Michigan Education Savings Program
(a Fiduciary Fund of the State of Michigan)

Audited Financial Statements

Year Ended September 30, 2023
with Report of Independent Auditors

AHP
CPAs & ADVISORS
ANDREWS HOOPER PAVLIK PLC

Michigan Education Savings Program

Audited Financial Statements

Year Ended September 30, 2023

Contents

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Report of Independent Auditors

Ms. Rachael Eubanks, Trustee, Michigan Education Savings Program,
Michigan Department of Treasury
Mr. Doug A. Ringler, CPA, CIA, Auditor General, State of Michigan
Lansing, MI

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Michigan Education Savings Program, a fiduciary fund of the State of Michigan, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Michigan Education Savings Program's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Michigan Education Savings Program as of September 30, 2023, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Michigan Education Savings Program and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Michigan Education Savings Program, a fiduciary fund of the State of Michigan, and do not purport to, and do not present fairly the financial position of the State of Michigan in its entirety as of September 30, 2023, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Michigan Education Savings Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, on our consideration of the Michigan Education Savings Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Michigan Education Savings Program's 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 Michigan Education Savings Program's internal control over financial reporting and compliance.

Andrews Hooper Pavlik PLC

Okemos, Michigan
December 15, 2023

Michigan Education Savings Program

Management's Discussion and Analysis

This section of the Michigan Education Savings Program's (MESP or Program) financial statements presents a discussion and analysis of the Program's financial performance during the year ended September 30, 2023. MESP is a fiduciary fund of the State of Michigan and consists of two components, the Direct-Sold Plan (Direct Plan) and the MI 529 Advisor Plan (Advisor Plan). Both components are managed by TIAA-CREF Tuition Financing, Inc. (TFI). Readers should consider the information presented in this section in conjunction with the Program's financial statements and notes to financial statements.

This report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements consist of a Statement of Fiduciary Net Position, a Statement of Changes in Fiduciary Net Position, and Notes to Financial Statements that explain some of the information in the financial statements and provide more detailed information.

Financial Highlights

The Program received approximately $1.3 million in net contributions (contributions less withdrawals) from account owners for the year ended September 30, 2023. The Program received approximately $111.0 million in net contributions (contributions less withdrawals) from account owners for the year ended September 30, 2022.

During the year ended September 30, 2023, the Program experienced a net investment gain of $785.0 million, resulting from a $566.6 million net increase in the fair value of investments, as well as $218.5 million in interest and dividends. During the year ended September 30, 2022, the Program experienced a net investment loss of $1.16 billion, resulting from a $1.39 million net decrease in the fair value of investments, somewhat offset by $228.9 million in interest and dividends. Program Manager fees and State administrative fees incurred during the year ended September 30, 2023 totaled approximately $6.3 million (approximately $6.7 million during the year ended September 30, 2022). These fees are calculated on the average net position in each investment option or portfolio and are paid to the Program Manager and the Michigan Department of Treasury (the Department), respectively, for performing administrative, marketing, and other services with respect to the Program. The Advisor Plan incurred approximately $4.3 million in distribution and service fees for the year ended September 30, 2023 (approximately $4.5 million during the year ended September 30, 2022), which vary based on the investment portfolio and unit class and are paid to Nuveen Securities, LLC and selling institutions for performing distribution and account servicing functions. Distribution and service fees are calculated based on the average net position in each investment portfolio and a specified rate, as specified in the MI 529 Advisor Plan – Plan Description and Participation Agreement.

Overview of the Basic Financial Statements

The Program is included in the financial reporting entity of the State of Michigan as a fiduciary fund. Fiduciary fund reporting is used to account for resources held for the benefit of parties outside the governmental entity.

The Program's basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) prescribed by the Governmental Accounting Standards Board (GASB), as applicable to fiduciary funds. Accordingly, the Program's basic financial statements are prepared using the economic resources measurement focus and accrual basis of accounting.

