MarylandABLE
ANNUAL REPORT
2019

DEAR FRIENDS

The Maryland 529 Board is pleased to report the ongoing success of the Maryland ABLE program. The Maryland ABLE program aims to encourage and assist individuals and families in saving private funds to support individuals with disabilities to maintain health, independence, and quality of life. That funding for disability-related expenses supplements benefits provided through private insurance and government programs. Families across Maryland entrusted the Maryland Program with their savings for disability expenses and Maryland ABLE saw exponential growth in the assets held and account holders enrolled.

By the close of fiscal year 2019, the Program nearly quadrupled its assets from the previous fiscal year-end of $2.3 million, holding over $8.1 million in assets. The number of account holders in the Program nearly tripled from 595 as of June 30, 2018 to 1,433 account holders by June 30, 2019, including 56 account holders from twenty-three states outside of Maryland and the District of Columbia. No doubt the efforts of the Maryland staff to facilitate a Program presence at 160 events in fiscal year 2019, reaching every region of the State, drove the growth of Maryland ABLE. Results of their statewide efforts are visible in the enclosed charts which depict Maryland ABLE enrollment in every county in the State.

This fiscal year also saw the full implementation of two federal tax reform changes. The first permits ABLE account holders who work to contribute just over $12,000, known as ABLE to Work contributions, above and beyond the $15,000 annual contribution cap. Nearly 100 Maryland ABLE account holders took advantage of ABLE to Work, and accounted for an additional $162,550 in Program contributions. The second reform allows rollovers from qualified tuition programs (also known as 529 programs) to ABLE accounts. The initial rollovers from 529 college savings plans to Maryland ABLE accounts began in July 2018. To date, 36 ABLE beneficiaries have rolled over $336,388 into their Maryland ABLE accounts.

Understanding that with the federal limitation of only one account per beneficiary, the ability to contribute a gift to someone else's account with ease would be important to both the account holders and the Program's growth, the Maryland ABLE online gifting feature launched in June 2018. Since its inception, 145 beneficiaries have collectively received gifts totaling $621,366.

Maryland ABLE is a tool for achieving independence, enhancing individual autonomy, and ending the cycle of poverty experienced by people living with disabilities. Our continued gratitude is extended to the disability advocates, legislators and State officials who continue to make this program possible. In the coming year, we will continue our work to develop this program to meet our customers' savings and investment needs.

Sincerely,
The Maryland 529 Board

MarylandABLE

Maryland ABLE Snapshot

Assets:	$8.1 million
Beneficiaries:	1,433
Average Account Size:	$5,672

Maryland Leaders

Larry Hogan, *Governor*

Boyd Rutherford, *Lt. Governor*

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Maryland ABLE-Features and Benefits

The Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 (the "ABLE Act") amended the Internal Revenue Code of 1986 ("the Code") by adding Section 529A, which allows states to open tax-advantaged qualified ABLE Programs throughout the United States. ABLE programs were intended to mirror the benefits of Qualified Tuition Programs (or college savings programs) established pursuant to Section 529 of the Code. ABLE Programs provide people with disabilities a means to save for disability-related expenses without jeopardizing federal means-tested benefits.

Pursuant to Section 529A, a person is eligible to open an ABLE account if they have a qualifying disability or blindness that began before age 26. The account holder and beneficiary of an ABLE account must be the same person, and a beneficiary is only able to have one ABLE account at a time. In general, assets held in an ABLE account are not counted in determining eligibility for State or Federal means-tested programs. With respect to Social Security benefits, only assets above $100,000 held in an ABLE account count as a resource.

The Maryland ABLE Act (H.B. 431) was signed into law by Governor Larry Hogan on April 12, 2016. In part due to the similar framework of the college savings and ABLE savings programs, the Maryland ABLE Act provided that the independent State agency charged with overseeing the State's college savings programs since 1997, Maryland 529, would also open and oversee the State's ABLE program. The Maryland ABLE Program began operation on November 28, 2017.

The Maryland ABLE Act provided the opportunity for State residents to open their accounts with Maryland ABLE and receive State tax advantages for contributions to an account. Specifically, an individual may deduct up to $2,500 per Beneficiary from their income for contributions made to a Maryland ABLE account. Contributions in excess of $2,500 annually may be carried forward and deducted in in the next 10 succeeding taxable years. Additional Federal and Maryland State tax benefits include tax-deferred growth and tax-free earnings provided the funds are used for Qualified Disability Expenses ("QDEs"). QDEs are broadly defined and specific to the individual account holder. Anything from transportation to employment training, assistive technology, health services, legal fees or housing may be considered a QDE.

