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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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January 6, 2010

Ms. Jodi Golden, Executive Director
Indiana Education Savings Authority
One North Capitol Avenue, Suite 444
Indianapolis, IN 46204

Dear Ms. Golden:

We have received the audit report prepared by London Witte Group, LLC, Certified Public Accountants, for the period July 1, 2008 to June 30, 2009. Per the auditors' opinion, the audit was conducted in accordance with auditing standards generally accepted in the United States of America and the financial statements included in the report present fairly the financial condition of the Indiana Education Savings Authority as of June 30, 2009 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a public record.

STATE BOARD OF ACCOUNTS

INDIANA EDUCATION SAVINGS AUTHORITY

(A Component Unit of the State of Indiana)

Financial Statements

Years Ended June 30, 2009 and 2008

INDIANA EDUCATION SAVINGS AUTHORITY
(A Component Unit of the State of Indiana)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Indiana Education Savings Authority

We have audited the statements of net assets of the

Indiana Education Savings Authority
(A Component Unit of the State of Indiana)

as of June 30, 2009 and 2008 and the related statements of revenues, expenditures and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. 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. Those standards require that we plan and perform the audit 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Education Savings Authority as of June 30, 2009 and 2008 and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

London Witte Group, LLC

September 23, 2009

INDIANA EDUCATION SAVINGS AUTHORITY
(A Component Unit of the State of Indiana)

Management Discussion and Analysis

June 30, 2009 and 2008

This section of the Indiana Education Savings Authority's (the Authority) annual financial report presents Management's discussion and analysis of the Authority's financial performance during the fiscal years ended June 30, 2009 and 2008. Please read it in conjunction with the Authority's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- There was an increase of the number of participant accounts of 23,498 during fiscal year 2009 and an increase of 43,857 participant accounts during fiscal year 2008.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements and notes. The Authority is an instrumentality of the State of Indiana and follows the enterprise fund reporting; accordingly, the financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long term financial information about the activities and operations of the Authority. The purpose of the Authority is to manage, promote, and advertise the CollegeChoice 529. These statements are presented in a manner similar to a private business.

The Statements of Net Assets and the Statements of Revenues, Expenses, and Changes in Net Assets provide information about the Authority's financial status. The Statements of Net Assets include all of the Authority's assets and liabilities and the Statements of Revenues, Expenses and Changes in Net Assets report all of the revenues and expenses during the time period. The Statements of Cash Flows report the cash provided and used by operating activities. The financial statements also include notes that explain and support the information in the statements.

FINANCIAL ANALYSIS OF THE AUTHORITY

The following table is a condensed summary of financial information for the year ended June 30, 2009, 2008 and 2007:

	2009	2008	2007
Net Assets			
Current assets	$ 295,400	$ 512,000	$ 852,300
Total assets	295,400	512,000	852,300
Current liabilities	26,700	15,600	60,400
Total liabilities	26,700	15,600	60,400
Total Net Assets	268,700	496,400	791,900
Change in Net Assets			
Operating revenues	708,000	473,700	462,800
Operating expenses			
Marketing expense	(767,700)	(602,300)	(341,500)
Professional fees	(165,600)	(186,900)	(58,100)
Miscellaneous	(6,600)	(4,100)	-
Operating income (loss)	(231,900)	(319,600)	63,200
Interest Income	4,000	24,100	30,400
Change in Net Assets	$ (227,900)	$ (295,500)	$ 93,600

Note: Amounts rounded to nearest one hundred ($100) dollars.

The components of current assets are cash and accounts receivable. Cash for 2009 has decreased approximately $210,800 due to increases in marketing expenses. The $5,800 decrease in 2009 accounts receivable was attributable to a lower reimbursement due for marketing expenses outstanding as of the end of the fiscal year when compared to the prior year. Current liabilities are accounts payable.

Net assets are categorized as unrestricted and have decreased approximately $227,700 for the year ended June 30, 2009 and decreased $295,500 for the year ending June 30, 2008 as a result of operating losses. There are no outside restrictions placed on the use of the Authority's net assets and the Authority has no capital assets which require a restriction to be reported on net assets.