The Statement of Fiduciary Net Position presents information on the Program's assets and liabilities, with the difference between the two reported as fiduciary net position. The Statement of Changes in Fiduciary Net Position presents information showing how the Program's fiduciary net position changed during the period presented. Changes in fiduciary net position are reported 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 fiscal years.

The Program's assets are invested in mutual funds, exchange-traded funds (ETFs), and funding agreements issued by TIAA-CREF Life Insurance Company. Mutual funds and ETFs are reported at fair value, and the funding agreements are reported at cost.

All investment transactions are reported on a trade-date basis. Changes in reported fair value of mutual funds and ETFs resulting from realized and unrealized gains and losses are reported as "net increase (decrease) in fair value of investments." Dividends and capital gain distributions are reported on the ex-dividend date. Contributions are recognized when received, provided enrollment in the Program has been successfully completed, and withdrawals are recognized when the withdrawal request has been received and approved for payment. Program Manager fees, State administrative fees, distribution fees, and service fees accrue daily.

Financial Analysis

Fiduciary Net Position

The following are condensed statements of fiduciary net position as of September 30:

	2023	2022
Total Assets	**$ 8,096,842,653**	$ 7,320,523,559
Total Liabilities	**5,889,496**	5,346,353
Fiduciary Net Position	**$ 8,090,953,157**	$ 7,315,177,206

Fiduciary net position represents cumulative contributions since the Program's inception, increased or decreased by net investment income or losses, and decreased by withdrawals and fees.

Investments comprise over 99% of the Program's total assets. Other assets consist of receivables from securities sold and uninvested cash resulting from contributions that have not yet been invested in accordance with account owners' instructions or withdrawal requests that have not yet been distributed as directed by account owners. Liabilities consist of payables for securities purchased, payables for withdrawals, and accrued fees.

Changes in Fiduciary Net Position

The following are condensed Statements of Changes in Fiduciary Net Position for the years ended September 30:

	2023	2022
Additions and net investment income (loss):		
Contributions	**$ 764,901,854**	$ 810,181,376
Net investment income (loss)	**785,044,941**	(1,160,274,229)
Total additions and net investment income (loss)	**1,549,946,795**	(350,092,853)
Deductions:		
Withdrawals	**763,568,149**	699,200,613
Program Manager fees	**4,184,126**	4,458,496
State administrative fees	**2,146,470**	2,194,550
Distribution fees	**1,922,459**	2,089,978
Service fees	**2,349,640**	2,367,976
Total deductions	**774,170,844**	710,311,613
Change in net position	**775,775,951**	(1,060,404,466)
Net position at beginning of year	**7,315,177,206**	8,375,581,672
Net position at end of year	**$ 8,090,953,157**	$ 7,315,177,206

Michigan Education Savings Program

Statement of Fiduciary Net Position

September 30, 2023

	Direct-Sold Plan	MI 529 Advisor Plan	Total
Assets			
Cash	$ 2,801,603	$ 644,708	$ 3,446,311
Investments	7,083,861,406	1,008,784,769	8,092,646,175
Receivable from securities sold	679,251	70,916	750,167
Total assets	7,087,342,260	1,009,500,393	8,096,842,653
Liabilities			
Accrued Program Manager fees	112,091	206,247	318,338
Accrued State administrative fees	140,130	41,248	181,378
Accrued distribution and service fees	-	1,152,233	1,152,233
Payable for securities purchased	1,310,612	353,968	1,664,580
Withdrawals payable	2,116,027	456,940	2,572,967
Total liabilities	3,678,860	2,210,636	5,889,496
Net position – held in trust for account owners and beneficiaries	$ 7,083,663,400	$ 1,007,289,757	$ 8,090,953,157

The notes to the financial statements are an integral part of this statement.

