

**Future Scholar
529 College Savings Plan
Direct Program**

Financial Statements

June 30, 2012

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Management's Discussion and Analysis (unaudited)

As investment manager of the Future Scholar 529 College Savings Plan Direct Program (the "Program"), Columbia Management Investment Advisers, LLC ("Columbia") provides readers of the financial statements of the Program with this discussion and analysis of the Program's financial performance for the year ended June 30, 2012. You should consider the information presented in this section in conjunction with the Program's financial statements and notes to financial statements. The Program is comprised of ten investment portfolios (the "Portfolios") in which participants may invest.

In October 2012, the Future Scholar 529 College Savings Plan will undergo a fully integrated relaunch of the Program. As a result of the contract renewal process, there may be changes to the product offering and the services and fees for the Program.

Financial Highlights

The Program received \$37.0 million in net contributions from participants during the year ended June 30, 2012.

The Program had a gain of \$7.0 million from investment operations and paid \$0.8 million for operating expenses during the period.

Overview of the Financial Statements

The Program's financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Government*, as amended.

This report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The basic financial statements are composed of a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets and Notes to Financial Statements that explain some of the information in the financial statements and provide more detailed information.

The Statement of Fiduciary Net Assets presents information on the Program's assets and liabilities, with the difference between the two reported as net assets as of June 30, 2012. The Program's financial statements are prepared using the accrual basis of accounting. Contributions and redemptions are recognized on trade date; expenses and liabilities are recognized when services are provided, regardless of when cash is disbursed.

The Statement of Changes in Fiduciary Net Assets presents information showing how the Program's net assets changed during the year. Changes in net assets are recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future years.

The Notes to Financial Statements provide additional information that is integral to a full understanding of the data provided in the basic financial statements.

Management's Discussion and Analysis, continued (unaudited)

Financial Analysis

Net Assets. The following is a condensed Statement of Fiduciary Net Assets for the Portfolios as of June 30, 2012 and June 30, 2011.

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Investments	\$460,276,315	\$417,379,720
Receivables	762,642	249,638
Total Assets	<u>\$461,038,957</u>	<u>\$417,629,358</u>
Payables	761,630	137,770
Total Liabilities	<u>\$761,630</u>	<u>\$137,770</u>
Total Net Assets	<u>\$460,277,327</u>	<u>\$417,491,588</u>

Net assets represent cumulative contributions from participants plus net changes from operations less redemptions and expenses.

The investments in the ten Portfolios of the Program comprise 99.8% of total assets. Other assets consist of receivables for securities sold, receivables for units sold and receivables for accrued income. Liabilities consist of payables for securities purchased, payable for units redeemed, payables for reinvestment of net investment income and payables for accrued expenses.

Changes in Net Assets. The following is a condensed Statement of Changes in Fiduciary Net Assets for the Portfolios for the year ended June 30, 2012 and the year ended June 30, 2011.

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Additions:		
Contributions	\$155,485,227	\$136,613,845
Net Appreciation (Depreciation) in Value of Investments	(1,607,547)	62,541,822
Net Realized Gain (Loss) on Underlying Fund Shares Sold	(2,375,535)	(2,605,459)
Capital Gains Distributions from Underlying Fund Shares	3,553,641	2,281,071
Dividend and Interest Income	7,466,299	6,760,825
Total Additions	<u>\$162,522,085</u>	<u>\$205,592,104</u>
Deductions:		
Withdrawals	118,525,336	93,955,566
Reinvestment of Net Investment Income	373,968	528,489
Expenses	837,042	732,174
Total Deductions	<u>\$119,736,346</u>	<u>\$95,216,229</u>
Change in Net Assets	<u>42,785,739</u>	<u>110,375,875</u>
Net Assets, Beginning of Period	417,491,588	307,115,713
Net Assets, End of Period	<u>\$460,277,327</u>	<u>\$417,491,588</u>



Report of Independent Auditors

To the Office of the State Treasurer of the State of South Carolina, Columbia Management Investment Distributors, Inc. ("Program Manager"), Columbia Management Investment Advisers, LLC ("Columbia") and Participants in the Future Scholar 529 College Savings Plan Direct Program ("Program"):

In our opinion, the accompanying statements of fiduciary net assets and the related statements of changes in fiduciary net assets present fairly, in all material respects, the financial position of the Program, comprised of Aggressive Growth Portfolio, Growth Portfolio, Balanced Growth Portfolio, Balanced Portfolio, Income & Growth Portfolio, Income Portfolio, Large Cap Index Portfolio, Mid Cap Index Portfolio, Small Cap Index Portfolio, and Conservative Portfolio (collectively the "Portfolios") as of June 30, 2012, and the changes in each of their net assets for each of the periods indicated then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Program Manager and Columbia. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Portfolios' and do not purport to, and do not, present fairly the fiduciary net assets or changes in fiduciary net assets of the South Carolina College Investment Trust Fund of the State of South Carolina or the Future Scholar 529 College Savings Plan Financial Advisor Program.

