College SAVE
Picture the Future

(A Private Purpose Trust Fund of the State of North Dakota)

FINANCIAL STATEMENTS
December 31, 2013 and 2012

and

SUPPLEMENTARY INFORMATION
December 31, 2013

(With Independent Auditors' Report Thereon)

Thomas & Thomas LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Bank of North Dakota
Upromise Investments, Inc.

Report on the Financial Statements

We have audited the accompanying statements of fiduciary net position and statements of changes in fiduciary net position of **College SAVE** (the Plan), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to on the preceding page present fairly, in all material respects, the fiduciary net position of the Plan as of December 31, 2013 and 2012, and the changes in fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The Plan is a private purpose trust fund of the state of North Dakota. As discussed in Note 1, these basic financial statements present only the activities and balances attributable to the Plan and do not purport to, and do not, present fairly the fiduciary net position or changes in fiduciary net position of the state of North Dakota as of and for the years ended December 31, 2013 and 2012.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 7 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, as it is considered to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information in management's discussion and analysis because the limited procedures we performed do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the Plan's basic financial statements. The schedules of fiduciary net position and changes in fiduciary net position by portfolio on pages 30 and 31 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in these schedules is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

Thomas & Thomas LLP
Certified Public Accountants

March 31, 2014
Little Rock, Arkansas

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Management's Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013 and 2012

This management's discussion and analysis is intended to provide readers an objective discussion of the financial statements of College SAVE (the Plan) as of December 31, 2013 and 2012, and for the years then ended. This discussion and analysis, which is supplementary information required by the Governmental Accounting Standards Board (GASB), is intended to provide a highly summarized overview of the Plan's assets, liabilities, fiduciary net position and changes in fiduciary net position and should be read in conjunction with the Plan's financial statements and notes thereto, which are included on pages 16 through 28. In addition, readers may also find useful the supplementary schedules on pages 30 and 31, which include information about the Plan's investment portfolios.

* * * * *

College SAVE was established in September, 2000, to encourage the investment of funds to be used for qualified higher education expenses at eligible institutions, as authorized under North Dakota Century Code Title 6, Chapter 9, Section 38. Plan assets are held for the benefit of account owners and their designated beneficiaries in the College SAVE Trust (the Trust), for which the Bank of North Dakota (the Bank) serves as Trustee. The Plan is administered as a "qualified tuition program" in compliance with Section 529 of the Internal Revenue Code of 1986, as amended, and both the Plan and the Trust are exempt from federal taxation.

The Bank has established rules to administer, manage, promote and market the Plan, which are set forth in North Dakota Administrative Code Title 12.5, Article 2, Chapter 1. As allowed under these rules, the Bank may contract with third-party service providers to perform administrative duties related to the Plan and to manage the Plan's investments. Pursuant to an agreement dated August 11, 2006, as amended (the Plan Management Agreement), Upromise Investments, Inc. (UII) serves as Plan Manager responsible for oversight of the daily operation of the Plan. Upromise Investment Advisors, LLC (UIA) served as recordkeeping and services agent for the Plan until December 10, 2012 at which time these duties were transitioned to Upromise Investments Recordkeeping Services, LLC (UIR). Collectively, UII and UIA or UIR, as appropriate, are referred to as "Upromise." With the Bank's approval, Upromise has entered into an agreement with The Vanguard Group, Inc. (Vanguard) to provide investment advisory, fund accounting and related administrative services.

Financial Highlights

The following highlight some of the Plan's key financial results:

- At December 31, 2013, 2012 and 2011, the Plan's fiduciary net position totaled $360.7 million, $329.6 million and $307.4 million, respectively. Fiduciary net position increased $31.1 million, or 9.4%, from December 31, 2012 to December 31, 2013, compared to an increase of $22.2 million, or 7.2%, from December 31, 2011 to December 31, 2012.

Financial Highlights ***(Continued)***

- During 2013, contributions exceeded withdrawals by $0.4 million, but withdrawals exceeded contributions by $4.0 million and $3.4 million during 2012 and 2011, respectively.
- Contributions for the year ended December 31, 2013, 2012 and 2011 totaled $35.2 million $30.1 million and $27.2 million, respectively. Contributions increased $5.1 million, or 17.0%, from December 31, 2012 to December 31, 2013, and increased $2.9 million, or 10.6%, from December 31, 2011 to December 31, 2012.
- Withdrawals totaled $34.8 million, $34.1 million and $30.6 million for the years ended December 31, 2013, 2012 and 2011, respectively. Withdrawals increased $0.7 million, or 1.9%, from December 31, 2012 to December 31, 2013, and increased $3.6 million, or 11.6%, from December 31, 2011 to December 31, 2012.
- Administrative fees totaled $2.6 million, $2.4 million and $2.3 million for the years ended December 31, 2013, 2012 and 2011, respectively. These fees, which are based on the Plan's fiduciary net position, are paid to the Bank, Upromise and Vanguard for performing oversight, administrative and investment duties.
- For the year ended December 31, 2013, the Plan experienced net investment income of $33.3 million, resulting from net appreciation in the fair value of investments of $26.2 million and dividends totaling $7.1 million. For the year ended December 31, 2012, the Plan experienced net investment income of $28.7 million, resulting from net appreciation of the fair value of its investments totaling $20.6 million and dividends totaling $8.1 million. For the year ended December 31, 2011, the Plan experienced net investment income of $8.1 million, resulting from dividends totaling $8.7 million, which was partially offset by net depreciation in the fair value of its investments of approximately $0.6 million.
- The number of active accounts has increased from 18,797 at December 31, 2011, to 20,941 at December 31, 2012, to 23,577 at December 31, 2013. The average active account balance decreased from approximately $16,400 at December 31, 2011, to approximately $15,700 at December 31, 2012, to approximately $15,300 at December 31, 2013.
- The College SAVE 529 Matching Grant Program awarded $448,970, $241,370 and $66,280 in matching grants in 2013, 2012 and 2011, respectively, to qualifying account owners.
- The Children FIRST Grant Program awarded $67,200, $56,800 and $29,800 in matching grants in 2013, 2012 and 2011, respectively, to qualifying account owners.