Annual contributions to an ABLE account, unlike those to college savings plans, are capped at the same amount as the federal gift tax exclusion, which was $15,000 in 2018, but which the Internal Revenue Service (IRS) may change annually. Beginning in 2018, a beneficiary who was working, but not contributing to or receiving contributions to a retirement plan, was able to contribute over and above the annual contribution cap in "ABLE to Work" contributions. ABLE to Work contributions are capped at the lesser of the beneficiary's earnings for the calendar year, or the federal poverty for a one-person household for the previous calendar year. ABLE to Work contributions in calendar year 2018 were therefore capped at $12,060 and in calendar year 2019 are capped at $12,140.

Contributions to an ABLE account can also be made through a rollover from a 529 college savings plan. Account holders can rollover funds into an ABLE account for the same Beneficiary or for a different beneficiary, provided that the receiving beneficiary is a "Member of the Family" of the original Beneficiary as defined by Section 529 of the Internal Revenue Coe ("the Code"). Rollovers from a 529 college savings plan to an ABLE account are subject to the ABLE annual contribution limit.

The maximum account value for a Maryland ABLE account, beyond which contributions will be accepted, was increased to $500,000 on December 1, 2018.

Program Partnership

After careful deliberation, the Maryland 529 Board determined that implementing the Maryland ABLE program in collaboration with other state programs would provide the scale to attract quality investment managers and service providers while minimizing program fees. The Maryland ABLE program is a partner with the State of Oregon through an intergovernmental cooperative purchasing agreement.

Program Manager

Sumday Administration, LLC ("Sumday" or "Program Manager"), a subsidiary of The Bank of New York Mellon ("BNY Mellon"), provides administrative and record-keeping services to the Program under the direction of the Board. Sumday and the Board have entered into a contract (the "Management Agreement") under which Sumday and its subcontractors, including its affiliated companies, BNY Mellon and BNY Investment Management Services, LLC, provide services to the Program.

A Profile of Maryland ABLE Account Holders

The average age of the beneficiary increased from 28 years old at the close of the previous fiscal year to 32 at the close of this fiscal year.

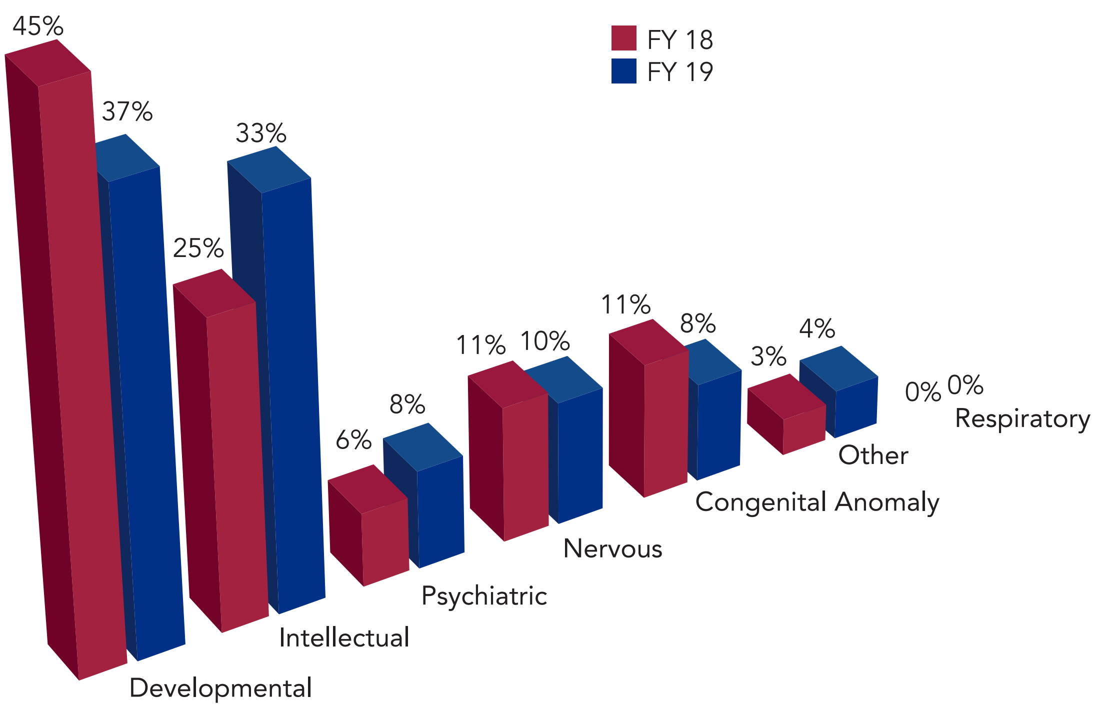
Contributions by Maryland ABLE account holders increased through the first three quarters of fiscal year 2019. During the fourth quarter of FY 2019 there was 14% decrease in contributions and a 23% increase in distributions. Strategic Insights, a company that provides research has noted that contributions to ABLE programs nationally tend to decrease during this same timeframe. Despite the reduction in contributions and the increase in distributions, the overall Assets Under Management continues to increase based on new account holders and earnings.