INDIANA EDUCATION SAVINGS AUTHORITY
(A Component Unit of the State of Indiana)

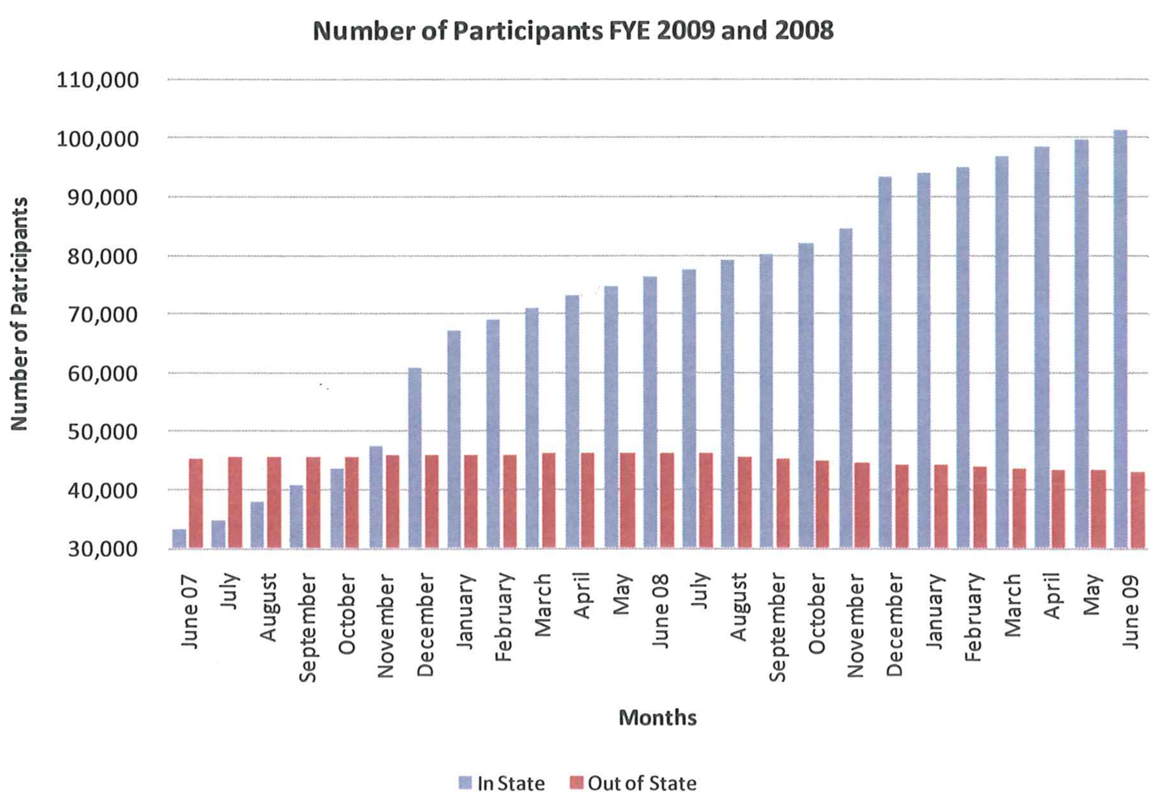
Management Discussion and Analysis

June 30, 2009 and 2008

Operating revenues consist of state authority fees paid by UPromise and JP Morgan. Fee income increased approximately $234,300 from 2008 and 2008 increased $10,900 from 2007. These increases were due to the transition from JP Morgan to UPromise. JP Morgan made a final payout to the Authority for all out of state accounts as of the contract termination date. In addition, UPromise now pays the Authority based on the value of their daily net asset balances. This has led to an increase in revenues to the Authority.

Marketing costs increased for 2009 and 2008 due to UPromise not reimbursing marketing expenses. Professional fees are made up of legal, consulting and audit costs. The largest component of professional fees were for consulting and legal fees with accounted for $112,126 in the current year due to costs associated with the transition between JPMorgan and UPromise.

The chart below details the change in the composition of the participants in the plan for each month during the years 2009 and 2008 between in state and out of state participants. As shown, the out of state participant numbers have stayed relatively constant while the growth in participants is occurring from in state.



