)			
1999 Series A Master Indenture, Variable Rate Notes/Bonds:					
Weekly Adjustable Interest Rate Bonds					
1989A, Jun. 8, 1989	$ 80,000	$ 80,000	$ -	$ **80,000**	$ -
1990A, Jan. 4, 1990	66,655	60,655	-	**60,655**	-
1999 Series IV Master Indenture, Variable Rate Notes/Bonds:					
Monthly Adjustable Interest Rate Notes/Bonds					
Series 1999IV-A1, Nov. 1, 1999	96,800	64,900	-	**64,900**	-
Series 1999IV-A2, Nov. 1, 1999	96,800	64,900	-	**64,900**	-
Series 1999IV-A4, Nov. 1, 1999	19,300	19,300	-	**19,300**	-
Series 2001V-A, July 31, 2001	36,250	36,250	-	**36,250**	-
Series 2002VII-A1, August 20, 2002	32,000	32,000	-	**32,000**	-
Series 2002VII-A2, August 20. 2002	16,000	16,000	-	**16,000**	-
Series 2002VII-A3, August 20, 2003	62,000	62,000	-	**62,000**	-
Series 2003VIII-A1, April 24, 2003	65,000	65,000	-	**65,000**	-
Series 2003VIII-A2, April 24, 2003	120,000	120,000	(24,000)	**96,000**	**24,000**
Series 2004IX-A1, July 22, 2005	38,500	38,500	-	**38,500**	-
Series 2004IX-A2, July 22, 2005	38,525	38,525	-	**38,525**	-
Series 2004X-A1, December 15, 2005	50,000	50,000	-	**50,000**	-
Series 2005XI-A1, September 1, 2005	65,000	65,000	-	**65,000**	-
Series 2005XI-A2, September 1, 2005	66,000	66,000	-	**66,000**	-
Series 2005XI-A3, September 1, 2005	50,000	50,000	-	**50,000**	-
Series 2006XII-A1, August 3, 2006	49,500	49,500	-	**49,500**	-
Series 2006XII-A2, August 3, 2006	49,500	49,500	-	**49,500**	-
Series 2006XII-A3, August 3, 2006	50,500	50,500	-	**50,500**	-
Series 2006XII-A4, August 3, 2006	50,500	50,500	-	**50,500**	-
Series 2007 XIII-A1, April 17, 2007	66,000	66,000	-	**66,000**	-
Monthly Adjustable Interest Rate Subordinate Bonds					
Series 2004IX-B4, July 22, 2005	6,000	6,000	-	**6,000**	-
Series 2007XIII-B1 April 17, 2007	21,000	21,000	-	**21,000**	-
Series 2007XIII-B2, April 17, 2007	19,000	19,000	-	**19,000**	-
Quarterly Adjustable Interest Rate Notes					
Series 2004IX-A3, July 22, 2005	96,000	96,000	-	**96,000**	-
Series 2007XIII-A2, April 17, 2007	200,000	200,000	-	**200,000**	-
2008 Series I-A Master Indebture, Variable Rate Bonds:					
Weekly Adjustable Interest Rate Bonds					
Series 2008I-A	188,300	188,300	-	**188,300**	-
Bonds and notes payable	$ 1,795,130	$ 1,725,330	$ (24,000)	$ **1,701,330**	$ **24,000**

6. Bonds and Notes Payable (continued):

	Authorized And Issued	Outstanding June 30, 2007	Issued (Redeemed) During 2008	**Outstanding June 30, 2008**	**Due Within One Year**
	(dollar amounts expressed in thousands)				
1999 Series A Master Indenture, Variable Rate Notes/Bonds:					
Weekly Adjustable Interest Rate Bonds					
1989A, Jun. 8, 1989	$ 80,000	$ 80,000	$ -	$ **80,000**	$ -
1990A, Jan. 4, 1990	66,655	60,655	-	**60,655**	-
1999A-2, Mar. 24, 1999	56,000	56,000	(56,000)	-	-
1999A-3, Mar. 24, 1999	32,300	32,300	(32,300)	-	-
Monthly Adjustable Interest Rate Notes					
1999A-4, Mar. 24, 1999	209,000	15,974	(15,974)	-	-
1999 Series IV Master Indenture, Variable Rate Notes/Bonds:					
Monthly Adjustable Interest Rate Notes/Bonds					
Series 1999IV-A1, Nov. 1, 1999	96,800	64,900	-	**64,900**	-
Series 1999IV-A2, Nov. 1, 1999	96,800	64,900	-	**64,900**	-
Series 1999IV-A4, Nov. 1, 1999	19,300	19,300	-	**19,300**	-
Series 2001V-A, July 31, 2001	36,250	36,250	-	**36,250**	-
Series 2002VII-A1, August 20, 2002	32,000	32,000	-	**32,000**	-
Series 2002VII-A2, August 20. 2002	16,000	16,000	-	**16,000**	-
Series 2002VII-A3, August 20, 2003	62,000	62,000	-	**62,000**	-
Series 2003VIII-A1, April 24, 2003	65,000	65,000	-	**65,000**	-
Series 2004IX-A1, July 22, 2005	38,500	38,500	-	**38,500**	-
Series 2004IX-A2, July 22, 2005	38,525	38,525	-	**38,525**	-
Series 2004X-A1, December 15, 2005	50,000	50,000	-	**50,000**	-
Series 2005XI-A1, September 1, 2005	65,000	65,000	-	**65,000**	-
Series 2005XI-A2, September 1, 2005	66,000	66,000	-	**66,000**	-
Series 2005XI-A3, September 1, 2005	50,000	50,000	-	**50,000**	-
Series 2006XII-A1, August 3, 2006	49,500	49,500	-	**49,500**	-
Series 2006XII-A2, August 3, 2006	49,500	49,500	-	**49,500**	-
Series 2006XII-A3, August 3, 2006	50,500	50,500	-	**50,500**	-
Series 2006XII-A4, August 3, 2006	50,500	50,500	-	**50,500**	-
Series 2007 XIII-A1, April 17, 2007	66,000	66,000	-	**66,000**	
Monthly Adjustable Interest Rate Subordinate Bonds					
Series 2004IX-B4, July 22, 2005	6,000	6,000	-	**6,000**	-
Series 2007XIII-B1 April 17, 2007	21,000	21,000	-	**21,000**	-
Series 2007XIII-B2, April 17, 2007	19,000	19,000	-	**19,000**	-
Quarterly Adjustable Interest Rate Notes					
Series 2003VIII-A2, April 24, 2003	120,000	120,000	-	**120,000**	**24,000**
Series 2004IX-A3, July 22, 2005	96,000	96,000	-	**96,000**	-
Series 2007XIII-A2, April 17, 2007	200,000	200,000	-	**200,000**	-
2008 Series I-A Master Indebture, Variable Rate Bonds:					
Weekly Adjustable Interest Rate Bonds					
Series 2008I-A	188,300	-	188,300	**188,300**	-
Bonds and notes payable	$ 2,092,430	$ 1,641,304	$ 84,026	$ **1,725,330**	$ **24,000**