Michigan Education Savings Program

Statement of Changes in Fiduciary Net Position

Year Ended September 30, 2023

	Direct-Sold Plan	MI 529 Advisor Plan	Total
Additions and net investment income			
Contributions	$ 658,472,592	$ 106,429,262	$ 764,901,854
Investment income:			
Interest and dividends	178,397,224	40,067,724	218,464,948
Net increase in fair value of investments	500,085,400	66,494,593	566,579,993
Total net investment income	678,482,624	106,562,317	785,044,941
Total additions and net investment income	1,336,955,216	212,991,579	1,549,946,795
Deductions			
Withdrawals	686,961,692	76,606,457	763,568,149
Program Manager fees	1,330,881	2,853,245	4,184,126
State administrative fees	1,663,611	482,859	2,146,470
Distribution and service fees	-	4,272,099	4,272,099
Total deductions	689,956,184	84,214,660	774,170,844
Change in net position	646,999,032	128,776,919	775,775,951
Net position at beginning of year	6,436,664,368	878,512,838	7,315,177,206
Net position at end of year	$ 7,083,663,400	$ 1,007,289,757	$ 8,090,953,157

The notes to the financial statements are an integral part of this statement.

1. Organization and Nature of Operations

The Michigan Education Savings Program (the Program) was created by the State of Michigan (the State) in Public Act 161 of 2000, as amended (the Act), to provide a tax-advantaged way to help people save for higher education expenses. The Program consists of two components. The Michigan Education Savings Program Direct-Sold Plan (the Direct Plan) is the direct-sold component under the Act. The MI 529 Advisor Plan (the Advisor Plan) is the advisor-sold component under the Act. Both the Direct Plan and the Advisor Plan were established by the Michigan Department of Treasury (the Department) and are administered by the State Treasurer of Michigan (the State Treasurer). The Direct Plan and the Advisor Plan are two of three education savings plans offered by the State. Assets of the Program are held in trust, and the State Treasurer serves as Trustee. Both the Direct Plan and the Advisor Plan are intended to meet the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code (Code).

The Program is included in the financial reporting entity of the State as a fiduciary fund. Assets are held in a trust for account owners and beneficiaries and cannot be used to support other governmental programs. These basic financial statements present only the balances and transactions attributable to the Direct Plan and Advisor Plan and do not include any balances or transactions attributable to the other education savings plan offered by the State. These basic financial statements are not intended to, and do not, present fairly the financial position or changes in financial position of other plans offered or any other fiduciary funds of the State.

The State Treasurer may contract for services necessary for the administration of the Program. TIAA-CREF Tuition Financing, Inc. (TFI), a wholly owned, direct subsidiary of Teachers Insurance and Annuity Association of America (TIAA), and the State Treasurer entered into a management agreement under which TFI serves as Program Manager, providing certain services to the Program. TIAA-CREF Individual & Institutional Services, LLC (Services), a wholly owned, direct subsidiary of TIAA, serves as the primary distributor and underwriter for the Direct Plan and provides certain services in furtherance of TFI's marketing effort for the Direct Plan. Services is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority. Nuveen Securities, LLC (Nuveen) is responsible for marketing and distribution of the Advisor Plan. Nuveen is registered as broker-dealer under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority.

Account owners may invest their contributions in one or more investment options (the Direct Plan) or portfolios (the Advisor Plan). The State Treasurer approves and authorizes each investment option/portfolio, including the underlying investments that comprise each investment option/portfolio and, if the investment option/portfolio invests in more than one underlying investment, the target asset allocation. The State Treasurer may add or remove investment options/portfolios or change the underlying investments and asset allocations at any time.

1. Organization and Nature of Operations (continued)

Each investment option/portfolio invests in one or more open-end mutual funds, exchange-traded funds (ETFs), and funding agreements based on an asset allocation strategy approved by the State Treasurer. The funding agreements are issued by TIAA-CREF Life Insurance Company (TIAA Life), which is an affiliate of TFI, to the State as policyholder on behalf of the Direct Plan and the Advisor Plan. The funding agreements provide a minimum guaranteed rate of return and allow for the possibility that additional interest may be credited periodically by TIAA Life. Together, the mutual funds, ETFs, and the funding agreements are referred to as "the Underlying Funds."