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2013 and 2012

Overview of the Financial Statements

The Plan's basic financial statements comprise the statement of fiduciary net position, the statement of changes in fiduciary net position and the related notes to the financial statements. The statement of fiduciary net position presents information on the Plan's assets and liabilities, with the difference between them representing net position held in trust for account owners and their beneficiaries. The statement of changes in fiduciary net position shows how the Plan's fiduciary net position changed during the year. The notes to the financial statements provide additional explanatory information about the amounts presented in the financial statements. It is essential that readers of this report consider the information in the notes to obtain a full understanding of the Plan's financial statements.

The Plan is included in the state of North Dakota's financial statements as a "private purpose trust fund." A private purpose trust fund is a type of fiduciary fund that is used to report assets held by a government in a trust or agency capacity for others and cannot be used to support the government's own programs.

The Plan's financial statements are prepared in accordance with accounting and financial reporting standards for governmental entities set forth by the GASB. As required under generally accepted accounting principles applicable to fiduciary fund types, the Plan's financial statements are prepared using the accrual basis of accounting. Investments are reported at fair value, and all investment transactions are recorded on a trade-date basis, regardless of when the transaction settles. Changes in fair value, along with realized gains (losses), are reported as net appreciation (depreciation) on the statement of changes in fiduciary net position. Dividends and capital gain distributions are recorded on the ex-dividend date rather than when they are received. Contributions to the Plan are recognized when they are received, provided enrollment in the Plan has been successfully completed, and withdrawals are recognized when the withdrawal request has been received and approved for payment. Administrative fees are recognized in the period when the related services are provided, regardless of when cash is paid.

Financial Analysis

Fiduciary Net Position

The following condensed statements of fiduciary net position provide a "snapshot" of the overall financial position of the Plan:

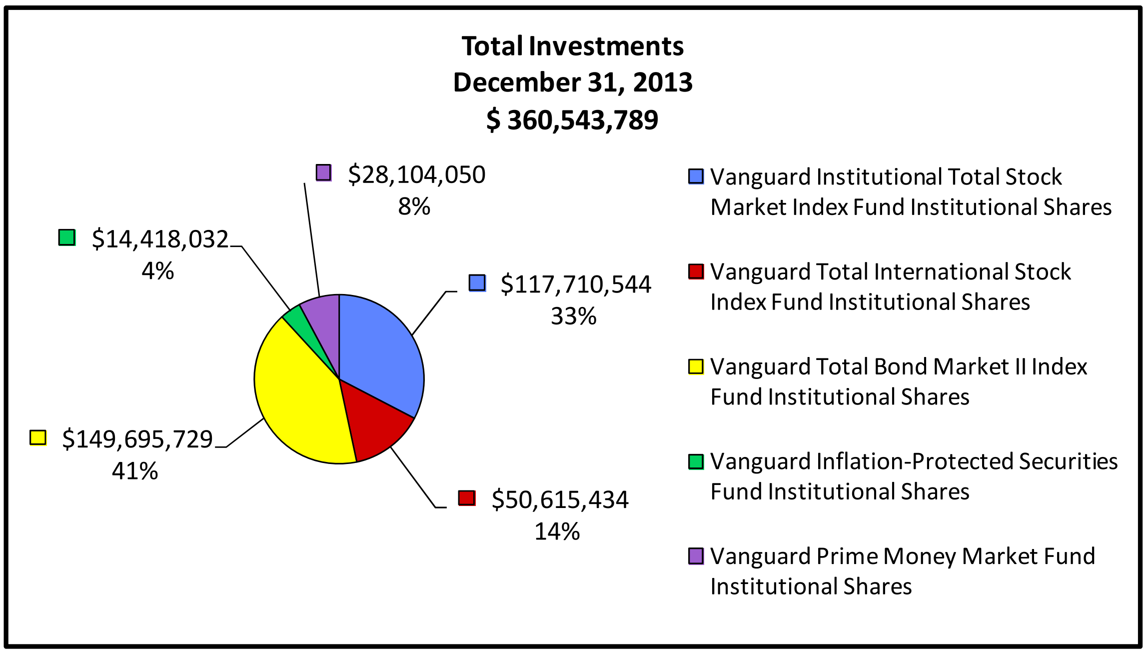
	December 31, 2013	December 31, 2012	December 31, 2011
Total assets	$ 361,999,392	$ 330,242,590	$ 308,407,202
Total liabilities	1,331,787	680,742	1,042,242
Net position held in trust for account owners and beneficiaries	$ 360,667,605	$ 329,561,848	$ 307,364,960

Financial Analysis *(Continued)*

Fiduciary Net Position *(Continued)*

The reported balance of net position held in trust for account owners and their beneficiaries represents the cumulative total of contributions from account owners since the Plan's inception, increased (decreased) by net investment income (losses), and decreased by withdrawals and administrative fees.