6. Bonds and Notes Payable (continued):

Weekly Adjustable Interest Rate Bonds:

The weekly adjustable interest rate bonds are subject to purchase on demand of the holder at a price equal to principal plus accrued interest on seven days notice and delivery to CollegeInvest's Remarketing Agent and Trustee. The Remarketing Agent is authorized to sell the repurchased bonds at par by adjusting the interest rate. Interest is paid quarterly at a variable rate established weekly by the Remarketing Agent. The annual effective interest rate for such bonds was 2.48% for the year ended June 30, 2009. Under certain conditions, the bonds may be converted to a variable rate with varying interest rate periods or to a fixed rate. The remaining bond principal matures on March 1, 2024, September 1, 2024, and December 1, 2042.

Monthly Adjustable Interest Rate Notes/Bonds:

CollegeInvest issued Taxable Senior Asset-Backed Notes that are subject to an auction every 7 days when the Auction Agent determines the interest rate for the subsequent period. The annual effective interest rate for such note was 1.66% for the year ended June 30, 2009. Note principal matures on June 1, 2039, and June 1, 2040.

CollegeInvest issued Taxable Senior Asset-Backed Notes that are subject to an auction every 28 days when the Auction Agent determines the interest rate for the subsequent period. The annual effective interest rate for such notes was 2.27% for the year ended June 30, 2009. Note principal matures on December 1, 2032, December 1, 2034, December 1, 2037 and June 1, 2040.

CollegeInvest issued Tax-Exempt Senior Asset-Backed Bonds that are subject to an auction every 35 days when the Auction Agent determines the interest rate for the subsequent period. The effective interest rate for such bonds was 1.75% for the year ended June 30, 2009. Bond principal matures on November 27, 2012, June 1, 2036, June 1, 2037, June 1, 2038, December 1, 2038, June 1, 2039, June 1, 2040 and December 1, 2041.

Monthly Adjustable Interest Rate Subordinate Bonds:

CollegeInvest issued its Tax-Exempt Subordinate Asset-Backed Bonds concurrently with the issuance of the Taxable Senior Asset-Backed Notes/Bonds. The Subordinate Bonds are payable from the Trust Estate on a subordinate basis to the Senior Notes/Bonds in accordance with the terms of the master indenture. The Subordinate Bonds are subject to an auction every 35 days when the Auction Agent determines the interest rate for the subsequent period. Interest on the subordinate bonds is paid on June 1 and December 1. The annual effective interest rate for such bonds was 1.72% for the year ended June 30, 2009. Bond principal matures on June 1, 2038 and December 1, 2041.

Quarterly Adjustable Interest Rate Notes:

CollegeInvest issued Taxable Senior Asset-Backed Floating Rate notes at an interest rate equal to Three-Month LIBOR plus 0.225%. The initial floating rate term is through June 1, 2008. Subsequent to the initial floating rate term, the notes will be subject to a quarterly auction. The annual effective interest rate for such notes was 2.23% for the year ended June 30, 2009. Note principal matures on June 1, 2033 and December 1, 2041.