Management's Discussion and Analysis on pages 1 and 2 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 the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2012 on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 considered in assessing the results of our audit.

PricewaterhouseCoopers LLP

September 26, 2012

**Future Scholar 529 College Savings Plan Direct Program
Statement of Fiduciary Net Assets At June 30, 2012**

	Aggressive Growth Portfolio	Growth Portfolio	Balanced Growth Portfolio	Balanced Portfolio	Income & Growth Portfolio	Income Portfolio
Assets						
Investments, at Value	\$ 99,936,934	\$ 69,369,913	\$ 75,485,376	\$ 74,241,750	\$ 34,534,703	\$ 38,212,677
Receivable for Securities Sold	48,650	33,998	37,028	37,823	19,837	18,743
Receivable for Units Sold	15,431	6,079	9,039	2,902	4,817	79,729
Receivable for Accrued Income	5,455	40,314	89,695	100,851	51,026	47,294
Total Assets	<u>100,006,470</u>	<u>69,450,304</u>	<u>75,621,138</u>	<u>74,383,326</u>	<u>34,610,383</u>	<u>38,358,443</u>
Liabilities						
Payable for Securities Purchased	20,886	46,393	98,734	100,851	51,008	94,040
Payable for Units Redeemed	-	-	-	4,466	7,722	32,930
Payable for Reinvestment of Net Investment Income	-	-	-	-	-	-
Payable for Accrued Expenses (See Note 3)	48,650	33,998	37,028	36,259	16,932	18,753
Total Liabilities	<u>69,536</u>	<u>80,391</u>	<u>135,762</u>	<u>141,576</u>	<u>75,662</u>	<u>145,723</u>
Net Assets	<u>\$ 99,936,934</u>	<u>\$ 69,369,913</u>	<u>\$ 75,485,376</u>	<u>\$ 74,241,750</u>	<u>\$ 34,534,721</u>	<u>\$ 38,212,720</u>
Units Outstanding	6,470,815	4,419,907	4,682,866	4,622,510	2,280,810	2,708,299
Net Asset Value Per Unit (a)	<u>\$ 15.44</u>	<u>\$ 15.69</u>	<u>\$ 16.12</u>	<u>\$ 16.06</u>	<u>\$ 15.14</u>	<u>\$ 14.11</u>

(a) Net asset value per unit may not recalculate due to rounding of fractional shares.

See accompanying notes to financial statements.

**Future Scholar 529 College Savings Plan Direct Program
Statement of Fiduciary Net Assets At June 30, 2012**

	Large Cap Index Portfolio	Mid Cap Index Portfolio	Small Cap Index Portfolio	Conservative Portfolio	Total Future Scholar 529 College Savings Plan Direct Program (b)
Assets					
Investments, at Value	\$ 16,528,179	\$ 13,490,183	\$ 4,394,397	\$ 34,082,203	\$ 460,276,315
Receivable for Securities Sold	8,050	7,035	2,123	16,630	229,917
Receivable for Units Sold	1,140	2,947	835	75,114	198,033
Receivable for Accrued Income	-	-	-	57	334,692
Total Assets	<u>16,537,369</u>	<u>13,500,165</u>	<u>4,397,355</u>	<u>34,174,004</u>	<u>461,038,957</u>
Liabilities					
Payable for Securities Purchased	1,140	-	835	47,074	460,961
Payable for Units Redeemed	-	3,234	-	672	49,024
Payable for Reinvestment of Net Investment Income	-	-	-	26,474	26,474
Payable for Accrued Expenses (See Note 3)	8,050	6,748	2,123	16,630	225,171
Total Liabilities	<u>9,190</u>	<u>9,982</u>	<u>2,958</u>	<u>90,850</u>	<u>761,630</u>
Net Assets	<u>\$ 16,528,179</u>	<u>\$ 13,490,183</u>	<u>\$ 4,394,397</u>	<u>\$ 34,083,154</u>	<u>\$ 460,277,327</u>
Units Outstanding	1,184,781	688,026	312,590	34,083,144	
Net Asset Value Per Unit (a)	<u>\$ 13.95</u>	<u>\$ 19.61</u>	<u>\$ 14.06</u>	<u>\$ 1.00</u>	

(a) Net asset value per unit may not recalculate due to rounding of fractional shares.