Investments, which totaled $360.5 million, $329.6 million, and $307.4 million at December 31, 2013, 2012 and 2011, respectively, represent over 99% of the Plan's total assets. Account owners are able to direct investment of their contributions into one or more portfolio options, each of which is invested in one or more Vanguard mutual funds (the Underlying Funds) in accordance with a predetermined asset allocation strategy approved by the Bank. At December 31, 2013, 2012 and 2011, the Plan's Underlying Funds are as follows:

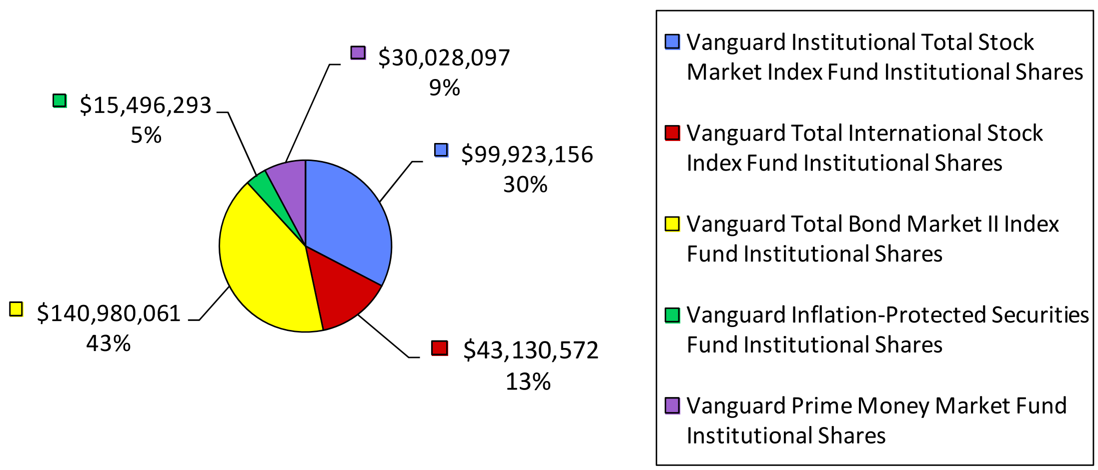


Note: Percentages are stated as a percent of total fair value.

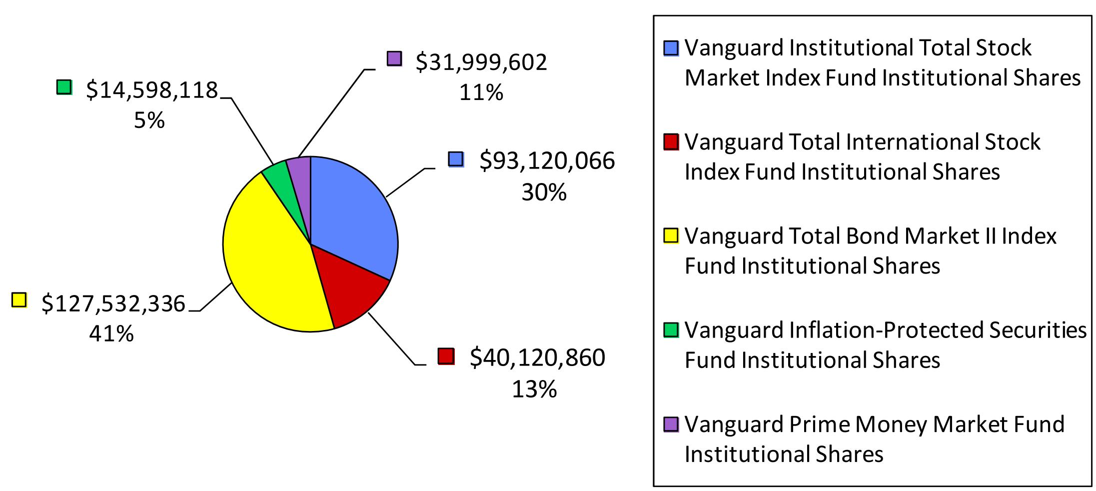
Financial Analysis *(Continued)*

Fiduciary Net Position *(Continued)*

Total Investments
December 31, 2012
$329,558,179



Total Investments
December 31, 2011
$307,370,982



Note: Percentages are stated as a percent of total fair value.

Financial Analysis *(Continued)*

Fiduciary Net Position *(Continued)*

Other assets, which totaled approximately $1.5 million at December 31, 2013, $684,000 at December 31, 2012 and $1.0 million at December 31, 2011, comprise amounts to be invested or distributed on behalf of account owners and their beneficiaries and receivables for proceeds from Underlying Fund sales transactions. The Plan's liabilities, which totaled $1.3 million at December 31, 2013, $681,000 at December 31, 2012, and $1.0 million at December 31, 2011, comprise accrued administrative fees, payables for withdrawals approved but not yet paid and payables for Underlying Fund purchase transactions.

Changes in Fiduciary Net Position

The following condensed statements of changes in fiduciary net position summarize how the Plan's net position held in trust for account owners and their beneficiaries changed during the years presented:

	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011
Contributions	$ 35,218,321	$ 30,098,860	$ 27,221,398
Net investment income	33,292,396	28,661,702	8,146,479
Withdrawals	(34,778,926)	(34,135,508)	(30,584,533)
Administrative fees	(2,626,034)	(2,428,166)	(2,326,212)
Net Increase	31,105,757	22,196,888	2,457,132
Net position held in trust for account owners and beneficiaries, beginning of year	329,561,848	307,364,960	304,907,828
Net position held in trust for account owners and beneficiaries, end of year	$ 360,667,605	$ 329,561,848	$ 307,364,960

Investment Commentary

The following section provides brief descriptions of each of the Plan's investments. More complete information can be found in the Plan's Disclosure Statement and Participation Agreement document or in each Underlying Fund's prospectus and annual report.