Enrollment by Disability Type

The disability diagnosis codes most often provided continued to be developmental or intellectual disability, accounting for the same percentage (70%) of account holders this year as last. Last year there was a difference of 20% between account holders who identified as having an intellectual disability vs. a developmental disability. The difference between the two categories shrank to only 4% by the close of the fiscal year.

During the last six months of FY19 there was an increased focus to provide outreach to people with psychiatric disorders and a slight increase (2%) in the number of beneficiaries that selected this category was noted.

Diagnosis Codes
FY 2018 and FY 2019



AVERAGE AGE

32

years old

GENDER

26%

Female

50%

Male

24%

Chose Not to Identify

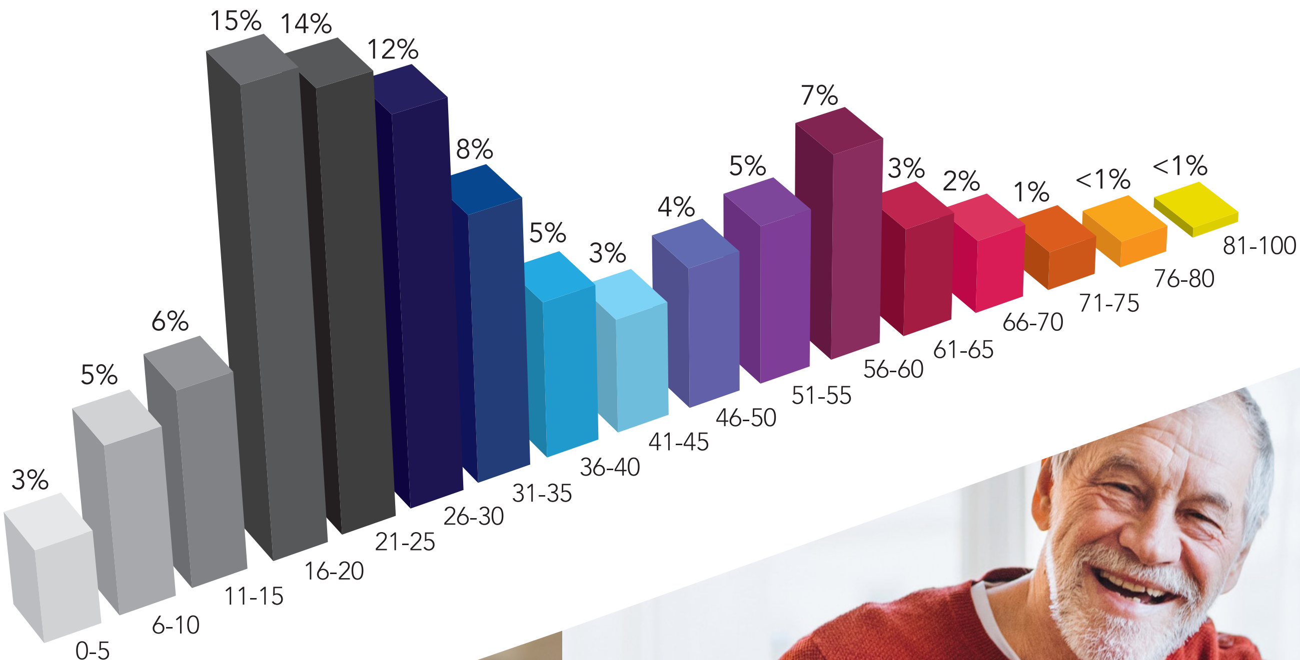
Enrollment by Age of Beneficiary

The age range for current beneficiaries represents a similar distribution of beneficiaries by age as last year. The average age for beneficiaries with Maryland ABLE accounts increased from 28 to 32 years old and spanned from newborn to ninety-four years of age. The age range for the majority of account holders is 16-30, representing 35% of account holders.