(b) Supplementary data.

See accompanying notes to financial statements.

**Future Scholar 529 College Savings Plan Direct Program
Statement of Changes in Fiduciary Net Assets**

	<u>Aggressive Growth Portfolio</u>		<u>Growth Portfolio</u>		<u>Balanced Growth Portfolio</u>	
	Year ended June 30, 2012	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2011
ADDITIONS						
Contributions - Units Sold	20,528,337	19,845,081	20,973,758	18,855,889	24,627,355	21,418,897
Increase from Investment Operations						
Dividend Income	1,451,429	1,279,951	1,106,815	977,564	1,400,624	1,170,575
Net Realized Gain (Loss) on Underlying Fund Shares Sold	(807,505)	(2,020,430)	(1,025,721)	(627,202)	(422,781)	(345,135)
Capital Gain Distributions from Underlying Fund Shares	930,118	635,808	715,417	445,252	570,141	349,746
Net Change in Appreciation (Depreciation) in Value of Investments	(1,680,634)	21,516,046	(143,127)	13,133,224	122,418	10,554,243
Net Increase (Decrease) from Investment Operations	(106,592)	21,411,375	653,384	13,928,838	1,670,402	11,729,429
Total Additions	<u>20,421,745</u>	<u>41,256,456</u>	<u>21,627,142</u>	<u>32,784,727</u>	<u>26,297,757</u>	<u>33,148,326</u>
DEDUCTIONS						
Withdrawals - Units Redeemed	16,889,696	13,942,377	17,514,153	13,033,840	16,944,427	13,471,339
Expenses (See Note 3)(a)						
Management Fees	178,438	165,388	127,093	114,505	136,906	115,682
Total Expenses	<u>178,438</u>	<u>165,388</u>	<u>127,093</u>	<u>114,505</u>	<u>136,906</u>	<u>115,682</u>
Total Deductions	<u>17,068,134</u>	<u>14,107,765</u>	<u>17,641,246</u>	<u>13,148,345</u>	<u>17,081,333</u>	<u>13,587,021</u>
Net Increase	3,353,611	27,148,691	3,985,896	19,636,382	9,216,424	19,561,305
Net Assets						
Beginning of Year	96,583,323	69,434,632	65,384,017	45,747,635	66,268,952	46,707,647
End of Year	<u>\$ 99,936,934</u>	<u>\$ 96,583,323</u>	<u>\$ 69,369,913</u>	<u>\$ 65,384,017</u>	<u>\$ 75,485,376</u>	<u>\$ 66,268,952</u>

(a) Does not reflect expenses of the underlying funds borne indirectly.

See accompanying notes to financial statements.

**Future Scholar 529 College Savings Plan Direct Program
Statement of Changes in Fiduciary Net Assets**

	Balanced Portfolio		Income & Growth Portfolio		Income Portfolio	
	Year ended June 30, 2012	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2011
ADDITIONS						
Contributions - Units Sold	23,618,674	19,575,652	17,845,860	15,326,315	23,521,206	18,429,090
Increase from Investment Operations						
Dividend Income	1,455,649	1,316,582	610,588	572,563	527,243	499,709
Net Realized Gain (Loss) on Underlying Fund Shares Sold	(177,112)	(57,688)	131,930	32,223	117,511	589,878
Capital Gain Distributions from Underlying Fund Shares	395,996	246,814	133,190	83,743	60,754	45,053
Net Change in Appreciation (Depreciation) in Value of Investments	328,211	7,497,999	70,041	2,167,114	134,075	747,913
Net Increase (Decrease) from Investment Operations	2,002,744	9,003,707	945,749	2,855,643	839,583	1,882,553
Total Additions	<u>25,621,418</u>	<u>28,579,359</u>	<u>18,791,609</u>	<u>18,181,958</u>	<u>24,360,789</u>	<u>20,311,643</u>
DEDUCTIONS						
Withdrawals - Units Redeemed	15,852,766	12,438,804	14,923,363	9,548,108	17,385,606	13,692,607
Expenses (See Note 3)(a)						
Management Fees	134,408	114,479	63,659	53,569	71,207	57,568
Total Expenses	<u>134,408</u>	<u>114,479</u>	<u>63,659</u>	<u>53,569</u>	<u>71,207</u>	<u>57,568</u>
Total Deductions	<u>15,987,174</u>	<u>12,553,283</u>	<u>14,987,022</u>	<u>9,601,677</u>	<u>17,456,813</u>	<u>13,750,175</u>
Net Increase	9,634,244	16,026,076	3,804,587	8,580,281	6,903,976	6,561,468
Net Assets						
Beginning of Year	64,607,506	48,581,430	30,730,134	22,149,853	31,308,744	24,747,276
End of Year	<u>\$ 74,241,750</u>	<u>\$ 64,607,506</u>	<u>\$ 34,534,721</u>	<u>\$ 30,730,134</u>	<u>\$ 38,212,720</u>	<u>\$ 31,308,744</u>