Investment Commentary *(Continued)*

The Vanguard Institutional Total Stock Market Index Fund Institutional Shares is passively managed, using index sampling. This fund invests primarily in large-, mid- and small-capitalization stocks diversified across growth and value investment styles and seeks to track the performance of the CRSP US Total Market Index. On October 2, 2012, Vanguard announced a change in the funds benchmark index from MSCI® US Broad Market Index to the CRSP US Total Market Index. The benchmark change was effective on June 3, 2013. The fund's investment objective has not changed. The fund experienced returns of 33.64%, 16.47% and 1.09% during the years ended December 31, 2013, 2012 and 2011, respectively. The share price of this fund increased from $28.32 at December 31, 2011, to $32.27 at December 31, 2012, and then further increased to $42.32 at December 31, 2013.

The Vanguard Total International Stock Index Fund Institutional Share Class is passively managed and seeks to track the performance of the FTSE Global All Cap ex US Index. This fund provides broad exposure across developed and emerging non-U.S. equity markets. On October 2, 2012, Vanguard announced a change in the fund's benchmark index from the MSCI® All Country World Index ex USA Investable Market Index to the FTSE Global All CAP ex US Index. This benchmark change was effective on June 3, 2013. The fund's investment objective has not changed. During the year ended December 31, 2011, the fund experienced negative returns of 14.51%, compared to positive returns of 18.28% and 15.15% during the years ended December 31, 2012 and 2013, respectively. The share price of this fund increased from $87.32 at December 31, 2011, to $100.18 at December 31, 2012, and further increased to $112.01 at December 31, 2013.

The Vanguard Total Bond Market II Index Fund Institutional Share Class is passively managed, using index sampling and seeks to track the performance of the Barclays Capital U.S. Aggregate Float Adjusted Index. This fund provides broadly diversified exposure to the entire U.S investment grade bond market and is intermediate in duration. During the year ended December 31, 2013, the fund experienced negative returns of 2.20%, compared to positive returns of 3.99% and 7.67% during the years ended December 31, 2012 and 2011, respectively. The share price of this fund increased from $10.87 at December 31, 2011, to $10.97 at December 31, 2012, but then decreased to $10.49 at December 31, 2013.

The Vanguard Inflation-Protected Securities Fund Institutional Share Class is actively managed and provides investors broad access to Treasury inflation-protected securities, including short-, intermediate-and long-term bonds. This fund is designed to protect investors from the eroding effects of inflation by investing in securities that seek to provide a "real" return. During the year ended December 31, 2013, the fund experienced negative returns of 8.83%, compared to positive returns of 6.87% and 13.39% during the years ended December 31, 2012 and 2011, respectively. The share price of this fund increased from $11.29 at December 31, 2011, to $11.62 at December 31, 2012, but then decreased to $10.37 at December 31, 2013.

Investment Commentary *(Continued)*

The Vanguard Prime Money Market Fund Institutional Share Class invests in high credit-quality, short-term money market instruments and seeks to maintain a constant $1 net asset value (NAV). The fund experienced returns of 0.06%, 0.11% and 0.14% during the years ended December 31, 2013, 2012 and 2011, respectively.

Recent Developments

National Legislative Highlights

House Resolution (HR) 529, the *Savings Enhancement for Education in College Act*, was introduced on February 6, 2013, and if enacted into law would make two changes regarding 529 college savings plans:

- HR 529 proposes to incorporate 529 college savings plans in the existing Saver's Credit, which currently only applies to retirement savings plans. The Saver's Credit was originally enacted in 2001 to help low- and moderate-income families save for retirement and provides a match for qualified accounts.
- Tax-free employer matching contributions of up to $600 per year would be permitted for each employee who contributes to a 529 college savings plan.

The bill was referred to the House Committee on Ways and Means on February 6, 2013.

The House of Representatives and Senate introduced *Achieving a Better Life Experience Act*, or the *ABLE Act of 2013* (HR 647 and S313), on February 13, 2013. This act proposes to amend Section 529 of the Internal Revenue Code of 1986, as amended, to allow state agencies to establish tax-exempt "ABLE programs," under which "ABLE accounts" may be established and maintained to pay certain qualified expenses of individuals with disabilities. These ABLE programs and accounts will be treated in the same manner as qualified tuition programs for income tax purposes.

This bill was referred to the House Committee on Ways and Means, the House Committee on Energy and Finance and the Senate Committee on Finance on February 13, 2013, and the Subcommittee on Health on February 15, 2013.

Requests for Information

This financial report is designed to provide a general overview of the Plan's financial status and changes in financial status. Additional information can be found at www.collegesave4u.com. If you have any questions about the information provided, please call the Plan's customer service representatives at 1-866-728-3529.

Financial Statements

College SAVE
Picture the Future

(A Private Purpose Trust Fund of the State of North Dakota)

STATEMENTS OF FIDUCIARY NET POSITION
December 31, 2013 and 2012

	2013	2012
ASSETS		
Investments	$ 360,543,789	$ 329,558,179
Cash and cash equivalents	1,063,594	639,567
Receivables for investments sold	392,009	44,844
Total Assets	361,999,392	330,242,590
LIABILITIES		
Payables for investments purchased	496,854	157,700
Withdrawals payable	604,229	312,200
Accrued administrative fees	230,704	210,842
Total Liabilities	1,331,787	680,742
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES	$ 360,667,605	$ 329,561,848

See accompanying notes to financial statements.

College SAVE
Picture the Future

(A Private Purpose Trust Fund of the State of North Dakota)

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
Years Ended December 31, 2013 and 2012

	2013	2012
ADDITIONS		
Contributions	$ 35,218,321	$ 30,098,860
Investment income:		
Dividends	7,056,095	8,121,519
Net appreciation in fair value of investments	26,236,301	20,540,183
Net investment income	33,292,396	28,661,702
Total Additions	68,510,717	58,760,562
DEDUCTIONS		
Withdrawals	34,778,926	34,135,508
Administrative fees	2,626,034	2,428,166
Total Deductions	37,404,960	36,563,674
NET INCREASE	31,105,757	22,196,888
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR	329,561,848	307,364,960
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR	$ 360,667,605	$ 329,561,848

See accompanying notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS

The following provides a brief description of College SAVE (the Plan). For more information and disclosures about the Plan, refer to the Plan Disclosure Statement and Participation Agreement document available on the Plan's website (www.collegesave4u.com) or call 1-866-728-3529.