6. Bonds and Notes Payable (continued):

Fixed Interest Rate Subordinate Notes/Bonds (net of discount):

The scheduled principal and interest payments (based on interest rates at June 30, 2009) relating to CollegeInvest's bonds and notes is as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
	(dollar amounts expressed in thousands)		
2010	$ 24,000	$ 17,126	$ 41,126
2011	24,000	17,173	41,173
2012	24,000	17,215	41,215
2013	43,300	17,088	60,388
2014	-	17,039	17,039
2015-2019	-	85,231	85,231
2020-2024	101,000	84,388	185,388
2025-2029	95,655	69,992	165,647
2030-2034	96,000	66,784	162,784
2035-2039	687,375	44,428	731,803
2040-2044	606,000	9,155	615,155
Total bonds and notes payable	$ 1,701,330	$ 445,618	$ 2,146,948

Auction Rate Securities:

As of June 30, 2009 and 2008, there were $1.1 billion and $1.1 billion, respectively, of bonds outstanding that are auction rate securities. As of February 2008 turmoil in the capital markets negatively impacted the Auction Rate Market causing the market to fail and maximum interest rate waivers to take effect. This caused CollegeInvest to incur larger than normal interest expense between the months of February through June 2008. However, the maximum rate waivers were a temporary measure. Between July and September 2009 the maximum rate waivers associated with the auction rate securities expired and the interest rates for these bonds reset indexing to either the 90 day T-bill or 3-month commercial paper. As a result, the average interest rates for the auction rate securities are substantially lower in 2009 compared to 2008.

Floating Rate Notes:

In April 2003, CollegeInvest issued $120 million of Floating Rate Notes. The interest rate was reset quarterly based on 3 Month LIBOR plus 0.225%. On June 3, 2008, the Series 2003VIII-A2 Floating Rate Notes were not remarketed successfully and were converted to Auction Rate Securities per the indenture. The failed remarketing also triggered accelerated amortization of these bonds. Principal payments of $6.0 million are due on the first business day of March, June, September and December, starting in September 2008 and continuing through June 2013.

7. Commitments and Contingencies:

Grants and Other:

Under the terms of federal grants, periodic audits are required and certain costs may be interpreted as not being appropriate expenses under the terms of the grants. Such audits could lead to reimbursement to the grantor agency or the USDE.

Cash Commitments:

As of June 30, 2009 and 2008, CollegeInvest had committed $1.8 million to pay future operating expenses and potential cash flow shortfalls of the Prepaid Tuition Fund.

Purchase Commitments:

CollegeInvest had entered into agreements to purchase student loans from institutions of higher education and various other lenders. As of June 30, 2008, all of the agreements were terminated.

Lease Commitments:

CollegeInvest leases certain office facilities under an operating lease agreement which expires on February 28, 2018. College Assist occupies a portion of the office space leased by CollegeInvest and reimburses CollegeInvest for its share of rent. CollegeInvest has also entered into an interagency sublease agreement with the Department for certain office space. The total rent expense for the years ended June 30, 2009 and 2008 were $246,000 and $216,000, respectively. CollegeInvest allocates additional rent expenses to other Funds. Minimum future lease payments under the agreements are as follows:

2010	$ 732,000
2011	732,000
2012	732,000
2013	732,000
2014	732,000
2015 - 2018	2,928,000
	$ 6,588,000

CollegeInvest subleases office space to College Assist, a related party, under an Intra-Department Memorandum of Understanding (MOU). Under the agreement, College Assist is required to pay rent of approximately $23,000 per month. The MOU expires on June 30, 2010, unless the parties enter into a written amendment extending the term of the agreement.

8. Retirement Plan:

Plan Description:

Most of CollegeInvest's employees participate in a defined benefit pension plan. The plan's purpose is to provide income to members and their families at retirement or in case of death or disability. The plan is a cost sharing multiple employer plan administered by the Public Employees' Retirement Association (PERA). PERA was established by state statute in 1931. Responsibility for the organization and administration of the plan is placed with the Board of Trustees of PERA. Changes to the plan require an actuarial assessment and legislation by the General Assembly. The state plan and other divisions' plans are included in PERA's financial statements, which may be obtained by writing PERA at PO Box 5800,

8. Retirement Plan (continued):

Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting http://www.copera.org. Non-higher education employees hired by the state after January 1, 2006 are allowed 60 days to elect to participate in a defined contribution retirement plan administered by the state's Deferred Compensation Committee rather than becoming a member of PERA. If that election is not made, the employee becomes a member of PERA, and the member is allowed 60 days from commencing employment to elect to participate in a defined contribution plan administered by PERA rather than the defined benefit plan.

Beginning on July 1, 2009, the administration of the state's defined contribution retirement plan will be transferred to PERA. New non-higher education employees will have the choice of participating in either the PERA defined benefit or the PERA defined contribution plan. Existing plan members will become participants in the PERA defined contribution plan and retain their current vesting schedule on employer contribution.

Prior to legislation passed during the 2006 session, higher education employees may have participated in social security, PERA's defined benefit plan, or the institution's optional retirement plan. Currently, higher education employees, except for community college employees, are required to participate in their institution's optional plan, if available, unless they are active or inactive members of PERA with at least one year of service credit. In that case they may elect either PERA or their institution's optional plan.

PERA members electing the defined contribution plan are allowed an irrevocable election between the second and fifth year to use their defined contribution account to purchase service credit and be covered under the defined benefit retirement plan. However, making this election subjects the member to the rules in effect for those hired on or after January 1, 2007, as discussed below. Employer contributions to both defined contribution plans are the same as the contributions to the PERA defined benefit plan.