(a) Does not reflect expenses of the underlying funds borne indirectly.

See accompanying notes to financial statements.

**Future Scholar 529 College Savings Plan Direct Program
Statement of Changes in Fiduciary Net Assets**

	Large Cap Index Portfolio		Mid Cap Index Portfolio		Small Cap Index Portfolio	
	Year ended June 30, 2012	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2011
ADDITIONS						
Contributions - Units Sold	2,107,047	2,026,309	1,755,780	2,535,046	830,129	914,181
Increase from Investment Operations						
Dividend Income	304,812	223,165	136,656	108,965	36,152	27,161
Net Realized Gain (Loss) on Underlying Fund Shares Sold	(46,547)	(25,774)	(78,933)	(52,794)	(66,377)	(98,537)
Capital Gain Distributions from Underlying Fund Shares	-	-	503,904	362,787	244,121	111,868
Net Change in Appreciation (Depreciation) in Value of Investments	585,173	3,016,299	(887,891)	3,024,231	(135,813)	884,753
Net Increase (Decrease) from Investment Operations	843,438	3,213,690	(326,264)	3,443,189	78,083	925,245
Total Additions	<u>2,950,485</u>	<u>5,239,999</u>	<u>1,429,516</u>	<u>5,978,235</u>	<u>908,212</u>	<u>1,839,426</u>
DEDUCTIONS						
Withdrawals - Units Redeemed	948,325	1,094,990	1,403,655	1,200,172	376,339	416,285
Expenses (See Note 3)(a)						
Management Fees	29,575	25,881	25,617	22,643	7,786	6,358
Total Expenses	<u>29,575</u>	<u>25,881</u>	<u>25,617</u>	<u>22,643</u>	<u>7,786</u>	<u>6,358</u>
Total Deductions	<u>977,900</u>	<u>1,120,871</u>	<u>1,429,272</u>	<u>1,222,815</u>	<u>384,125</u>	<u>422,643</u>
Net Increase	1,972,585	4,119,128	244	4,755,420	524,087	1,416,783
Net Assets						
Beginning of Year	14,555,594	10,436,466	13,489,939	8,734,519	3,870,310	2,453,527
End of Year	<u>\$ 16,528,179</u>	<u>\$ 14,555,594</u>	<u>\$ 13,490,183</u>	<u>\$ 13,489,939</u>	<u>\$ 4,394,397</u>	<u>\$ 3,870,310</u>

(a) Does not reflect expenses of the underlying funds borne indirectly.

See accompanying notes to financial statements.