INDIANA EDUCATION SAVINGS AUTHORITY
(A Component Unit of the state of Indiana)

Statements of Net Assets

June 30, 2009 and 2008

		2009		2008
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$	248,370	$	459,230
Accounts receivable		47,006		52,751
TOTAL CURRENT ASSETS		295,376		511,981
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable		26,722		15,592
NET ASSETS				
Unrestricted		268,654		496,389
TOTAL NET ASSETS	$	268,654	$	496,389

The accompanying notes are an integral part of these statements.

INDIANA EDUCATION SAVINGS AUTHORITY
(A Component Unit of the State of Indiana)

Statements of Revenue, Expenditures, and Changes in Net Assets

Years Ended June 30, 2009 and 2008

	Amount		Percent	
	2009	2008	2009	2008
OPERATING REVENUES				
Fee income	$ 708,077	$ 473,688	100.0	100.0
OPERATING EXPENDITURES				
Professional fees	165,625	186,941	23.4	39.5
Marketing / public relations	767,654	602,289	108.4	127.1
Miscellaneous	6,572	4,117	0.9	0.9
TOTAL OPERATING EXPENSES	939,851	793,347	132.7	167.5
OPERATING INCOME (LOSS)	(231,774)	(319,659)	(32.7)	(67.5)
NON OPERATING INCOME (LOSS)				
Interest income	4,039	24,149	0.6	5.1
CHANGE IN NET ASSETS	(227,735)	(295,510)	(32.1)	(62.4)
NET ASSETS, BEGINNING OF YEAR	496,389	791,899		
NET ASSETS, END OF YEAR	$ 268,654	$ 496,389		

The accompanying notes are an integral part of these statements.

INDIANA EDUCATION SAVINGS AUTHORITY
(A Component Unit of the State of Indiana)

Statements of Cash Flows

Years Ended June 30, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from participants	$ 713,821	$ 423,091
Cash paid to vendors	(928,720)	(838,117)
Interest received	4,039	24,149
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(210,860)	(390,877)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(210,860)	(390,877)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	459,230	850,107
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 248,370	$ 459,230

	2009	2008
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$ (227,735)	$ (295,510)
Decrease (increase) in assets		
Accounts receivable	5,744	(50,597)
Increase (decrease) in liabilities		
Accounts payable	11,131	(44,770)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (210,860)	$ (390,877)

The accompanying notes are an integral part of these statements.

(1) Summary of significant accounting policies

The significant policies followed by the Indiana Education Savings Authority are summarized as follows:

Nature of operations - The Indiana Education Savings Authority is an instrumentality of the State of Indiana created in 1996 by the Indiana General Assembly in I.C. 21-9. The purpose of the Indiana Education Savings Authority (the "Authority") is to implement, promote and administer education savings programs for residents of the State of Indiana. The Authority established the CollegeChoice 529 Investment Plan.

The CollegeChoice 529 Investment Plan, an IRS Section 529 plan, provides a vehicle for saving funds on a tax exempt basis, for use in paying qualified higher education expenses. The earnings of the owner's account are exempt from federal taxation. The CollegeChoice 529 Investment Plan Trust was created to receive, invest and disburse funds for the benefit of the account beneficiaries.

The financial statements of the Indiana Education Savings Authority are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The Authority is required to implement GASB 34 with these financial statements. The aspects of financial statements content and format, as prescribed by GASB Statement 34, have been implemented in the financial statements, effective for the year ended June 30, 2005.

The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this note. The remainder of these notes are organized to provide explanations, including required disclosures, of the Authority's financial activities for the years ended June 30, 2009 and 2008.

Revenue recognition - The Authority receives a one-tenth of one percent (.1%) fee based on the ending daily net asset value for each account. Fees are received monthly and are recognized in the period earned.

Cash and cash equivalents - The Authority considers cash and cash equivalents to be cash on hand, in bank accounts, and highly liquid investments with an original maturity of three months or less. At times, such cash may be in excess of the FDIC insurance limit.

Advertising - Advertising costs are expensed when incurred. Advertising expenditures for the years ended June 30, 2009 and 2008 were $767,654 and $602,289, respectively.