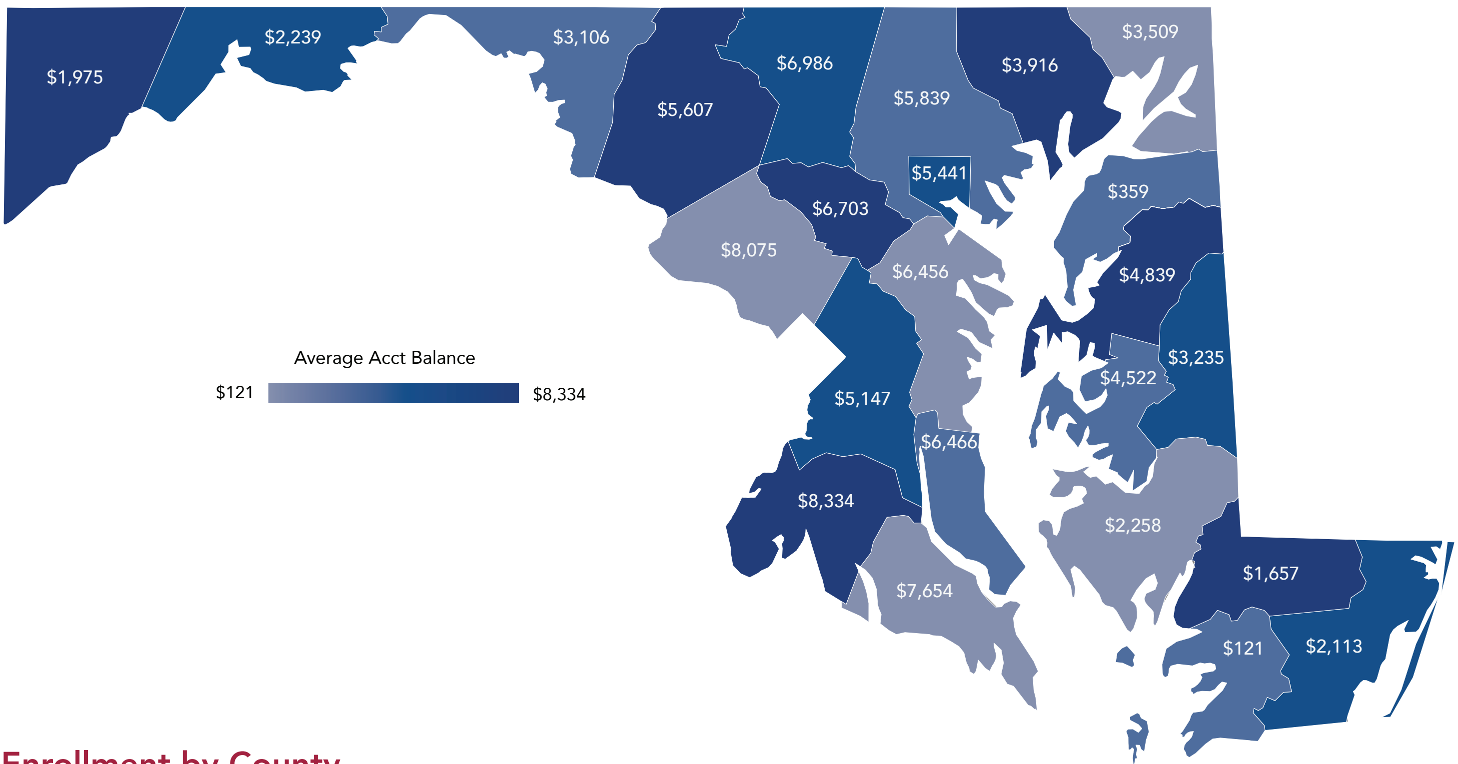
As a reminder, to be eligible for an ABLE account, the beneficiary has to be 26 years of age or younger at the onset of their qualifying disability. Disability advocates continue to lobby for the age of onset to be changed to 46 years or younger, which could change the current trend of new enrollees skewing younger.

Percentage of Beneficiaries by Age Range

FY 2019



Average Account Balance by County



Enrollment by County

Maryland ABLE now has account holders in every county in the state. One third of all account holders reside in one of two counties: Montgomery (23%) and Baltimore (12%). The top four counties in the State in terms of contributions to the Program were: Montgomery ($2.61 million), Baltimore ($1.03 million), Howard ($690,371), and Anne Arundel ($626,426) while the highest average account balances were in Montgomery ($8,075), Charles ($8,334), St. Mary's ($7,654), and Carroll ($6,986) counties.

Maryland ABLE allows for people with qualifying disabilities from other states to enroll in its ABLE program. At the end of FY19, there were 56 account holders from 23 different states outside of Maryland and the District of Columbia who had selected Maryland as their ABLE provider.

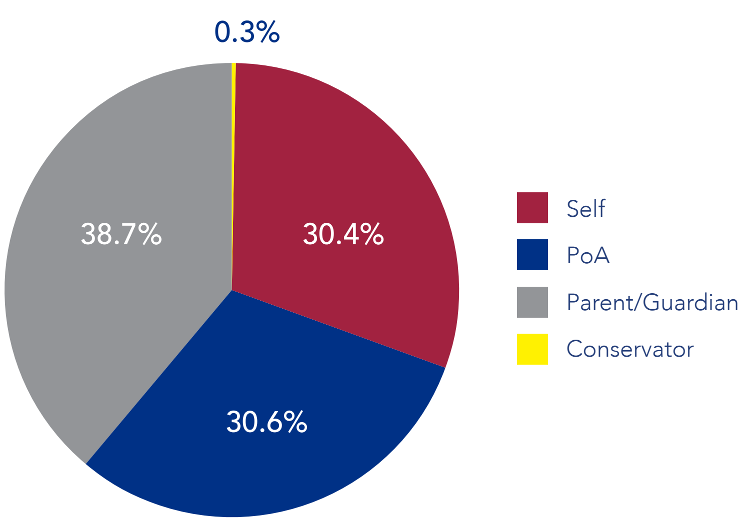
Enrollment by County

Montgomery	23%	Wicomico	2%
Baltimore	12%	Talbot	1%
Washington	8%	Charles	1%
Howard	7%	Worcester	1%
Anne Arundel	7%	Calvert	1%
Harford	6%	Allegany	1%
Frederick	6%	Caroline	1%
Prince George's	5%	Dorchester	1%
Baltimore City	4%	Queen Anne's	1%
Carroll	4%	Saint Mary's	<1 %
Cecil	2%	Somerset	<1 %
Garrett	2%	Kent	<1 %