**Future Scholar 529 College Savings Plan Direct Program
Statement of Changes in Fiduciary Net Assets**

	Conservative Portfolio		Total Future Scholar 529 College Savings Plan Direct Program	
	Year ended June 30, 2012	Year ended June 30, 2011	Year ended 6/30/2012 (b)	Year ended June 30, 2011 (b)
ADDITIONS				
Contributions - Units Sold	19,677,081	17,687,385	155,485,227	136,613,845
Increase from Investment Operations				
Dividend Income	384	145	7,030,352	6,176,380
Interest Income	435,947	584,445	435,947	584,445
Net Realized Gain (Loss) on Underlying Fund Shares Sold	-	-	(2,375,535)	(2,605,459)
Capital Gain Distributions from Underlying Fund Shares	-	-	3,553,641	2,281,071
Net Change in Appreciation (Depreciation) in Value of Investments	-	-	(1,607,547)	62,541,822
Net Increase (Decrease) from Investment Operations	436,331	584,590	7,036,858	68,978,259
Total Additions	20,113,412	18,271,975	162,522,085	205,592,104
DEDUCTIONS				
Withdrawals - Units Redeemed	16,287,006	15,117,044	118,525,336	93,955,566
Reinvestment of Net Investment Income	373,968	528,489	373,968	528,489
Expenses (See Note 3)(a)	-	-	-	-
Management Fees	62,353	56,101	837,042	732,174
Total Expenses	62,353	56,101	837,042	732,174
Total Deductions	16,723,327	15,701,634	119,736,346	95,216,229
Net Increase	3,390,085	2,570,341	42,785,739	110,375,875
Net Assets				
Beginning of Year	30,693,069	28,122,728	417,491,588	307,115,713
End of Year	\$ 34,083,154	\$ 30,693,069	\$ 460,277,327	\$ 417,491,588

(a) Does not reflect expenses of the underlying funds borne indirectly.

(b) Supplementary data.

See accompanying notes to financial statements.

FUTURE SCHOLAR 529 COLLEGE SAVINGS PLAN
DIRECT PROGRAM
Notes to Financial Statements
June 30, 2012

Note 1. Organization

The Future Scholar 529 College Savings Plan Direct Program (the “Program”), part of the South Carolina College Investment Trust Fund (the “Trust Fund”), was established by the Office of the State Treasurer of South Carolina (the “Treasurer”) to provide a tax-advantaged method to fund qualified higher education expenses of designated beneficiaries at eligible educational institutions. The Program 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 (the “Code”). The Treasurer is responsible for administering the Program and selecting the Program Manager. Columbia Management Investment Distributors, Inc., a wholly-owned subsidiary of Ameriprise Financial, Inc. (“Ameriprise Financial”), serves as the Program Manager. The Program Manager and its affiliates, including Columbia Management Investment Advisers, LLC, (“Columbia”) are responsible for providing certain administrative, recordkeeping and investment services for the Program.

The Program is designed for self-directed investors and is offered only to (i) account owners who are South Carolina residents; (ii) account owners who are residents of other states but who have designated a South Carolina resident as Designated Beneficiary; (iii) employees of Ameriprise Financial, Inc. and its affiliates, (iv) employees of BFDS; (v) employees of the State of South Carolina, and employees of a political subdivision of the State of South Carolina, including school districts, regardless of residency; and (vi) any other account owners who the Treasurer and Program Manager deem eligible. The Program offers ten portfolios of which six are allocation portfolios and four are single fund portfolios (collectively, the “Portfolios”). The allocation portfolios invest in a mix of Columbia Funds equity and fixed income funds advised by Columbia or its affiliates and a money market fund (“Underlying Funds”). The single fund portfolios invest in a single Underlying Fund advised by Columbia or its affiliates, except for the Conservative Portfolio, which invests in one or more funding agreements or similar instruments.

The Program consists of ten Portfolios which were invested in class Z shares of the following underlying mutual funds (or Capital Class shares in the case of BofA Cash Reserves) and in an Aegon Guaranteed Investment Contract (“GIC”) as of June 30, 2012:

Aggressive Growth Portfolio was invested in Columbia Large Cap Index Fund, Columbia Mid Cap Index Fund, Columbia Small Cap Index Fund, Columbia Intermediate Bond Fund and Columbia Multi-Advisor International Equity Fund

Growth Portfolio was invested in Columbia Large Cap Index Fund, Columbia Mid Cap Index Fund, Columbia Small Cap Index Fund, Columbia Intermediate Bond Fund, Columbia Short Term Bond Fund, Columbia Multi-Advisor International Equity Fund, and Columbia U.S. Treasury Index Fund

Balanced Growth Portfolio was invested in Columbia Large Cap Index Fund, Columbia Mid Cap Index Fund, Columbia Small Cap Index Fund, Columbia Intermediate Bond Fund, Columbia Short Term Bond Fund, Columbia Multi-Advisor International Equity Fund, and Columbia U.S. Treasury Index Fund

Balanced Portfolio was invested in Columbia Large Cap Index Fund, Columbia Mid Cap Index Fund, Columbia Small Cap Index Fund, Columbia Intermediate Bond Fund, Columbia Short Term Bond Fund, Columbia Multi-Advisor International Equity Fund, and Columbia U.S. Treasury Index Fund