Direct Plan

The Direct Plan offers twelve Risk-Based Investment Options which allow account owners to choose their own strategy based on their risk tolerance and time horizon. The Direct Plan also offers ten Enrollment Year Investment Options based on the anticipated year of enrollment of the beneficiary in an eligible institution. The Enrollment Year Investment Options seek to match their respective risk levels to investment time horizons with asset allocations becoming increasingly more conservative as the beneficiary enrollment year approaches. The investment options, along with underlying asset allocations and fees, are described in the current Michigan Education Savings Program Direct-Sold Plan – Program Description and Participation Agreement (Program Description).

The State previously made matching grants to the State matching grant program on behalf of eligible beneficiaries. The State has not funded the State matching grant program for new grants since 2008. Existing matching grants are invested in the TIAA-CREF Bond Index Fund.

Advisor Plan

The Advisor Plan offers ten Enrollment Year Investment Portfolios that, to varying extents depending on the number of years until the target enrollment year, invest in multiple mutual funds and a funding agreement. The Enrollment Year Investment Portfolios seek to match their respective risk levels to investment time horizons with asset allocations becoming increasingly more conservative as the beneficiary enrollment year approaches. The Advisor Plan also offers nineteen other investment portfolios, including two Target Risk Portfolios that invest in multiple mutual funds and a funding agreement, one Multi-Fund Portfolio that invests in three mutual funds, fifteen Individual Fund Portfolios that each invest in a single mutual fund, and one Individual Fund Portfolio that invests solely in a funding agreement. These other investment portfolios allow account owners to choose their own strategy based on their risk tolerance and time horizon.

1. Organization and Nature of Operations (continued)

Advisor Plan (continued)

In addition to the various investment portfolios for the Advisor Plan, account owners may generally select from four classes of units: Class A Units, Class C Units, Class I Units, and Class AR Units. Class A Units are subject to initial sales charges and have lower ongoing fees than Class C Units, and Class C Units are not subject to initial sales charges but are subject to contingent deferred sales charges and have higher ongoing fees than Class A Units. Class AR Units are available only for direct incoming rollovers through certain selling institutions and are subject to the same fee structure applicable to Class A Units, except that Class AR Units are not subject to initial sales charges. Class I Units are subject to specific eligibility requirements and are not subject to initial sales charges, contingent deferred sales charges, or ongoing distribution and service fees. Class C units automatically convert to Class A Units after six years, and Class AR Units automatically convert to Class A Units after one year.

The investment portfolios, along with underlying investment allocations, unit classes, and fees, as approved by the State Treasurer, are described in more detail in the current MI 529 Advisor Plan – Plan Description and Participation Agreement (Plan Description).

2. Significant Accounting Policies

Basis of Accounting

In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to fiduciary fund types prescribed by the Governmental Accounting Standards Board (GASB), the Program's basic financial statements are prepared using the flow of economic resources measurement focus and accrual basis of accounting. U.S. GAAP requires the use of estimates made by management and the evaluation of subsequent events. Actual results may differ from those estimates.

Investment Valuation

Accounting standards categorize fair value measurements according to a hierarchy that is based on valuation inputs used to measure fair value. Level 1 inputs are quoted prices for identical assets in active markets that can be accessed at the measurement date. Level 2 inputs are inputs other than quoted prices that are observable for an asset, either directly or indirectly. Level 3 inputs are unobservable and may include subjective assumptions in determining the fair value of investments.

2. Significant Accounting Policies (continued)

Investment Valuation (continued)

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The mutual funds and ETFs in which the Program invests are reported at fair value, based on the net asset value per share (mutual funds) or closing prices (ETFs) at the close of the New York Stock Exchange (NYSE). These mutual funds and ETFs are categorized in Level 1 of the fair value hierarchy.

The funding agreements are non-participating, interest-earning investment contracts and are accounted for at cost. Because the funding agreements are valued at cost, they are not categorized according to the fair value hierarchy.

Investment Transactions

Investment transactions are accounted for as of the trade date for financial reporting purposes. Interest income is recorded as earned. Dividend income and capital gain distributions from the mutual funds and ETFs are recorded on the ex-dividend date. Net realized and unrealized gains (losses) are included in "net increase in fair value of investments."