Defined benefit plan members (except state troopers) vest after five years of service and are eligible for full retirement based on their original hire date as follows:

- Hired before July 1, 2005 – age 50 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired between July 1, 2005 and December 31, 2006 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 20 years of service, or age 65 with 5 years of service.
- Hired on or after January 1, 2007 – any age with 35 years of service, age 55 with 30 years of service, age 60 with 25 years of service, or age 65 with 5 years of service.

Members are also eligible for retirement benefits without a reduction for early retirement based on their original hire date as follows:

- Hired before January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 80 or more.
- Hired on or after January 1, 2007 – age 55 with a minimum of 5 years of service credit and age plus years of service equals 85 or more.

State troopers and judges comprise a small percentage of plan members but have higher contribution rates, and state troopers are eligible for retirement benefits at different ages and years of service.

8. Retirement Plan (continued):

Members automatically receive the higher of the defined retirement benefit or money purchase benefit at retirement. Defined benefits are calculated as 2.5 percent times the number of years of service times the highest average salary (HAS). For retirements before January 1, 2009, HAS is calculated as one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit and limited to a 15 percent increase between periods. For retirements after January 1, 2009 or persons hired on or after January 1, 2007, more restrictive limits are placed on salary increases between periods used in calculating HAS.

Retiree benefits are increased annually based on their original hire date as follows:

- Hired before July 1, 2005 – 3.5 percent, compounded annually.
- Hired between July 1, 2005 and December 31, 2006 – the lesser of 3 percent or the actual increase in the national Consumer Price Index.
- Hired on or after January 1, 2007 – the lesser of 3 percent or the actual increase in the national Consumer Price Index, limited to a 10 percent reduction in a reserve established for cost of living increases related strictly to those hired on or after January 1, 2007. (The reserve is funded by 1 percentage point of salaries contributed by employers for employees hired on or after January 1, 2007.)

Members disabled, who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may receive retirement benefits if determined to be permanently disabled. If a member dies before retirement, their eligible children under the age of 18 (23 if a full time student) or their spouse may be entitled to a single payment or monthly benefit payments. If there is no eligible child or spouse then financially dependent parents, beneficiaries, or the member's estate, may be entitled to a survivor's benefit.

Funding Policy:

The contribution requirements of plan members and their employers are established, and may be amended, by the General Assembly. Salary subject to PERA contribution is gross earnings less any reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

Most employees contribute 8.0 percent (10.0 percent for state troopers) of their salary, as defined in CRS 24-51-101(42), to an individual account in the plan. From July 1, 2008, to December 31, 2008, the state contributed 12.05 percent (14.75 percent for state troopers and 15.56 percent for the Judicial Branch) of the employee's salary. From January 1, 2009, through June 30, 2009, the state contributed 12.95 percent (15.65 percent for state troopers and 16.46 percent for the Judicial Branch). During all of fiscal year 2009, 1.02 percent of the employees' total salary was allocated to the Health Care Trust Fund.

Per Colorado Revised Statutes, an amortization period of 30 years is deemed actuarially sound. At December 31, 2008, the division of PERA in which the state participates was underfunded with an infinite amortization period, which means that the unfunded actuarially accrued liability would never be fully funded at the current contribution rate.

In the 2004 legislative session, the general assembly authorized an Amortization Equalization Disbursement (AED) to address a pension-funding shortfall. The AED required PERA employers to pay an additional .5 percent of salary in January of 2006, another .5 percent of salary in 2007, and subsequent years increases of .4 percent of salary until the additional payment reaches 3.0 percent in 2012.

In the 2006 legislative session, the general assembly authorized a Supplemental Amortization Equalization Disbursement (SAED) that requires PERA employers to pay an additional one half percentage point of total salaries paid beginning January 1, 2008. The SAED is scheduled to increase by one half percentage point through 2013 resulting in a cumulative increase of three percentage points. For state employers, each year's one half percentage point increase in the SAED will

8. Retirement Plan (continued):

be deducted from the amount of changes to state employees' salaries, and used by the employer to pay the SAED. Both the AED and SAED will terminate when funding levels reach 100 percent.

Historically members have been allowed to purchase service credit at reduced rates. However, legislations passed in the 2006 session required, that future agreements to purchase service credit be sufficient to fund the related actuarial liability.

CollegeInvest's contributions to the Defined Benefit Plan for the fiscal years ending June 30, 2009, 2008 and 2007 were \$216,000, \$214,000, and \$186,000 respectively. These contributions met the contribution requirement for each year.

9. Voluntary Tax-deferred Retirement Plans:

PERA offers a voluntary 401k plan entirely separate from the defined benefit pension plan. Until June 30, 2009, the State offered a 457 deferred compensation plan. Certain agencies and institutions of the State offer 403b or 401(a) plans.

10. Other Postretirement Benefits and Life Insurance:

Health Care Program

The PERA Health Care Program began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund; the program was converted to a trust fund in 1999. The plan is a cost-sharing multiple-employer plan under which PERA subsidizes a portion of the monthly premium for health care coverage. The benefits and employer contributions are established in statute and may be amended by the General Assembly. PERA includes the Health Care Trust Fund in its Comprehensive Annual Financial Report, which may be obtained by writing PERA at PO Box 5800, Denver, Colorado 80217, by calling PERA at 1-800-759-PERA (7372), or by visiting http://www.copera.org.