Enrollment by Account Manager

While all ABLE accounts must have the same account holder and beneficiary, a beneficiary may list an authorized legal representative (“ALR”) to manage the account. The distribution of account manager has changed since FY 18 when half (50%) of all Maryland ABLE accounts were managed by a parent or legal guardian, 21% by a person holding power of attorney and 29% being self-managed. In FY 19, there was an 11% decrease in the percentage of parent/legal guardians managing accounts and a 10% increase in the percentage of a person acting as a Power of Attorney for the Beneficiary. These changes create a more equal distribution of the type of account manager between the Beneficiary, parent/guardian and, Power of Attorney.

Account Manager by Type



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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Maryland 529

Report on the Financial Statements

We have audited the accompanying financial statements of the Maryland ABLE program (the Program), consisting of the statement of fiduciary net position as of June 30, 2019, and the related statement of changes in fiduciary net position for the Program's trust activities for the year ended June 30, 2019; and the statement of net position as of June 30, 2019, and the related statement of revenue, expenses and change in net position and statement of cash flows for the Program's administrative activities for the year ended June 30, 2019 (a component unit of the State of Maryland), and the related notes to the financial statements, which collectively comprise the Program's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Program, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, as applicable, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Program's basic financial statements. The other data and information in the Annual Report, which includes the Maryland ABLE Features and Benefits, a profile of Maryland ABLE Account Holders, financial highlights and investment earnings by portfolio for the year then ended, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Owings Mills, Maryland
October 29, 2019

SB & Company, LLC

Our discussion and analysis of the ABLE Program's financial performance provides an overview of its financial activities for the fiscal-year ended June 30, 2019, with comparative FY 18 amount. This discussion is designed to provide a general overview of the Program's operations and Maryland 529's management analysis of its financial statements. The discussion should be read in conjunction with the Program's financial statements and notes, which begin on page 15. Inquiries may be directed to the Program at questions@marylandable.org or by mailing your request to Maryland ABLE, 217 E. Redwood Street, Suite 1350, Baltimore, MD 21202. The financial statements of the Program for the fiscal year ended June 30, 2019, have been audited by SB & Company, LLC, which is also the independent public accountants for the State of Maryland.

ABLE Program Financial Statements

We have prepared the Maryland ABLE Program's financial statements in accordance with the standards issued by the Governmental Accounting Standards Board (GASB). Financial statements provide information about the operation of the ABLE Program as a whole and present a long-term view of the Program's finances.

There are Financial Statements for two funds prepared to accurately represent the financial activities of Maryland ABLE Program.

1) The contributions received from account holders are held and invested, according to the account holder's investment selections, by the contracted Program Manager, Sumday Administration, LLC. The account values then change as earnings or losses are tallied as a result of the investment experience of the Portfolio Option chosen, as well as due to distribution requests of the account holder. The activities related to the Program Manager are presented as the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

2) The Administrative and Operational activities of Maryland ABLE are funded through the Maryland State Budget appropriations as well as the State's portion of the annual administrative account fee for each account and a certain percentage of the investment experience as described below. The activities related to the Administrative and Operational activities are presented as the Statement of Net Position, Statement of Revenue, Expenses and Change in Net Position and Statement of Cash Flows.

Program Fees

All fees received by the Program are used to offset expenses associated with administering the Maryland ABLE Program:

1) Account Fees - ABLE Accounts are charged an annual Account Maintenance Fee of $35 billed quarterly in arrears. The amount billed is prorated for the calendar quarter during which the ABLE Account is opened.

2) Investment Fees - Annual asset-based Administrative Fees of 0.30% charged by the Program and additional fees are charged by the Mutual Funds underlying each Investment Option. Each investment portfolio indirectly bears its pro-rata share of the fees and expenses of the underlying mutual funds in which it invests. These fees are not charged directly to a portfolio, but are included in the net asset value of the mutual funds held by the ABLE Program. The pro-rata share of the fees and expenses is calculated based on the amount that each portfolio invests in a mutual fund and the expense ratio (the ratio of expenses to average net assets) of that mutual fund. The Program Manager, Sumday, receives 0.10%; the Partner State, Oregon, receives 0.10%; and the Maryland ABLE Program receives 0.10% of the annualized Administrative Fee.