Cash

Cash includes contributions received that have not yet been invested in Underlying Funds and/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 non-interest-bearing account maintained at a financial institution in each respective plan's name. The bank balance of these accounts as of September 30, 2023 in total is $443,572. Balances in these accounts are insured by the Federal Deposit Insurance Corporation (FDIC), along with any other accounts maintained at the financial institution under the same taxpayer identification number, in the aggregate, up to the maximum amount allowable under federal law. Amounts in excess of FDIC insurance limits are not collateralized or covered by supplementary insurance.

2. Significant Accounting Policies (continued)

Cash (continued)

Excess cash balances are swept daily from the non-interest-bearing accounts described in the preceding paragraph into accounts where they are invested in a government money market account mutual fund structured to maintain a net asset value per share equal to $1. The balance invested as of September 30, 2023 is $6,507,003.

Contributions

Individuals or entities meeting eligibility requirements that have properly executed a participation agreement with the Program 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 prior to the close of the NYSE 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.

Contributions result in the issuance of units to account owners. These units are municipal fund securities and are not a direct investment in any mutual fund, ETF, or funding agreement. In addition, these units are not insured by the FDIC, the State, or the Department, nor have they been registered with the Securities and Exchange Commission or any commission of the State.

For the Advisor Plan, account owners investing in Class A Units are generally required to pay an initial sales charge ranging from 2.5% to 4.25% on amounts contributed. Class A Units of the Principal Plus Interest Portfolio and Class C Units, Class I Units, and Class AR Units of all investment portfolios are not subject to initial sales charges. The percentage charged depends on the amount of the contribution and the investment portfolio selected. Individual contribution transactions that equal or exceed $1 million are not subject to initial sales charges. In addition, there are certain limited circumstances, as more fully described in the current Plan Description, where these initial sales charges do not apply. Contributions are presented on the Statement of Changes in Fiduciary Net Position net of initial sales charges.

For the Advisor Plan, account owners investing in Class C Units, Class AR Units, or $1 million or more in Class A Units may be assessed a contingent deferred sales charge of 0.65% of the amount invested if the account owner withdraws the contribution within eight months of making the contribution, excluding the Principal Plus Interest Portfolio, which is not assessed a contingent deferred sales charge. Class I Units of all investment portfolios are not subject to contingent deferred sales charges. All or a portion of these sales charges received by Nuveen may be paid to the selling financial intermediaries through which account owners invest in the Advisor Plan.

2. Significant Accounting Policies (continued)

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 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. Withdrawals also include contingent deferred sales charges for the Advisor Plan.

Exchanges, Transfers, and Conversions

Subject to certain limitations and restrictions, account owners may generally direct that their account balance be reinvested in one or more different investment options/portfolios twice per calendar year. These transfers of funds between investment options/portfolios are referred to as "exchanges." Under certain conditions, account assets may be transferred from one beneficiary to another or from one account owner to another. These transactions are referred to as "transfers." For the Advisor Plan, as explained in Note 1, Class C units automatically convert to Class A Units after six years, and Class AR Units automatically convert to Class A Units after one year. These transactions are referred to as "conversions." The amounts of contributions and withdrawals reported on the Statement of Changes in Fiduciary Net Position do not include exchanges, transfers, or conversions as these transactions have no impact on the overall financial position of the Program.

Income Taxes

The Program is designed to constitute a qualified tuition program under Section 529 of the Code and is exempt from federal and state income tax. The Program has not engaged in any activities that would subject the Program to unrelated business income tax.

Unit Value

The beneficial interests attributable to each account owner in the investment options/portfolios are represented by Program units. Contributions and withdrawals are recorded upon receipt of an account owners' instructions in good order, based on the next determined net asset value per unit (Unit Value), as defined in the current Program Description and Plan Description and related supplements. Unit Values for each investment option/portfolio are determined at the close of business of the NYSE. The Unit Value of each investment option/portfolio is computed by dividing the investment option's/portfolio's assets minus its liabilities by the number of outstanding units of such investment option/portfolio.