After the PERA subsidy, the benefit recipient pays the balance of the premium through an automatic deduction from the monthly retirement benefit. Monthly premium costs for participants depend on the health care plan selected, the PERA subsidy amount, Medicare eligibility, and the number of persons covered. Effective July 1, 2000, the maximum monthly subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; and \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum subsidy is based on the recipient having 20 years of service credit, and is subject to reduction by 5 percent for each year less than 20 years.

Employees are not required to contribute to the Health Care Trust Fund, which is maintained by employer's contributions as discussed above in Note 8. Beginning July 1, 2004, state agencies/institutions are required to contribute 1.02 percent of gross covered wages to the Health Care Trust Fund. CollegeInvest contributed \$18,000, \$18,000, and \$17,000 as required by statute in fiscal years 2009, 2008, and 2007, respectively. In each year the amount contributed was 100 percent of the required contribution.

The Health Care Trust Fund offers two general types of plans: fully-insured plans offered through health care organizations and self-insured plans administered for PERA by third party vendors. As of December 31, 2008, there were 45,888 enrolled participants, including spouses and dependents, from all contributors to the plan. At December 31, 2008, the Health Care Trust Fund had an unfunded actuarial accrued liability of \$1.11 billion, a funded ratio of 18.7 percent, and a 39-year amortization period.

11. Risk Management:

Self Insurance

The State of Colorado currently self-insures its agencies, officials, and employees for the risks of losses to which they are exposed. That includes general liability, motor vehicle liability, and worker's compensation. The State Risk Management Fund is a restricted General Fund used for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgments against the State except for employee medical claims. Property claims are not self-insured; rather the State has purchased insurance.

Colorado employers are liable for occupational injuries and diseases of their employees. Benefits are prescribed by the Worker's Compensation Act of Colorado for medical expenses and loss of wages resulting from job-related disabilities. The State utilizes the services of Pinnacol Assurance (formerly Colorado Compensation Insurance Authority), a related party, to administer its plan. The State reimburses Pinnacol Assurance for the current cost of claims paid and related administrative expenses.

CollegeInvest participates in the Risk Management Fund. State agency premiums are based on an assessment of risk exposure and historical experience. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

The limits of liability for which the State accepts responsibility pursuant to the Colorado Governmental Immunity Act, section 24-10-101 et. seq., C.R.S., are as follows:

Liability	Limits of Liability
General & Automobile	Each person $150,000 Each occurrence $600,000

There were no significant reductions or changes in insurance coverage from the prior year. Settled claims did not exceed insurance coverage in any of the past three fiscal years.

Furniture and Equipment

The State of Colorado carries a $15,000 deductible replacement policy on all state owned furniture and equipment. For each loss incurred, CollegeInvest is responsible for the first $1,000 of the deductible and the State of Colorado is responsible for the next $14,000 of the deductible. Any loss in excess of $15,000 is covered by the insurance carrier up to replacement cost.

12. Net Assets:

The Funds have net assets consisting of three components – invested in capital assets, restricted, and unrestricted.

Invested in capital assets consists of capital assets, net of accumulated depreciation. The Funds have no debt outstanding related to capital assets. As of June 30, 2009 and 2008, the Funds had invested in capital assets of $196,000 and $340,000, respectively.

Restricted assets include net assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Funds had restricted net assets of $175.1 and $181.0 million as of June 30, 2009 and 2008, respectively. The Bond Funds restrict net assets to uses prescribed in the respective financing documents. The CEAS Trust restricts net assets to uses prescribed under Senate Bill 05-003 to pay for costs of implementing, marketing, and administering the Scholarship Program for the purpose specifically outlined in the statute. The Borrower Benefit Fund restricts net assets to uses prescribed in the Participation Program.

Unrestricted net assets consists of net assets that do not meet the definition of invested in capital assets or restricted net assets. As of June 30, 2009 and 2008, the Funds had unrestricted net assets of $7.6 million and $8.6 million, respectively. Although the Funds report unrestricted net assets on the face of the statement of net assets, unrestricted net assets are to be used by CollegeInvest for the payment of obligations incurred by CollegeInvest in carrying out its statutory powers and duties and are to remain in the Fund and not be transferred or revert to the general fund of the State of Colorado as outlined in 23.3-1-205.4 of the Colorado Revised Statutes.

13. Department of Education Review:

The USDE performed a review of CollegeInvest in May 2006. As a result, CollegeInvest received a finding from the USDE regarding under billing of 9.5% Floor Special Allowance Payments (Floor SAP) of approximately $13.6 million. Special Allowance Payments (SAP) is a government subsidy paid to student loan lenders which is designed to ensure a competitive return on student loans. Floor SAP eligible student loans receive a 9.5% total return. Student loans financed with tax-exempt bond proceeds originally issued prior to October 1, 1993 generally are eligible for Floor SAP. The under billing identified in the review began in the quarter ended March 31, 1999. CollegeInvest has reviewed its portfolio from the quarter ended March 31, 1999 to the present. CollegeInvest is in the process of working with USDE in determining the revised amount of the under billing. CollegeInvest has not recorded and will not record this in its financial statements until the amount of the under billing has been determined and approved by the USDE.