(a) General

The Plan was created in September, 2000, pursuant to North Dakota Century Code Title 6, Chapter 9, Section 38 to enable residents of North Dakota (and other states) to save on a tax-favored basis for qualified higher education expenses. The Plan is designed to comply with the requirements for treatment as a "qualified tuition program" under Section 529 of the Internal Revenue Code of 1986, as amended, and any regulations and other guidance issued thereunder.

The College SAVE Trust (the Trust) was created to hold the assets of the Plan, thereby ensuring that the assets of the Plan can only be used for the benefit of account owners and their designated beneficiaries and cannot be used by the state of North Dakota to finance its operations. Bank of North Dakota (an enterprise fund of the state of North Dakota) is the designated Trustee.

The Plan is a fiduciary fund of the state of North Dakota and is included in the state of North Dakota's financial statements as a private purpose trust fund. Fiduciary funds are used to report assets that are held in a trust or agency capacity for others and therefore cannot be used to support a government's own programs. A private purpose trust fund is a type of fiduciary fund used to report certain trust arrangements under which principal and income benefit individuals, private organizations or other governments.

(b) Administration

As Trustee, Bank of North Dakota (the Bank) is the authority responsible for oversight and overall administration of the Plan. Rules governing the operation of the Plan, as adopted by the Bank, are set forth in the North Dakota Administrative Code Title 12.5, Article 2, Chapter 1 (the Administrative Code). The Administrative Code allows the Bank to enter into contracts with service providers, agents or third-party contractors to administer the Plan, provide investment advice for the Plan, provide accounting and recordkeeping services for the Plan, enroll participants, process account owner transactions and market the Plan.

The Bank has appointed Upromise Investments, Inc. (UII) to serve as Plan Manager. Upromise Investment Advisors, LLC (UIA) served as recordkeeping and servicing agent until December 10, 2012, at which time these duties were transitioned to Upromise Investments Recordkeeping Services, LLC (UIR). Collectively, UII and UIA or UIR, as appropriate, are referred to as for "Upromise".

NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS (Continued)

(b) Administration ***(Continued)***

Pursuant to the terms of the Plan Management Agreement (the Management Agreement), executed by and between the Bank and Upromise on August 11, 2006, as amended, Upromise is responsible for oversight of the daily operations and certain administrative services for the Plan.

As approved by the Bank, Upromise has contracted with The Vanguard Group, Inc. (Vanguard) to serve as the Plan's Investment Manager. In this capacity, Vanguard provides investment advisory, fund accounting and related administrative services as specified in the North Dakota 529 Program Operational Agreement and related amendments (the Operational Agreement) executed by and between Upromise, the Bank and Vanguard on November 3, 2006, as amended.

The Bank of New York Mellon Corporation (BNY Mellon) is the custody agent for the Plan, responsible for maintaining a custody account and providing for safekeeping and recordkeeping of certain assets invested in the Plan, pursuant to the Custody Agreement executed by and between Upromise and BNY Mellon.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

In accordance with accounting principles generally accepted in the United States of America applicable to fiduciary fund types prescribed by the Governmental Accounting Standards Board (GASB), the Plan's financial statements are prepared using the flow of economic resources measurement focus and accrual basis of accounting.

(b) Income Taxes

The Plan has been designed to comply with the requirements for treatment as a "qualified tuition program" under Section 529 of the Internal Revenue Code of 1986, as amended, and any regulations or other guidance issued thereunder. As such, the Plan is exempt from federal and state income tax.

(c) Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Investments

The Plan's investments consist exclusively of Vanguard mutual funds (the Underlying Funds). The Underlying Funds are reported at fair value, determined by Vanguard based on the net asset value per share of each mutual fund as of the close of the New York Stock Exchange on the reporting date. Net realized and unrealized gains (losses) are reported as "net appreciation (depreciation) in fair value of investments" on the statements of changes in fiduciary net position. Purchases and sales of shares of the Underlying Funds are recorded on a trade-date basis. Dividends and capital gain distributions are recorded on the ex-dividend date and are automatically reinvested in additional shares of the respective mutual fund.

(e) Cash and Cash Equivalents

Cash and cash equivalents generally include contributions received from account owners that have not yet been invested in Underlying Funds or redemption proceeds from Underlying Funds for withdrawals that have not yet been distributed in accordance with account owners' instructions. Contribution and withdrawal transactions are processed through a demand deposit account maintained at BNY Mellon in the Plan's name. The bank balances of this account at December 31, 2013 and 2012, are $1,639,443 and $1,571,262, respectively. Effective January 1, 2013, with the expiration of temporary unlimited coverage for non-interest bearing transaction accounts provided under the Dodd-Frank Wall Street Reform and Consumer Protection Act, balances in this account are insured by the Federal Deposit Insurance Corporation (FDIC), along with any other accounts maintained at BNY Mellon under the same taxpayer identification number, in the aggregate, up to $250,000. Amounts in excess of FDIC insurance limits are not collateralized or covered by supplemental insurance.

Cash and cash equivalents also include the Plan's equity position in a pooled account maintained by Vanguard to facilitate the processing of investment buy and sell transactions on behalf of its 529 plan clients. The Plan's equity position in this pooled account at December 31, 2013 and 2012, is $104,843 and $112,855, respectively.