Revenue for the fiscal years 2019 and 2018 from ABLE account fees and investments were as follows:

Account and Investment Fees

	FY 2019	FY 2018
Account Fees	$ 4,752	$ 955
Investment Fees	4,984	875

Fiduciary Fund

Statement of Fiduciary Net Position

The Statement of Fiduciary Net Position presents the assets, liabilities, and net position of the Program Manager (Sumday Administration) as of June 30, 2019. Net position is defined as total assets less total liabilities. The Statement of Fiduciary Net Position, along with all of the Program's financial statements, is prepared using the accrual basis of accounting. Under this method of accounting, revenue and assets are recognized when the enrollment materials are received in good order, distributions are recognized when paid, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Program classifies assets and liabilities as current and noncurrent. Current assets consist primarily of investments, as well as cash and cash equivalents. Of these amounts, investments comprise 100% of current assets. As of June 30, 2019, the net position of the Program was $8.1 million and was based on cumulative account holder contributions less distribution. The following chart presents the condensed Statements of Net Position as of June 30, 2019 and 2018.

Statement of Fiduciary Net Position As of June 30, 2019

(amounts in thousands)

	As of June 30, 2019	As of June 30, 2018
ASSETS		
Current assets	$ 8,125	$ 2,337
Total	8,125	2,337
LIABILITIES		
Current liabilities		
Total	$ —	$ —
NET POSITION	$ 8,125	$ 2,337

Statement of Changes in Fiduciary Net Position for the year ended June 30, 2019

The Fiduciary Net Position is based on the activity presented in the Statement of Changes in Fiduciary Net Position. The purpose of this statement is to present both additions and deductions to the Program. Additions consist primarily of contributions from enrollments of new and existing account holders. Deductions are those expenses paid to an account holder for distributions and related administrative fees. For the fiscal-year ended June 30, 2019, the program reported additions of $6.7M, deductions of $1.2M and net position of $8.1M.

The chart below presents the condensed Statements of Changes in Fiduciary Net Position for the fiscal years ended June 30:

Statements of Changes in Fiduciary Net Position for the Years Ended June 30

(amounts in thousands)

	2019	2018
ADDITIONS		
Contributions:		
Account Holder Contributions	$ 6,711	$ 2,400
Account Fees	33	7
Total Contributions	6,744	2,407
Investment Income/(Loss), Net	301	(6)
DEDUCTIONS		
Distributions:		
Distribution to Account Holders	1,216	62
Administrative Expenses	8	2
Account Fees	33	
Total Deductions	1,257	64
Change in Net Position	$ 5,788	$ 2,337

Enterprise Fund

Budgetary Control and Financial Oversight

The ABLE Program is administered by Maryland 529, an independent State agency, which received $642,600 in Fiscal Year 2017 for startup costs in the form of an appropriation from the State of Maryland. As the Program matures, the Maryland 529 Board will develop procedures to reimburse the State of Maryland for the start-up costs. At the end of FY 2018, the Program had a balance of $292,285 from the startup fund, which was used to fund the Fiscal Year 2019 operations. As of June 30, 2019, all of the original startup funds had been spent. The Board, in accordance with the enabling legislation for Maryland 529, prepares and submits an annual budget to the Maryland General Assembly for informational purposes. Also, in accordance with its fiduciary obligations, each quarter the Board reviews a comparison of actual and budgeted expenditures in connection with its administration of the Program.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the administrative operations of the Program as of June 30, 2019. Net position is defined as total assets less total liabilities. The Statement of Net Position, along with all of the Program's financial statements, is prepared using the accrual basis of accounting. Under this method of accounting, revenue and assets are recognized when the enrollment materials are received in good order, distributions are recognized when paid, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Program classifies assets and liabilities as current and noncurrent. Current assets consist of cash and appropriations receivable from the State. Current liabilities consist of accounts payable and accrued expenses to vendors. As of June 30, 2019 and June 30, 2018, the net position of the administrative operations of the Program were $3,021 and $292,285 respectively.

The following chart presents the condensed Statements of Net Position as of June 30, 2019 and 2018.

(amounts in thousands)

	2019	2018
ASSETS		
Current Assets	$ 12	$ 296
Total current assets	**12**	**296**
LIABILITIES		
Current Liabilities	9	4
Total current liabilities	**9**	**4**
NET POSITION		
Unrestricted		
Total net position	**$ 3**	**$ 292**

Statement of Revenue, Expenses and Changes in Net Position

Net position is based on the activity presented in the Statement of Revenue, Expenses and Changes in Net Position. The purpose of this statement is to present both operating and non-operating revenue received and the expenses, gains and losses incurred by the Program. Operating revenue consist of administrative fees and investment plan fees. Operating expenses are those expenses paid to employees and to acquire goods or services. For the fiscal years ended June 30, 2019 and June 30, 2018, the Program reported an operating loss of $289,264 and $281,236 respectively.