14. Floor Special Allowance:

In January 2007, the USDE changed its interpretation of the HEA regarding billings for special allowance payments at the 9.5 percent minimum return rate. Only loans that are first-generation or second-generation loans obtained from an eligible source, as described in the USDE's Dear Colleague letter FP-07-01 dated January 23, 2007, and no others, are eligible for this billing. The USDE suspended special allowance payments of 9.5 percent loans, effective October 1, 2006, until lenders completed an audit of its eligible loan population. CollegeInvest completed this audit in January 2008, and confirmed its eligible loan population to be $88.7 million as of December 31, 2006. Subsequently, the USDE reviewed and approved the audit results, and then made supplemental special allowance payments at the 9.5 percent minimum return rate totaling $1.9 million for the seven calendar quarters from October 1, 2006 through June 30, 2008. Supplemental special allowance payments at the 9.5 percent minimum rate were approximately $977,000 for 2009. CollegeInvest will continue to bill the USDE for special allowance payments at the 9.5 percent minimum return rate until these loans have been paid off or until these loans lose their eligibility.

15. Subsequent Events:

The Participation Program agreement expired on September 30, 2009. However, the USDE extended the deadline for the Purchase Program, which allowed CollegeInvest to put (or sell) loans to the USDE until October 15, 2009. In September and October 2009, CollegeInvest sold approximately $265.0 million of student loans to the USDE. This amount includes the par amount of the loans, accrued interest, a one-percent origination fee previously paid to the USDE, and a fixed amount of $75 per loan.

Beginning July 1, 2009, the recycling provisions related to borrower payments ended for the Senior Subordinate Indentures. As a result, CollegeInvest now uses these proceeds to redeem bonds. CollegeInvest redeemed a total of $69.8 million of bonds from this Indenture from these proceeds since July 1, 2009. Some of these bonds and notes were redeemed below par and as a result, CollegeInvest has recognized a total gain on these redemptions of $2.3 million.

Additionally, $127.0 million of the 2008 Series IA were redeemed from the Master Indenture as a result of the loan sale with the Department of Education.

On July 1, 2009, Statute 23-3.1-206.9 caused the CEAS Trust to transfer $15.0 million to the State of Colorado's General Fund to assist in meeting state budget shortfalls.

Colorado House Bill 1111 transferred administration of the HCP to the Colorado Department of Public Health and Environment effective July 1, 2009. CollegeInvest transferred $100,000 of remaining cash to the Department of Public Health and Environment in July 2009.

In July, 2009, CollegeInvest drew an additional $10.3 million under the RFA with CA.

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 Legislative Audit Committee:

We have audited the financial statements of the business-type activities and each major fund of CollegeInvest, Student Loan Program Funds as of and for the year ended June 30, 2009, and have issued our report thereon dated December 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CollegeInvest Student Loan Program Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting (Findings 1 and 2).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that any of the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CollegeInvest Student Loan Program Fund'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.*

CollegeInvest's responses to the findings identified in our audit are described in the Auditor's Findings and Recommendations Schedule of this report. We did not audit CollegeInvest's responses, and accordingly, we express no opinion on them.

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

Clifton Gunderson LLP

Greenwood Village, Colorado
December 18, 2009

Required Communications to the Legislative Audit Committee

December 18, 2009

Members of the Legislative Audit Committee

This letter is to provide you with information about significant matters related to our audit of the financial statements of CollegeInvest Student Loan Program Funds for the year ended June 30, 2009.

The following are our observations arising from the audit that are relevant to the CollegeInvest Board of Directors' (the Board) responsibilities in overseeing the financial reporting process.

Auditor's Responsibilities Under Generally Accepted Auditing Standards. Our audit was performed for the purpose of forming and expressing an opinion about whether the financial statements, that have been prepared by management with the Board's oversight, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit does not relieve the Board or management of their responsibilities.

Other Information in Documents Containing Audited Financial Statements. In connection with the CollegeInvest Student Loan Program Funds' financial statements, we did not perform any procedures or corroborate other information included in the report. However, we read management's discussion and analysis of financial conditions and results of operations and considered whether the information or the manner in which it was presented was materially inconsistent with information or the manner of presentation of the financial statements. Based on our reading, we concluded that the information did not require revision.

Significant Issues Discussed With Management Prior to Retention. We discuss various matters with management prior to retention as CollegeInvest Student Loan Program Funds' auditors. These discussions occur in the normal course of our professional relationship. There were no significant issues, including the application of accounting principles and auditing standards, which were discussed with management prior to our retention as auditors.

Consultations with Other Accountants. We were informed by management that they made no consultations with other accountants on the application of generally accepted accounting principles or generally accepted auditing standards.

Qualitative Aspects of Accounting Practices.

Accounting Policies
Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by CollegeInvest Student Loan Program Funds are described in Note 1 to the financial statements. There were no significant accounting policies or their application which were either initially selected or changed during the year.

We noted no transactions in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

There were no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting Estimates
Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant accounting estimates of financial data which would be particularly sensitive and require substantial judgments by management.

Financial Statement Disclosures
Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

Difficulties Encountered in Performing the Audit. We encountered no significant difficulties in dealing with management related to the performance of our audit, except as outlined in Finding #2.

Corrected Misstatements. There were no material misstatements detected as a result of audit procedures and corrected by management that were material, either individually or in the aggregate, to the financial statements taken as a whole.

Representations from Management. We have requested and received representations from management.

Disagreements With Management. There were no disagreements with management on financial accounting and reporting matters, auditing procedures, or other matters which would be significant to CollegeInvest, Student Loan Program Funds' financial statements or our report on those financial statements.