(f) Contributions

Individuals or entities meeting eligibility requirements that have properly executed a participation agreement with the Plan may establish an account to which cash contributions may be made, subject to certain minimum contribution requirements and limitations on the aggregate amount of contributions that may be made. Contributions received by Upromise prior to the close of the New York Stock Exchange are recorded as increases in fiduciary net position on the date they are received, provided that all related documentation is found to be in good order and approved by Upromise.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Contributions *(Continued)*

Account owners may elect to invest their contributions in one or more portfolio options offered by the Plan. At December 31, 2013 and 2012, there were six (6) Individual Portfolio Options and three (3) Age-Based Options from which to choose. The Individual Portfolio Options are structured for various time horizons and levels of risk tolerance and are designed to allow account owners flexibility in managing their asset allocations. The Age-Based Options, which invest in a series of Individual Portfolio Options, allow account owners to choose a predetermined investment strategy based on their risk tolerance and the beneficiary's age. Over time, as the beneficiary ages, assets are automatically reallocated to more conservative portfolios.

The Trustee allows eligible North Dakota residents who meet certain income requirements and open a Plan account on or after July 1, 2007, to be considered for a matching grant award under the College SAVE 529 Matching Grant Program. Upon award, a separate matching grant account is opened by the Bank on behalf of the account owner and designated beneficiary. The Bank retains ownership of the assets in the matching grant account until the account owner submits a request in good order for a qualified withdrawal to an eligible educational institution. Matching grant awards totaling $448,970 and $241,370 for the years ended December 31, 2013 and 2012, respectively, are included in contributions on the statements of changes in fiduciary net position.

During the year ended December 31, 2011, the Bank approved the implementation of the Children FIRST Grant Program, a program that allows every baby born on or after January 1, 2011 to be considered for a one-time grant in the amount of $100. To be eligible to receive this grant, interested persons must complete and return a Children FIRST Enrollment Form during the time the beneficiary is twelve months or younger. The beneficiary must be a North Dakota resident. In addition, a Plan account must be established for the beneficiary, and $100 must be contributed to that account prior to the beneficiary's fourth birthday. Children FIRST matching grant awards totaling $67,200 and $56,800 for the years ended December 31, 2013 and 2012, respectively, are included in contributions on the statements of changes in fiduciary net position.

In exchange for contributions to the Plan, account owners receive full and/or fractional interests, or units, issued by the Trust. These units are municipal fund securities. Although money contributed to the Plan is invested in portfolio options that hold mutual funds, the units themselves are not direct investments in the mutual funds. These units are not insured by the FDIC or the state of North Dakota, nor have they been registered with the Securities and Exchange Commission or any state commission. In addition, although account owners can select the portfolio options in which their contributions are invested, they cannot direct the selection or allocation of the Underlying Funds composing each portfolio option.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Withdrawals

Account owners may request withdrawals for qualified or non-qualified expenses. It is the responsibility of the account owner to determine whether or not the withdrawal is for qualified higher educational expenses and to calculate the applicable amount of federal or state tax or penalties for non-qualified withdrawals, if any. Withdrawals are recorded as deductions from fiduciary net position on the date the withdrawal request is found to be in good order and approved by Upromise.

Withdrawals presented on the statements of changes in fiduciary net position include annual account maintenance fees, which are $20 for each account and are assessed annually in the anniversary month of the account opening. This fee is not charged if the account owner or the beneficiary is a North Dakota resident. In addition, each account established prior to February 28, 2002, where either the account owner or the beneficiary was a resident of South Dakota at the time of account opening, is not subject to this fee. Withdrawals also include service fees for other transactions, such as returned checks, overnight delivery charges, outgoing wire transfers and requests for historical statements. Annual account fees and service fees totaled, approximately $243,200 and $248,700 for the years ended December 31, 2013 and 2012, respectively, and are paid to Upromise.

(h) Exchanges and Transfers

As explained in Note 2(f), for each of the Age-Based Options, account balances will automatically be exchanged from one portfolio option to another more conservative portfolio option as the beneficiary ages. In addition, subject to certain limitations and restrictions, account owners may generally direct that their account balances be reinvested in one or more different portfolio option once per calendar year. Transfers of funds between portfolio options are referred to as “exchanges.” Under certain conditions, account assets may also be transferred from one beneficiary to another or from one account owner to another. These transactions are referred to as “transfers.” The amounts of contributions and withdrawals reported on the statements of changes in fiduciary net position do not include exchanges or transfers, as these have no impact on the overall financial position of the Plan.

(i) Unit Valuation

As explained in Note 2(f), each account owner’s full and/or fractional interest in a portfolio option is evidenced by a unit. The net asset value of a unit is calculated daily based on the fair value of the Underlying Funds, adjusted for the effects of such transactions as accrued administrative fees and investment income that has not been reinvested. The value of any individual account is determined by multiplying the number of units in a portfolio option attributable to that account owner by the net asset value per unit of that portfolio option.

NOTE 3: INVESTMENTS

At December 31, 2013 and 2012, the Plan's investments are as follows:

	2013		2012	
Aggressive Growth Portfolio				
Vanguard Institutional Total Stock Market Index Fund Institutional Shares	$ 36,399,170	69.9%	$ 27,432,350	69.9%
Vanguard Total International Stock Index Fund Institutional Shares	15,702,612	30.1%	11,806,931	30.1%
	52,101,782		39,239,281	
Growth Portfolio				
Vanguard Institutional Total Stock Market Index Fund Institutional Shares	30,920,221	52.6%	27,479,352	52.5%
Vanguard Total International Stock Index Fund Institutional Shares	13,265,272	22.5%	11,881,958	22.7%
Vanguard Total Bond Market II Index Fund Institutional Shares	14,640,035	24.9%	13,002,742	24.8%
	58,825,528		52,364,052	
Moderate Growth Portfolio				
Vanguard Institutional Total Stock Market Index Fund Institutional Shares	37,398,303	35.5%	33,575,641	35.0%
Vanguard Total International Stock Index Fund Institutional Shares	16,065,293	15.2%	14,507,476	15.1%
Vanguard Total Bond Market II Index Fund Institutional Shares	51,908,710	49.3%	47,885,307	49.9%
	105,372,306		95,968,424	
Conservative Growth Portfolio				
Vanguard Institutional Total Stock Market Index Fund Institutional Shares	12,992,850	17.8%	11,435,813	17.5%
Vanguard Total International Stock Index Fund Institutional Shares	5,582,257	7.7%	4,934,207	7.5%
Vanguard Total Bond Market II Index Fund Institutional Shares	54,280,299	74.5%	49,026,417	75.0%
	72,855,406		65,396,437	

(Continued)

NOTE 3: INVESTMENTS (Continued)

	2013		2012	
Income Portfolio				
Vanguard Prime Money Market Fund Institutional Shares	$ 14,460,079	25.0%	$ 15,563,021	25.1%
Vanguard Inflation-Protected Securities Fund Institutional Shares	14,418,032	25.0%	15,496,293	24.9%
Vanguard Total Bond Market II Index Fund Institutional Shares	28,866,685	50.0%	31,065,595	50.0%
	57,744,796		62,124,909	
Money Market Portfolio				
Vanguard Prime Money Market Fund Institutional Shares	13,643,971	100.0%	14,465,076	100.0%
Total Investments	$ 360,543,789		$ 329,558,179	

Note: Percentages in the table above are rounded to the nearest tenth of a percent.

The following table calculates the net increase in the fair value of investments during the years ended December 31, 2013 and 2012:

	2013	2012
Fair value of investments, end of year	$ 360,543,789	$ 329,558,179
Less cost of investments purchased and investment income reinvested during the year	(58,924,748)	(63,703,243)
Plus proceeds from investments sold during the year	54,175,439	62,056,229
Less fair value of investments, beginning of year	(329,558,179)	(307,370,982)
Net appreciation in fair value of investments	$ 26,236,301	$ 20,540,183

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

NOTE 3: INVESTMENTS (Continued)

GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements,* GASB Statement No. 40, *Deposit and Investment Risk Disclosures* and GASB Statement No. 59, *Financial Instruments Omnibus*, require that certain disclosures be made related to the Plan's investment policy and its exposure to credit risk, interest rate risk and foreign currency risk, which are included in the paragraphs that follow.

(a) Investment Policy

The Underlying Funds in which the Plan's assets are invested and the allocation of the Underlying Funds within each portfolio option are specified in the Management Agreement and the Operational Agreement and may not be changed without approval of the Bank. There is no formal investment policy that specifically addresses credit risk, interest rate risk, concentrations of credit risk or foreign currency risk. However, the Bank, Upromise and Vanguard believe that the portfolio options available to account owners are appropriately structured to minimize these specific risk types, to the greatest extent possible, given the nature of the Underlying Funds.

(b) Credit Risk

The Vanguard Total Bond Market II Index Fund Institutional Shares, Vanguard Inflation-Protected Securities Fund Institutional Shares and Vanguard Prime Money Market Fund Institutional Shares include bonds issued by corporations and the U.S. government, its agencies and instrumentalities. Although all of the bonds included in these Underlying Funds are of investment-grade quality (rated BBB or higher by Standard & Poor's or Baa or higher by Moody's Investors Service, Inc.), the Plan may be indirectly exposed to credit risk, which is the risk that a bond issuer will fail to pay interest and principal, when due, as a result of adverse market or economic conditions.

The Plan's mutual funds are not subject to classification by custodial credit risk, which is the risk the Plan will not recover the value of investments that are in the possession of an outside party, as such classification is not applicable to mutual funds.

Credit quality ratings for the mutual funds in which the Plan invests are not available since none of the Underlying Funds are rated by a nationally recognized statistical rating organization.

(c) Interest Rate Risk

The Vanguard Total Bond Market II Index Fund Institutional Shares, Vanguard Inflation-Protected Securities Fund Institutional Shares and Vanguard Prime Money Market Fund Institutional Shares invest primarily in short- and intermediate-term bonds and may be exposed to interest rate risk. Interest rate risk is the risk that changes in interest rates may adversely affect the fair value of an investment. Average maturity is the average length of time until fixed-income securities held by a fund reach maturity and will be repaid, taking into consideration the possibility that an issuer may call a bond

NOTE 3: INVESTMENTS (Continued)

(c) Interest Rate Risk *(Continued)*

before its maturity date. In general the longer the average maturity, the more a fund's share price will fluctuate in response to changes in market interest rates. Average duration is an estimate of how much the value of the bonds held by a fund will fluctuate in response to changes in interest rates. As of December 31, 2013, the average duration and average maturity of these mutual funds are as follows:

	Average Duration	Average Maturity
Vanguard Total Bond Market II Index Fund Institutional Shares	5.5 years	7.4 years
Vanguard Inflation-Protected Securities Fund Institutional Shares	7.9 years	8.3 years
Vanguard Prime Money Market Fund Institutional Shares	N/A	59 days

(d) Foreign Currency Risk

The Vanguard Total International Stock Index Fund Institutional Shares invests in a diversified index of non-U.S. stocks representing the major developed and emerging equity markets. There are certain inherent risks involved when investing in international securities that are not present with investments in domestic securities, such as foreign currency exchange rate fluctuations, adverse political and economic developments, natural disasters and the possible prevention or delay of currency exchange due to foreign governmental laws or restrictions.