Income & Growth Portfolio was invested in Columbia Large Cap Index Fund, Columbia Mid Cap Index Fund, Columbia Small Cap Index Fund, Columbia Intermediate Bond Fund, Columbia Short Term Bond Fund, Columbia Multi-Advisor International Equity Fund, BofA Cash Reserves and Columbia U.S. Treasury Index Fund

Income Portfolio was invested in Columbia Large Cap Index Fund, Columbia Mid Cap Index Fund, Columbia Intermediate Bond Fund, Columbia Short Term Bond Fund, BofA Cash Reserves and Columbia U.S. Treasury Index Fund

Large Cap Index Portfolio was invested in Columbia Large Cap Index Fund

Mid Cap Index Portfolio was invested in Columbia Mid Cap Index Fund

Small Cap Index Portfolio was invested in Columbia Small Cap Index Fund

Conservative Portfolio was invested in Columbia Money Market Fund and in an Aegon Guaranteed Investment Contract.

Financial statements of the Underlying Funds in which the Portfolios invest contain additional information about the expenses and investments of the underlying mutual funds and are available from the EDGAR database on the Securities and Exchange Commission (“SEC”) website at <http://www.sec.gov>.

These financial statements present only the Program, and do not purport to, and do not, present the fiduciary net assets or changes in fiduciary net assets of the Trust Fund, the Future Scholar 529 College Savings Plan Financial Advisor Program or the State of South Carolina.

Note 2. Significant Accounting Policies

Basis of Presentation

The Program is a private-purpose trust fund, which is a type of fiduciary fund. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support a government’s own programs. As a fiduciary fund, the Program’s financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow.

As permitted by Governmental Accounting Standards Board (“GASB”) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Plan has elected not to adopt Financial Accounting Standard Board (“FASB”) statements and interpretations issued after November 30, 1989, unless GASB specifically adopts such FASB statements or interpretations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts included in the financial statements and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Investment Transactions and Investment Income

Investment transactions are recorded on the trade date. Income dividends and any capital gain distributions received from the Underlying Funds are recorded on the ex-dividend date. Interest income on the GIC is recorded on the accrual basis. Realized gains and losses on investment transactions are computed based on the specific identification of mutual funds sold. The investment income earned by each Portfolio is reinvested in additional units of the Underlying Funds. Investment income earned by the Conservative Portfolio is distributed and reinvested into additional units of the Portfolio in order to maintain a net asset value of \$1 per unit.

Investment Valuation

Investments in the underlying mutual funds are valued at their respective net asset values and are determined as of the close of the New York Stock Exchange (generally 4:00 PM Eastern time) on the valuation date. The Program's investments represent shares of the underlying mutual funds, rather than individual securities and therefore are not subject to classification by custodial credit risk or disclosure of concentration of credit risk under GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

The Conservative Portfolio invests in a traditional GIC issued by Transamerica Life Insurance Company. The value of the GIC is the sum of the net cash contributions to the deposit account plus interest credited minus withdrawals (the "Contract Value"). The GIC is a contractual investment rather than a security and is not deemed to be subject to custodial credit risk. However, there is a risk that an insurance company could fail to perform its obligations under a funding agreement for financial or other reasons. Effective June 1, 2010, the GIC is no longer accepting additional cash contributions to the deposit account and begun a wind-down phase on October 1, 2010 and will remain in effect until August 1, 2017.

Units

The beneficial interests of each account owner and beneficiary in the net assets of the Portfolios are represented by units. Once a contribution or withdrawal request is accepted and processed by the Program Manager, the activity is recorded based upon the next determined net asset value per unit. Net asset value per unit is determined each business day. There are no distributions of net investment income or realized gains to the Portfolios' account owners or beneficiaries of the program in accordance with the Code. Also, any earnings on contributions are generally not subject to federal income tax when used to pay for qualified higher education expenses as defined in the Code.

Federal Income Taxes

The Trust Fund intends to qualify each year as a qualified tuition program under the Code, which provides exemption from federal income tax. Under South Carolina state law, the Trust Fund will not pay a South Carolina franchise tax or other tax based on income. Therefore, no provision for federal or state income taxes has been recorded. Amounts withdrawn for reasons other than payment of qualified higher education expenses generally will be subject to a 10% federal tax penalty on earnings in addition to the income tax that is due. These taxes would be payable directly by unitholders and are therefore not deducted from the assets of the Portfolios.