Please contact Mark Elmshauser if you have any questions regarding the matters included in this letter.

Clifton Gunderson LLP

SUPPLEMENTARY INFORMATION

CollegeInvest
Supplementary Schedule - Bond Funds Combining Schedule of Net Assets
June 30, 2009 and 2008
(dollar amounts expressed in thousands)

	2009				2008			
	Insured Bond Fund	**Senior/ Subordinate Bond Fund**	**Master 2008 Bond Fund**	**Total Bond Funds**	Insured Bond Fund	Senior/ Subordinate Bond Fund	Master 2008 Bond Fund	Total Bond Funds
Assets:								
Current assets:								
Restricted current assets:								
Investments	$ 14,918	$ 29,877	$ 25,989	$ 70,784	$ 12,814	$ 49,994	$ 99,585	$ 162,393
Student loans, net	5,461	45,328	3,992	54,781	5,002	29,729	1,666	36,397
Interest and other receivables	1,477	34,331	3,940	39,748	3,340	35,440	2,688	41,468
CollegeLender receivable	-	-	-	-	-	2	-	2
Prepaid expenses	94	77	12	183	108	83	14	205
Total restricted current assets	21,950	109,613	33,933	165,496	21,264	115,248	103,953	240,465
Noncurrent assets:								
Restricted noncurrent assets:								
Student loans, net	152,225	1,328,897	183,693	1,664,815	168,813	1,339,077	100,736	1,608,626
Bond and note issuance costs, net	589	7,818	1,242	9,649	571	8,098	1,018	9,687
Total restricted noncurrent assets	152,814	1,336,715	184,935	1,674,464	169,384	1,347,175	101,754	1,618,313
Total restricted assets	174,764	1,446,328	218,868	1,839,960	190,648	1,462,423	205,707	1,858,778
Liabilities:								
Current liabilities:								
Current liabilities payable from restricted assets:								
Accounts payable and accrued expenses	101	449	549	1,099	385	1,648	115	2,146
Due from (to) other Funds and other agencies	(1,485)	(3,666)	6,961	1,810	12,844	(3,203)	(6,939)	2,704
Due from (to) the Department of Education	93	8,344	1,183	9,620	276	1,171	45	1,492
Interest payable	242	895	63	1,200	779	2,978	225	3,982
Bonds and notes payable	-	24,000	-	24,000	(14,683)	(50)	14,683	(50)
Total current liabilities payable from restricted assets	(1,049)	30,022	8,756	37,729	(399)	2,544	8,129	10,274
Noncurrent liabilities:								
Noncurrent liabilities payable from restricted assets:								
Arbitrage rebate payable	440	13,245	4,045	17,730	528	11,740	5,717	17,985
Bonds and notes payable	140,655	1,348,375	188,300	1,677,330	140,655	1,372,375	188,300	1,701,330
Total noncurrent liabilities payable from restricted assets	141,095	1,361,620	192,345	1,695,060	141,183	1,384,115	194,017	1,719,315
Total liabilities	140,046	1,391,642	201,101	1,732,789	140,784	1,386,659	202,146	1,729,589
Total restricted net assets	$ 34,718	$ 54,686	$ 17,767	$ 107,171	$ 49,864	$ 75,764	$ 3,561	$ 129,189

CollegeInvest
Supplementary Schedule - Bond Funds Combining Schedule of Revenues, Expenses and Changes in Net Assets
For the years ended June 30, 2009 and 2008
(dollar amounts expressed in thousands)

	2009				2008			
	Insured Bond Fund	Senior/ Subordinate Bond Fund	Master 2008 Bond Fund	Total Bond Funds (Restricted)	Insured Bond Fund	Senior/ Subordinate Bond Fund	Master 2008 Bond Fund	Total Bond Funds (Restricted)
Operating revenues:								
Loan interest	$ 6,364	$ 41,600	$ 3,340	$ 51,304	$ 14,116	$ 63,882	$ 371	$ 78,369
Investment income	98	763	395	1,256	1,200	7,950	142	9,292
Total operating revenues	6,462	42,363	3,735	52,560	15,316	71,832	513	87,661
Less provision for loan losses	135	1,094	232	1,461	452	1,129	134	1,715
Net investment income after provision for loan losses	6,327	41,269	3,503	51,099	14,864	70,703	379	85,946
Operating expenses:								
Interest expense	5,470	27,839	2,818	36,127	12,448	71,721	227	84,396
Loan servicing costs	524	4,979	652	6,155	1,078	4,827	34	5,939
Rebate tax expense, net	(88)	1,504	(1,672)	(256)	(353)	(1,388)	(3,584)	(5,325)
Bond fees	606	1,782	1,924	4,312	947	1,725	141	2,813
General and administrative expenses	112	827	98	1,037	420	1,847	-	2,267
Salaries and benefits	153	1,246	148	1,547	399	1,642	-	2,041
Depreciation and amortization	13	102	12	127	71	303	-	374
Total operating expenses	6,790	38,279	3,980	49,049	15,010	80,677	(3,182)	92,505
Operating income before transfers	(463)	2,990	(477)	2,050	(146)	(9,974)	3,561	(6,559)
Interfund transfers	-	(18)	-	(18)	(14,683)	(50)	14,683	(50)
Net assets, beginning of year	35,181	51,714	18,244	105,139	50,010	61,738	-	111,748
Net assets, end of year	$ 34,718	$ 54,686	$ 17,767	$ 107,171	$ 35,181	$ 51,714	$ 18,244	$ 105,139