The chart below presents the condensed Statements of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2019 and 2018:

(amounts in thousands)

	2019	2018
OPERATING REVENUE		
ABLE Investment Plan Fees	$ 10	$ 2
Total operating revenue	**10**	**2**
OPENING EXPENSES		
Operating Expenses	299	283
Total operating expenses	**299**	**283**
Operating Loss	(289)	(281)
Total Net Position, beginning of Year	292	573
Total net position, end of year	**$ 3**	**$ 292**

Statement of Cash Flows

The Statement of Cash Flows presents cash flows by the following categories: operating and related financing activities. The following chart presents the condensed Statement of Cash Flows for the fiscal years ended June 30, 2019 and 2018:

(amounts in thousands)

	2019	2018
CASH PROVIDED (USED) BY:		
Operating Activities	$ (270)	$ (294)
Non-Capital Financing Activities	279	(294)
Net Change in Cash and Cash Equivalents	9	—
Cash and cash equivalents, beginning of year	**—**	**—**
Cash and cash equivalents, end of year	$ **9**	$ **—**

Statement of Fiduciary Net Position for the Year Ended June 30, 2019

(amounts in thousands)

ASSETS		
Current assets:		
Investments, at fair value	$	8,125
Total current assets		**8,125**
LIABILITIES		
Current liabilities:		
Total current liabilities		**—**
NET POSITION	$	8,125

See accompanying notes to financial statements

Statement of Changes in Fiduciary Net Position for the Year Ended June 30, 2019

(amounts in thousands)

ADDITIONS		
Contributions:		
Account Holder Contributions	$	6,711
Account Fees		33
Total Contributions		**6,744**
Investment Income		
Investment Income/(Loss), Net		301
Total Additions		**7,045**
DEDUCTIONS		
Distributions:		
Distribution to Account Holders		1,216
Administrative Expenses		8
Account Fees		33
Total Deductions		**1,257**
Change in Net Position		5,788
Total Net Position, beginning of Year		2,337
Total Net Position, end of Year	$	8,125

See accompanying notes to financial statements

Statement of Net Position
As of June 30, 2019
(amounts in thousands)

		Administration/ Operating
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$	9
Accounts Receivable		3
Total current assets		**12**
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Expenses		1
Due to State of Maryland		8
Total current liabilities		**9**
NET POSITION		
Unrestricted		3
Total net position	$	3

See accompanying notes to financial statements

Statement of Revenue, Expenses and Change in Net Position for the Year Ended June 30, 2019

(amounts in thousands)

	Administration/ Operating
OPERATING REVENUE	
ABLE Investment Plan Fees	$ 10
Total operating revenue	**10**
OPERATING EXPENSES	
Salaries, Wages and Benefits	233
Travel	7
Marketing	26
Contractual Services	19
Fixed Charges	12
Other Operating Expenses	2
Total operating expenses	**299**
Operating Loss	(289)
Total Net Position, beginning of Year	292
Total net position, end of year	**$ 3**

See accompanying notes to financial statements

Statement of Cash Flows
for the Year Ended June 30, 2019
(amounts in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from:		
ABLE Investment Plan fees	$	9
Payments to:		
Employees		(233)
Vendors		(46)
Net Cash from Operating Activities		(270)
Cash Flows from Non Capital Financing Activities:		
Receipt from Primary Government		279
Net Increase in Cash and Cash Equivalents		9
Cash and cash equivalents, beginning of year		—
Cash and cash equivalents, end of year	$	9
Reconciliation of operating loss to net cash from operating activities:		
Operating Loss	$	(289)
Adjustments to reconcile operating loss to net cash from operating activities:		
Effect from change in non-cash operating assets and liabilities:		
Accounts Receivable		16
Accounts Payable and Accrued Expenses		3
Net Cash from Operating Activities	$	(270)

See accompanying notes to financial statements

Notes to Financial Statements Year Ended June 30, 2019

1. Organization and Purpose

The ABLE program was designed to provide people with qualified disabilities a new way to save and invest for their future without jeopardizing access to federal and state means-tested benefits. The Program permits the Beneficiary of an ABLE Account to contribute and invest funds, enjoy tax-free growth on the earnings of the account, and make tax-free withdrawals to pay for Qualified Disability Expenses. Amounts in an ABLE Account up to $100,000 are disregarded for purposes of determining the Beneficiary's eligibility to receive benefits under the federal Supplemental Security Income program ("SSI"), and all amounts in an ABLE Account are to be disregarded in determining the Beneficiary's eligibility to receive benefits under any other federal or state means-tested program. During 2019, individuals could contribute up to $15,000 per Beneficiary in annual contributions to an ABLE account with an opportunity for the beneficiary to contribute up to approximately $12,000 more in ABLE to Work contributions. Additional features of the Maryland ABLE program include the opportunity to contribute up to a maximum account value of $500,000 (effective December 1, 2018) over the life of the account, and access to an income deduction of up to $2,500 per contributor per ABLE account on an individual's Maryland State taxes.