2. Significant Accounting Policies (continued)

Unit Value (continued)

There are no distributions of interest, dividends, or net investment income or losses directly to account owners or beneficiaries. Interest, dividends, and net investment income (losses) resulting from the Underlying Funds are reflected as increases (decreases) in the Unit Value.

Guarantees and Indemnifications

Under the Program's organizational documents, each officer, employee, or other agent of the Program (including TFI) is indemnified against certain liabilities that may arise out of performance of their duties to the Program. Additionally, in the normal course of business, the Program enters into contracts that contain a variety of indemnification clauses. The Program's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Program that have not yet occurred. However, the Program has not had prior claims or losses pursuant to these contracts, and management of the Program expects the risk of loss to be remote.

3. Investments

As of September 30, 2023, the Program's investments consisted of the following:

	Cost	Market Value
Direct Plan		
Mutual funds and exchange traded funds (at fair value):		
Dreyfus Government Cash Management Institutional Fund	$ 8,328,846	$ 8,328,846
iShares® 0-5 Year TIPS Bond ETF	214,338,741	203,219,569
Schwab US TIPS ETF™	239,908,301	206,198,106
TIAA-CREF Emerging Markets Equity Index Fund	164,021,487	151,353,863
TIAA-CREF Equity Index Fund	1,804,097,459	2,342,002,858
TIAA-CREF International Equity Index Fund	668,176,971	732,573,289
Vanguard Emerging Markets Stock Index Fund	3,416,748	3,252,796
Vanguard Extended Market Index Fund	13,452,308	12,642,759
Vanguard Growth Index Fund	40,142,316	42,639,807
Vanguard High-Yield Corporate Fund	229,210,884	208,549,296
Vanguard Real Estate Index Fund	219,096,781	199,424,595
Vanguard Total Bond Market Index Fund	1,777,122,217	1,460,389,071
Vanguard Value Index Fund	19,550,756	19,301,648
Funding agreements (at cost):		
TIAA-CREF Life Funding Agreements	1,493,984,903	1,493,984,903
Subtotal	6,894,848,718	7,083,861,406

3. Investments (continued)

	Cost	Market Value
MI 529 Advisor Plan		
Mutual funds (at fair value):		
Ariel Fund	$ 7,000,998	$ 6,755,075
DFA Emerging Markets Core Equity Portfolio	4,408,500	4,428,541
Harbor Capital Appreciation Fund	23,838,371	22,142,061
Harding Loevner Global Equity Portfolio	15,043,038	13,118,625
MetWest Total Return Bond Fund	16,095,976	12,832,510
Nuveen Dividend Growth Fund	40,763,511	47,446,496
Nuveen Dividend Value Fund	67,070,411	71,697,751
Nuveen High Yield Income Fund	6,472,457	6,013,344
Nuveen Real Asset Income Fund	26,361,749	24,201,689
Nuveen Real Estate Securities Fund	28,290,076	22,072,560
Nuveen Strategic Income Fund	55,904,129	49,264,844
Oakmark International Fund	20,801,465	18,880,600
TIAA-CREF Core Bond Fund	157,828,028	130,559,993
TIAA-CREF Core Impact Bond Fund	1,927,158	1,702,126
TIAA-CREF Emerging Markets Debt Fund	12,911,166	10,881,890
TIAA-CREF Emerging Markets Equity Index Fund	21,228,906	19,524,537
TIAA-CREF High-Yield Fund	6,287,688	5,785,535
TIAA-CREF Inflation-Linked Bond Fund	41,013,761	35,872,552
TIAA-CREF International Equity Index Fund	70,841,038	77,079,250
TIAA-CREF Large-Cap Value Fund	9,116,634	9,598,928
TIAA-CREF Social Choice Equity Fund	4,207,406	4,259,792
TIAA-CREF S&P 500 Index Fund	85,819,669	111,713,451
TIAA-CREF Quant Small-Cap Equity Fund	43,275,324	45,994,008
T. Rowe Price Large-Cap Growth Fund	63,656,572	72,324,067
Funding Agreements (at cost):		
TIAA-CREF Life Funding Agreements	184,634,544	184,634,544
Subtotal	1,014,798,575	1,008,784,769
Total	$ 7,909,647,293	$ 8,092,646,175

All investments and transactions in the TIAA-CREF funds, Nuveen funds, and funding agreements are related party transactions.