Indemnification

In the normal course of business, the Program enters into contracts that contain a variety of representations and warranties and which provide general indemnities. The Program's maximum exposure under these arrangements is unknown because this would involve future claims against the Program. Also, under the Program's organizational documents and by contract, the Program, the Treasurer, the State of South Carolina, Ameriprise Financial and its affiliates and Columbia and its affiliates are indemnified against certain liabilities that may arise out of actions relating to their duties to

the Program. However, based on experience, the Program expects the risk of loss due to these representations, warranties and indemnities to be minimal.

Note 3. Related Party Transactions

The Treasurer has entered into a contract for program management services with the Program Manager, pursuant to which the Program Manager provides program management, distribution and investment advisory services to the Portfolios. The Program Manager is entitled to receive a management fee, calculated daily and payable quarterly, at the maximum annual rate of 0.20% of each Portfolio's average daily net assets. For its investment services, the Program Manager pays Columbia out of its management fee.

Transfer agent, legal, audit, printing and other expenses incurred by the Portfolios are paid by the Program Manager out of its management fee.

Underlying Investment Expenses

In addition to the fees and expenses which the Program bears directly, the Program indirectly bears a pro rata share of the fees and expenses of the Underlying Funds in which it invests.

Annual Maintenance Fees

Each account is charged a \$25 annual fee for account maintenance, which is waived under certain circumstances. The account maintenance fee will be assessed annually on or about the anniversary of the date when the account was established and each year thereafter until the account is closed. The fee, which will be assessed against the Portfolio which represents the largest percentage allocation of an account, is reflected in the financial statements as a redemption of Portfolio units.

Note 4. Change in Value of Investments

The following table represents a calculation of the net increase (decrease) in the value of investments during the years ended June 30, 2012 and 2011.

2012 <i>(In thousands)</i>	Value at End of the Year (\$)	Less Cost of Investments Purchased During the Year (\$)	Plus Proceeds of Investments Sold During the Year (\$)	Less Value at Beginning of the Year (\$)	Change in Value of Investments During the Year (\$)*
Portfolio					
Aggressive Growth Portfolio	99,937	(24,223)	19,204	(96,599)	(1,681)
Growth Portfolio	69,370	(17,045)	12,913	(65,381)	(143)
Balanced Growth Portfolio	75,485	(27,909)	18,785	(66,239)	122
Balanced Portfolio	74,242	(25,121)	15,761	(64,554)	328
Income and Growth Portfolio	34,535	(12,730)	8,967	(30,702)	70
Income Portfolio	38,213	(19,892)	13,098	(31,285)	134
Large Cap Index Portfolio	16,528	(2,011)	626	(14,558)	585

Mid Cap Index Portfolio	13,490	(1,939)	1,053	(13,492)	(888)
Small Cap Index Portfolio	4,394	(993)	334	(3,871)	(136)
Conservative Portfolio	34,082	(8,294)	4,911	(30,699)	-
Total*	460,276	(140,157)	95,652	(417,380)	(1,608)

2011 <i>(In thousands)</i>	Value at End of the Year (\$)	Less Cost of Investments Purchased During the Year (\$)	Plus Proceeds of Investments Sold During the Year (\$)	Less Value at Beginning of the Year (\$)	Change in Value of Investments During the Year (\$)*
Portfolio					
Aggressive Growth Portfolio	96,599	(18,976)	13,160	(69,447)	21,516
Growth Portfolio	65,381	(10,189)	3,682	(45,741)	13,133
Balanced Growth Portfolio	66,239	(14,969)	5,957	(46,674)	10,554
Balanced Portfolio	64,554	(14,225)	5,688	(48,518)	7,498
Income and Growth Portfolio	30,702	(9,557)	3,140	(22,119)	2,167
Income Portfolio	31,285	(12,001)	6,181	(24,717)	748
Large Cap Index Portfolio	14,558	(1,742)	638	(10,348)	3,016
Mid Cap Index Portfolio	13,492	(2,504)	772	(8,736)	3,024
Small Cap Index Portfolio	3,871	(944)	412	(2,454)	885
Conservative Portfolio	30,699	(8,214)	5,623	(28,108)	-
Total*	417,380	(93,141)	45,253	(306,952)	62,541

* Amounts may not total due to rounding.