NOTE 4: ADMINISTRATIVE FEES

Administrative fees presented on the statements of changes in fiduciary net position include service fees that are paid to the Bank, Upromise and Vanguard, as provided in the Management and the Operational Agreements, as amended. These fees are calculated based on the fiduciary net position of the Plan, accrued daily and paid monthly.

Vanguard also receives fees for management of the Underlying Funds. These fees are not included in administrative fees presented on the Plan's statements of changes in fiduciary net position since they reduce the amount of investment income available for distribution to the Plan and are not a direct expense paid from Plan assets.

The Bank, Upromise and Vanguard have agreed to temporarily limit their respective service fees attributable to the Money Market Portfolio Option to maintain a zero or positive yield for that portfolio. This limit remains in effect as of the date of this report.

NOTES TO FINANCIAL STATEMENTS
December 31, 2013 and 2012

NOTE 4: ADMINISTRATIVE FEES (Continued)

Administrative fees related to the years ended December 31, 2013 and 2012, are as follows:

	2013	2012
Upromise	$ 1,822,390	$ 1,677,958
Vanguard	464,229	429,288
Bank of North Dakota	339,415	320,920
Total administrative fees	$ 2,626,034	$ 2,428,166

Supplementary Schedules

College SAVE
Picture the Future

(A Private Purpose Trust Fund of the State of North Dakota)

SCHEDULE OF FIDUCIARY NET POSITION BY PORTFOLIO
December 31, 2013

	Aggressive Growth Portfolio	Growth Portfolio	Moderate Growth Portfolio	Conservative Growth Portfolio	Income Portfolio	Money Market Portfolio	Plan Total
ASSETS							
Investments	$ 52,101,782	$ 58,825,528	$ 105,372,306	$ 72,855,406	$ 57,744,796	$ 13,643,971	$ 360,543,789
Cash and cash equivalents (cash overdraft)	341,605	392,125	315,678	32,294	(145,663)	127,555	1,063,594
Receivables for investments sold	-	-	-	18,252	373,757	-	392,009
Total Assets	52,443,387	59,217,653	105,687,984	72,905,952	57,972,890	13,771,526	361,999,392
LIABILITIES							
Payables for investments purchased	87,666	262,001	98,183	-	-	49,004	496,854
Withdrawals payable	32,295	3,515	115,168	71,942	343,184	38,125	604,229
Accrued administrative fees	33,793	37,919	69,797	49,001	39,537	657	230,704
Total Liabilities	153,754	303,435	283,148	120,943	382,721	87,786	1,331,787
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES	$ 52,289,633	$ 58,914,218	$ 105,404,836	$ 72,785,009	$ 57,590,169	$ 13,683,740	$ 360,667,605
UNITS OUTSTANDING [1]	3,613,658	3,909,371	7,319,780	5,351,839	4,592,517	1,270,542	
NET ASSET VALUE PER UNIT [2]	$ 14.47	$ 15.07	$ 14.40	$ 13.60	$ 12.54	$ 10.77	

[1] Rounded to the nearest whole share

[2] Rounded to the nearest hundredth

See Independent Auditors' Report.

College SAVE

Picture the Future

(A Private Purpose Trust Fund of the State of North Dakota)

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION BY PORTFOLIO

Year Ended December 31, 2013

	Aggressive Growth Portfolio	Growth Portfolio	Moderate Growth Portfolio	Conservative Growth Portfolio	Income Portfolio	Money Market Portfolio	Plan Total Portfolio
ADDITIONS							
Contributions	$ 7,295,093	$ 9,300,032	$ 8,189,918	$ 5,501,380	$ 3,693,945	$ 1,237,953	$ 35,218,321
Investment income (loss):							
Dividends	1,024,694	1,195,158	2,232,507	1,575,165	1,019,570	9,001	7,056,095
Net appreciation (depreciation) in fair value of investments	10,132,072	8,536,894	9,089,555	1,618,091	(3,140,311)	-	26,236,301
Net investment income (loss)	11,156,766	9,732,052	11,322,062	3,193,256	(2,120,741)	9,001	33,292,396
Exchanges and transfers in	2,196,632	6,407,667	17,599,912	21,136,574	14,985,924	4,176,747	66,503,456
Total Additions	20,648,491	25,439,751	37,111,892	29,831,210	16,559,128	5,423,701	135,014,173
DEDUCTIONS							
Withdrawals	2,555,756	2,146,219	6,139,752	4,841,280	13,881,011	5,214,908	34,778,926
Administrative fees	359,085	425,859	793,929	559,269	479,816	8,076	2,626,034
Exchanges and transfers out	4,712,023	16,398,089	20,771,316	17,010,321	6,676,708	934,999	66,503,456
Total Deductions	7,626,864	18,970,167	27,704,997	22,410,870	21,037,535	6,157,983	103,908,416
NET INCREASE (DECREASE)	13,021,627	6,469,584	9,406,895	7,420,340	(4,478,407)	(734,282)	31,105,757
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, BEGINNING OF YEAR	39,268,006	52,444,634	95,997,941	65,364,669	62,068,576	14,418,022	329,561,848
NET POSITION HELD IN TRUST FOR ACCOUNT OWNERS AND BENEFICIARIES, END OF YEAR	$ 52,289,633	$ 58,914,218	$ 105,404,836	$ 72,785,009	$ 57,590,169	$ 13,683,740	$ 360,667,605

See Independent Auditors' Report.

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INDEPENDENT AUDITORS' 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*

Bank of North Dakota
Upromise Investments, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **College SAVE** (the Plan) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated March 31, 2014.

Internal Control Over Financial Reporting

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

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

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

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Bank of North Dakota
Upromise Investments, Inc.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Thomas & Thomas LLP
Certified Public Accountants

March 31, 2014
Little Rock, Arkansas