(1) Summary of significant accounting policies (continued)

Accounts Receivable- The Authority carries accounts receivable at cost. They represent amounts due from JP Morgan Chase for checking account interest and amounts due from UPromise for revenue earned on CollegeChoice investment plant account balances prior to year end. There is no allowance for doubtful accounts, as historically revenues due from banks and investment management companies have been collected in their entirety.

Net Assets – The Authority's resources are classified for accounting and financial reporting purposes as unrestricted. The net assets are available for use by the Authority.

Operating Revenues – Revenues are classified as either operating or nonoperating. Operating revenues are state authority fees received from participants. All other items are considered nonoperating.

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 could differ from those estimates.

In June 2006, the FASB issued Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes." FIN 48 provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." FIN 48 requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. On December 30, 2008, the FASB issued FASB Staff Position FIN 48-3 which deferred the effective implementation date of FIN 48 to the Company's annual financial statements ending on December 31, 2009 and the Company has elected to defer application of FIN 48. The Company does not expect that the adoption of FIN 48 will have a material effect on its financial position, results of operations or cash flows.

(2) Payments made on behalf of The Authority

The Indiana Board for Depositories (Board) is allowed through legislation to pay expenses of the Indiana Education Savings Authority through the year 2011. The Board currently pays the salary of the executive director of the CollegeChoice 529 Investment Plan, the entire lease payment for office space that the Board and the Authority share, as well as, some of the Authority's legal fees. These expenses were $108,679 for 2009 and $87,173 for 2008.

(3) Commitment and concentration

On August 14 2008, the Authority signed a five year service agreement with UPromse, which designates UPromise Asset Management as the primary provider of investment and administrative services for the CollegeChoice 529 Investment Plan, as well as, the trustee for the CollegeChoice 529 Investment Plan Trust. In exchange, UPromise committed to spend a minimum amount to market the Program for each of the years until the agreement's expiration. The previous agreement with JP Morgan officially expired on September 30, 2008. JP Morgan spent $34,757 on marketing during the months of July through September 2008. This amount was paid by JP Morgan directly for marketing expenses. There was $0 recorded as a receivable during 2009 and $50,000 recorded as a receivable for 2008 for marketing expenses incurred by the Authority which were reimbursed by JPMorgan Asset Management/Chase Bank. The agreement with UPromise states that they will spend $150,000 per year plus the cost of inflation on marketing. Upromise will also provide foundation materials such as disclosure statements and enrollment forms and kits that will not be charged against the commitment. Upromsie spent $85,898 in 2009. The amount was prorated due to the previous contract not expiring until the end of September.

September 23, 2009

To the Board of Directors of the
Indiana Education Savings Authority

In planning and performing our audit of the financial statements of the Indiana Education Savings Authority for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not for the purpose of expressing our an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted no matters involving the internal control and other operational matters that we are required to report to you.

This communication is intended solely for the information and use of management, the board of directors and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

London Witte Group, LLC

London Witte Group, LLC

September 23, 2009

Board of Directors
Indiana Education Savings Authority
One North Capital, Suite 444
Indianapolis, IN 46204

We have audited the financial statements of Indiana Education Savings Authority for the year ended June 30, 2009, and have issued our report thereon dated September 23, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States and *Government Auditing Standards*

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with auditing standards generally accepted in the United States. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of Indiana Education Savings Authority. In addition, as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we assessed the risk that noncompliance with certain provisions of laws, regulations, contracts, and grants could cause the financial statements to be materially misstated. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

In addition, as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we assessed the risk that noncompliance with certain provisions of laws, regulations, contracts, and grants could cause the financial statements to be materially misstated.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Indiana Education Savings Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and no significant changes were made to existing policies. No matters have come to our attention that would require us, under professional standards, to inform you about the methods used to account for significant unusual transactions or the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant 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.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no misstatements detected as a result of the audit procedures performed.

Disagreements with Management

For the purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreement arose during the course of our audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated September 23, 2009.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultation with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention

This information is intended solely for the use of the board of directors and management of Indiana Education Savings Authority and is not intended to be and should not be used by anyone other than these specified parties.

London Witte Group, LLC

London Witte Group, LLC