Note 5. Disclosure of Significant Risks and Contingencies

Foreign Securities

Certain Underlying Funds invest in foreign securities. There are certain additional risks involved when investing in foreign securities that are not inherent with investments in domestic securities. These risks may involve foreign currency exchange rate fluctuations, adverse political and economic developments and the possible prevention of currency exchange or other foreign governmental laws or restrictions. In addition, the liquidity of foreign securities may be more limited than that of domestic securities. The following represents the value at June 30, 2012 of Underlying Funds, by Portfolio, which have the majority of their investments exposed to foreign securities.

<u>Portfolio</u>	<u>Underlying Fund</u>	<u>Value</u>
Aggressive Growth Portfolio	Columbia Multi-Advisor International Equity Fund	\$14,148,468

<u>Portfolio</u>	<u>Underlying Fund</u>	<u>Value</u>
Growth Portfolio	Columbia Multi-Advisor International Equity Fund	7,059,801
Balanced Growth Portfolio	Columbia Multi-Advisor International Equity Fund	6,215,804
Balanced Portfolio	Columbia Multi-Advisor International Equity Fund	3,845,345
Income and Growth Portfolio	Columbia Multi-Advisor International Equity Fund	709,326

Interest Rate and Credit Risk

Certain Underlying Funds invest in fixed-income securities. Investing in fixed-income securities may involve certain risks, including the credit quality of individual issuers, possible prepayments, market or economic developments and yields and share price fluctuations due to changes in interest rates. The Underlying Funds in which the Portfolios invest are not rated by any nationally recognized statistical rating organization.

Non-Payment Risk

Certain Underlying Funds may invest in Senior Loans, which like other corporate debt obligations are subject to the risk of non-payment of scheduled interest and/or principal. Nonpayment would result in a reduction of income to the underlying fund, a reduction in the value of the Senior Loan experiencing non-payment and a potential decrease in the net asset value of the underlying fund.

Note 6. Subsequent Events

Management has evaluated the events and transactions that have occurred through the date the financial statements were issued. Other than as noted below, there were no items requiring adjustment of the financial statements or additional disclosure.

Note 7. Information Regarding Pending and Settled Legal Proceedings

In December 2005, without admitting or denying the allegations, American Express Financial Corporation (“AEFC”, which is now known as Ameriprise Financial, Inc. (“Ameriprise Financial”)) entered into settlement agreements with the SEC and Minnesota Department of Commerce (“MDOC”) related to market timing activities. As a result, AEFC was censured and ordered to cease and desist from committing or causing any violations of certain provisions of the Investment Advisers Act of 1940, the Investment Company Act of 1940, and various Minnesota laws. AEFC agreed to pay disgorgement of \$10 million and civil money penalties of \$7 million. AEFC also agreed to retain an independent distribution consultant to assist in developing a plan for distribution of all disgorgement and civil penalties ordered by the SEC in accordance with various undertakings detailed at www.sec.gov/litigation/admin/ia-2451.pdf. Ameriprise Financial and its affiliates have cooperated with the SEC and the MDOC in these legal proceedings, and have made regular reports to the funds’ Boards of Directors/Trustees.

Ameriprise Financial and certain of its affiliates have historically been involved in a number of legal, arbitration and regulatory proceedings, including routine litigation, class actions, and governmental actions, concerning matters arising in connection with the conduct of their business activities. Ameriprise Financial believes that the Portfolios are not currently the subject of, and that neither Ameriprise

Financial nor any of its affiliates are the subject of, any pending legal, arbitration or regulatory proceedings that are likely to have a material adverse effect on the Portfolios or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Portfolios. Ameriprise Financial is required to make 10-Q, 10-K and, as necessary, 8-K filings with the Securities and Exchange Commission on legal and regulatory matters that relate to Ameriprise Financial and its affiliates. Copies of these filings may be obtained by accessing the SEC website at www.sec.gov.

There can be no assurance that these matters, or the adverse publicity associated with them, will not result in increased fund redemptions, reduced sale of fund shares or other adverse consequences to the Portfolios. Further, although we believe proceedings are not likely to have a material adverse effect on the Portfolios or the ability of Ameriprise Financial or its affiliates to perform under their contracts with the Portfolios, these proceedings are subject to uncertainties and, as such, we are unable to estimate the possible loss or range of loss that may result. An adverse outcome in one or more of these proceedings could result in adverse judgments, settlements, fines, penalties or other relief that could have a material adverse effect on the consolidated financial condition or results of operations of Ameriprise Financial.