CollegeInvest
Supplementary Schedule - Borrower Benefit Funds Combining Schedule of Net Assets
June 30, 2009 and 2008
(dollar amounts expressed in thousands)

	2009 Borrower Benefit Fund	2009 DE Participation Agreement	2009 DE Participation Agreement ECASLA	2009 Challenge Grant	2009 Total BBF Funds	2008 Borrower Benefit Fund	2008 DE Participation Agreement	2008 DE Participation Agreement ECASLA	2008 Challenge Grant	2008 Total BBF Funds
Assets:										
Current assets:										
Investments	$ 8,192	$ 81	$ 173	$ -	$ 8,446	$ 9,430	$ -	$ -	$ -	$ 9,430
Student loans, net	-	113,538	1,136	-	114,674	-	-	-	-	-
Interest and other receivables	5	1,954	-	-	1,959	47	-	-	-	47
CollegeLender receivable	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	287	-	-	-	287	207	-	-	-	207
Total current assets	8,484	115,573	1,309	-	125,366	9,684	-	-	-	9,684
Noncurrent assets:										
Capital assets, net	196	-	-	-	196	340	-	-	-	340
Total noncurrent assets	196	-	-	-	196	340	-	-	-	340
Total assets	8,680	115,573	1,309	-	125,562	10,024	-	-	-	10,024
Liabilities:										
Current liabilities:										
Accounts payable and accrued expenses	408	82	-	-	490	429	-	-	-	429
Due from (to) other Funds and other agencies	(2,265)	9,023	1,319	298	8,375	467	-	-	-	467
Due from (to) the Department of Education	1,201	107,772	-	(298)	108,675	-	-	-	-	-
Interest payable	-	-	-	-	-	-	-	-	-	-
Bonds and notes payable	-	-	-	-	-	-	-	-	-	-
Total current liabilities payable	(656)	116,877	1,319	-	117,540	896	-	-	-	896
Noncurrent liabilities:										
Accrued compensated absences	185	-	-	-	185	182	-	-	-	182
Arbitrage rebate payable	-	-	-	-	-	-	-	-	-	-
Bonds and notes payable	-	-	-	-	-	-	-	-	-	-
Total noncurrent liabilities payable	185	-	-	-	185	182	-	-	-	182
Total liabilities	(471)	116,877	1,319	-	117,725	1,078	-	-	-	1,078
Net assets:										
Invested in capital assets	196	-	-	-	196	340	-	-	-	340
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	8,955	(1,304)	(10)		7,641	8,606	-	-	-	8,606
Total net assets	$ 9,151	$ (1,304)	$ (10)	$ -	7,837	$ 8,946	$ -	$ -	$ -	$ 8,946

CollegeInvest
Supplementary Schedule - Borrower Benefit Funds Combining Schedule of
Revenues, Expenses and Changes in Net Assets
For the years ended June 30, 2009 and 2008
(dollar amounts expressed in thousands)

	2009					2008				
	Borrower Benefit Fund	DE Participation Agreement	DE Participation Agreement ECASLA	Challenge Grant	Total BBF Funds	Borrower Benefit Fund	DE Participation Agreement	DE Participation Agreement ECASLA	Challenge Grant	Total BBF Funds
Operating revenues:										
Loan interest	$ -	$ 37	$ (10)	$ -	$ 27	$ -	$ -	$ $ -	$ -	$ -
Investment income	270	-	-	-	270	504	-	-	-	504
Total operating revenues	270	37	(10)	-	297	504	-	-	-	504
Less provision for loan losses	-	-	-	-	-	-	-	-	-	-
Net investment income after provision for loan losses	270	37	(10)	-	297	504	-	-	-	504
Operating expenses:										
Interest expense	-	1,039	-	-	1,039	-	-	-	-	-
Loan servicing costs	-	244	-	-	244	-	-	-	-	-
Rebate tax expense, net	-	-	-	-	-	-	-	-	-	-
Bond fees	-	34	-	-	34	-	-	-	-	-
General and administrative expenses	65	24	-	192	281	75	-	-	-	75
Salaries and benefits	-	-	-	106	106	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Total operating expenses	65	1,341	-	298	1,704	75	-	-	-	75
Operating income before transfers	205	(1,304)	(10)	(298)	(1,407)	429	-	-	-	429
Nonoperating - intergovernmental revenue	-	-	-	298	298	-	-	-	-	-
Net assets, beginning of year	8,946	-	-	-	8,946	8,517	-	-	-	8,517
Net assets, end of year	$ 9,151	$ (1,304)	$ (10)	$ -	$ 7,837	$ 8,946	$ -	$ -	$ -	$ 8,946

THIS PAGE LEFT BLANK INTENTIONALLY

COLLEGEINVEST
STUDENT LOAN PROGRAM FUNDS
DISTRIBUTION

The electronic version of this report is available on the website of the Office of the State Auditor www.state.co.us/auditor

A bound report may be obtained by calling the Office of the State Auditor 303-869-2800

Please refer to the Report Control Number below when requesting this report.

Report Control Number 2031B