Funding Agreements

Assets of certain investment options/portfolios are invested in funding agreements issued by TIAA Life. While account owners may withdraw their funds from the investment options/portfolios at any time, there are certain restrictions on the timing and amount of withdrawals that may be made from the funding agreements.

As policyholder, the State may withdraw interest quarterly, provided that notice of intent to withdraw is given not more than 10 days nor less than five days prior to the end of the quarter.

The crediting rate on the funding agreements from October 1, 2022 through December 31, 2022 was 1.10%, and the crediting rate from January 1, 2023 through September 30, 2023 was 2.8%.

3. Investments (continued)

Investment Risk

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

U.S. GAAP requires that certain disclosures be made related to the Program's investment policy and exposure to credit risk, interest rate risk, and foreign currency risk, which are included in the paragraphs that follow.

Investment Policy

The Program does not have specific investment policies that address credit, interest rate, foreign currency, or custodial credit risk. The Program's investment options/portfolios are managed based on specific investment objectives and strategies, which are disclosed in the current Program and Plan Descriptions and related supplements.

Custodial Credit Risk

Custodial credit risk represents the potential inability of a custodian to return the Program's investments in the event of a failure. Mutual funds and ETFs are not exposed to custodial credit risk.

Credit Risk

Credit risk refers to the ability of the issuer to make timely payments of interest and principal. Mutual funds and ETFs that invest primarily in fixed income securities indirectly expose the Program to credit risk. None of the mutual funds and ETFs in which the Program invests are rated as to credit quality by a nationally recognized statistical rating organization, except for the Dreyfus Government Cash Management Institutional Fund, which was rated AAAm by Standard & Poor's as of September 30, 2023. The funding agreements are a guaranteed insurance product issued by TIAA Life. While the funding agreements themselves are not rated by a nationally recognized statistical rating organization, TIAA Life has a Standard & Poor's credit rating of AA+ as of September 30, 2023.

3. Investments (continued)

Investment Risk (continued)

Interest Rate Risk

Interest rate risk represents the risk that changes in interest rates will adversely affect the fair value of an investment. Mutual funds and ETFs that invest in fixed income securities indirectly expose the Program to interest rate risk.

As of September 30, 2023, the fair values and the weighted average maturities for the bond mutual funds and ETFs in which the Program invests are as follows:

		Fair Value	Weighted Average Maturity
Direct Plan			
Dreyfus Government Cash Management Institutional Fund	$	8,328,846	27 days
iShares® 0-5 Year TIPS Bond ETF	$	203,219,569	2.6 years
Schwab US TIPS ETF™	$	206,198,106	7.1 years
Vanguard High-Yield Corporate Fund	$	208,549,296	4.8 years
Vanguard Total Bond Market Index Fund	$	1,460,389,071	8.7 years
MI 529 Advisor Plan			
MetWest Total Return Bond Fund	$	12,832,510	8.3 years
Nuveen High Yield Income Fund	$	6,013,344	5.1 years
Nuveen Strategic Income Fund	$	49,264,844	8.6 years
TIAA-CREF Core Bond Fund	$	130,559,993	9.4 years
TIAA-CREF Core Impact Bond Fund	$	1,702,126	9.4 years
TIAA-CREF Emerging Markets Debt Fund	$	10,881,890	10.8 years
TIAA-CREF High-Yield Fund	$	5,785,535	5.8 years
TIAA-CREF Inflation-Linked Bond Fund	$	35,872,552	4.5 years

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Program does not have any direct investment in foreign securities; however, certain investment options/portfolios invest in mutual funds that are exposed to foreign currency risk.

3. Investments (continued)

Investment Risk (continued)

As of September 30, 2023, the fair value of investments in mutual funds that invest significantly in foreign securities are as follows:

	Fair Value
Direct Plan	
TIAA-CREF Emerging Markets Equity Index Fund	$ 151,353,863
TIAA-CREF International Equity Index Fund	$ 732,573,289
Vanguard Emerging Markets Stock Index Fund	$ 3,252,796
MI 529 Advisor Plan	
DFA Emerging Markets Core Equity Portfolio	$ 4,428,541
Harding Loevner Global Equity Portfolio	$ 13,118,625
Nuveen Real Asset Income Fund	$ 24,201,689
Oakmark International Fund	$ 18,880,600
TIAA-CREF Emerging Markets Debt Fund	$ 10,881,890
TIAA-CREF Emerging Markets Equity Index Fund	$ 19,524,537
TIAA-CREF International Equity Index Fund	$ 77,079,250

4. Underlying Fund Expenses and Fees

Underlying Fund Expenses – Expenses related to management of the Underlying Funds reduce the amount of income available for distribution to the Program in the form of dividends and capital gain distributions. These Underlying Fund expenses are not direct expenses paid from the Program's assets, and therefore, are not reflected in expenses on the Statement of Changes in Fiduciary Net Position.

Direct Plan

The State Treasurer establishes the fee structure for the Direct Plan and reserves the right to change the fees and/or impose additional fees in the future. The following fees are applicable to the year ended September 30, 2023:

Program Manager Fees – Each investment option (with the exception of the Principal Plus Interest Option, which is not charged a fee) pays to the Program Manager a fee equal to 0.02% of the average daily net position held in each respective investment option for performing duties specified in the management agreement.

State Administrative Fees – Each investment option (with the exception of the Principal Plus Interest Option, which is not charged a fee) pays to the Department a fee equal to 0.025% of the average daily net position held in each respective investment option for expenses related to the administration of the Direct Plan.

These amounts are reflected in expenses on the Statement of Changes in Fiduciary Net Position.

4. Underlying Fund Expenses and Fees (continued)

Advisor Plan

The State Treasurer establishes the fee structure for the Advisor Plan and reserves the right to change the fees and/or to impose additional fees in the future. The following fees are applicable to the year ended September 30, 2023:

Program Manager Fees – Each investment portfolio (with the exception of the Principal Plus Interest Portfolio, which is not charged a fee) pays a fee to the Program Manager equal to 0.25% (reduced from 0.32% effective June 1, 2023) of the average daily net position held in each investment portfolio for performing duties specified in the management agreement.

State Administrative Fees – Each investment portfolio (with the exception of the Principal Plus Interest Portfolio, which is not charged a fee) pays a fee to the Department equal to 0.05% of the average daily net position held in each investment portfolio to pay for expenses related to the administration of the Advisor Plan.

Distribution and Service Fees – Distribution and service fees are paid to Nuveen and selling institutions as compensation for performing distribution and account servicing functions. Class A, C, and AR units pay a service fee at an annual rate of 0.25% of the average daily net position in each investment portfolio (excluding the Principal Plus Interest Portfolio, which is not charged a fee). Only Class C and Class AR Units are subject to distribution fees (excluding the Principal Plus Interest Portfolio, which is not charged a fee). The distribution fees, which vary depending on the investment portfolio, are as follows:

Unit Class	Enrollment Year Investment Portfolios	Target Risk Portfolios	Multi-Fund Portfolios	Individual Fund Portfolios
C	0.75%	0.75%	0.40%	0.40%
AR	0.40%	0.40%	0.40%	0.40%

Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

AHP
CPAs & ADVISORS

ANDREWS HOOPER PAVLIK PLC
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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Ms. Rachael Eubanks, Trustee, Michigan Education Savings Program,
Michigan Department of Treasury
Mr. Doug A. Ringler, CPA, CIA, Auditor General, State of Michigan
Lansing, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Michigan Education Savings Program (Program), a fiduciary fund of the State of Michigan, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements, and have issued our report thereon dated December 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Program's internal control over financial reporting (internal control) as a basis for designing 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 Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Michigan Education Savings Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Andrews Hooper Pavlik PLC

Okemos, Michigan
December 15, 2023