Maryland ABLE, a component unit of the State of Maryland, is overseen by the Maryland 529 Board. The Board consists of 11 members. Six members of the Board (the Maryland State Comptroller, the Maryland State Treasurer, and the Secretary of the Maryland Higher Education Commission, the Maryland State Superintendent of Schools, the Chancellor of the University System of Maryland and the Secretary of Disabilities) serve ex-officio. The five remaining members are appointed by the Governor from the private sector; must have significant experience in finance, accounting, investment management, or other areas that can be of assistance to the Board; have taken an oath of office; and are required to file annual financial disclosure statements with the Maryland State Ethics Commission. Board members receive no compensation for their services to Maryland 529; however, they are entitled to reimbursement for expenses incurred in the performance of their duties. The Board has general and fiduciary responsibility for Maryland ABLE as a whole.

There are certain costs incurred by Maryland 529 that are not allocated to the Program. Thus, the results of the administrative activities of the Program do not represent the operations as a standalone entity.

Federal law, Maryland State law, applicable federal and State regulations, the Program Disclosure Booklet and the Participation Agreement govern the terms of Maryland ABLE accounts. Any amendments to applicable federal or State law or regulations, the Program Disclosure Booklet, or the Participation Agreement, change the features of Maryland ABLE account when such amendments become effective.

2. Summary of Significant Accounting Policies

We have prepared the Maryland ABLE Program's financial statements in accordance with the standards issued by the Governmental Accounting Standards Board (GASB). Financial statements provide information about the operation of the Program as a whole and present a view of the Program's finances as of and for the year then ended.

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure as of the date of the financial statements. Actual results could differ from those estimates. Therefore, the accompanying financial statements have been prepared on the accrual basis of accounting whereby revenue is recorded when earned and expenses are recorded when incurred, regardless of the timing of cash flows.

The accompanying basic Financial Statements of the Program consists of two funds.

Fiduciary Fund

The Program's investments are reported in the fiduciary fund. Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

Financial statements used to present fiduciary fund financial information include:

- Statement of fiduciary net position
- Statement of changes in fiduciary net position

(i) The contributions received from account holders are held and invested, according to the account holder's investment selections, by the contracted Program Manager, Sumday Administration, LLC. The account values then change as earnings or losses are tallied as a result of the investment experience of the Portfolio Option chosen as well as due to distribution requests of the account holder. The activities related to the Program Manager are presented in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

Enterprise Fund

The administrative activities operated by the Program are accounted for as an enterprise fund. An enterprise fund focuses on the flow of economic resources, which together with the maintenance of equity, is an important financial indicator.

(i) The Administrative and Operational activities are funded through the Maryland State Budget appropriations in fiscal year 2017 in the amount of $642,600, as well as the State's portion of the annual administrative account fee for each account. The activities related to the Administrative and Operational activities are presented in the Statement of Net Position, the Statement of Revenue, Expenses and Change in Net Position and Statement of Cash Flows.

(ii) The net position is classified as unrestricted assets. It distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with the Program's principal ongoing operations.

Revenue and expenses not meeting this definition are reported as non-operating revenue and expenses. The principal operating revenue is the Investment Plan fees.

New Accounting Pronouncements

The GASB has issued Statement No. 84, Fiduciary Activities; Statement No. 87 ,Leases; Statement No. 90, Majority Equity Interests- an amendment of GASB Statements No.14 and No. 61; and Statement No.91, Conduit Debt Obligations; which will require adoption in the future, if applicable. These statements may or will have a material effect on the agency's financial statements once implemented. The agency will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

3. Tax Exempt Status

The Program is exempt from Federal taxation in accordance with Section 529A of the Internal Revenue Code. Additionally, the Program is exempt from Maryland State and local taxation in accordance with the Enabling Legislation.

4. Investments

The Maryland ABLE Investment Policy, adopted by the Board, specifies the number of investment options and the general character and composition of each investment option. Based on these guidelines, detailed asset allocations have been developed and Underlying Mutual Funds have been selected for each Portfolio. The Program is not restricted in its investments by legal or contractual provisions.

Investments are stated at fair value, which GAAP defines as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Program investment options are comprised of only mutual funds, which are valued at the mutual fund's closing net asset value (NAV) per share on the date of valuation.

Various valuation techniques and inputs are used to determine the fair value of investments. GAAP establishes the following fair value hierarchy that categorizes the inputs used to measure fair value:

LEVEL 1 – quoted prices (unadjusted) in active markets for identical financial instruments that the Program can access at the reporting date

LEVEL 2 – inputs other than Level 1 quoted prices that are observable, either directly or indirectly (including, but not limited to, quoted prices for similar financial instruments in active markets, quoted prices for identical or similar financial instruments in inactive markets, interest rates and yield curves, implied volatilities, and credit spreads)

LEVEL 3 – unobservable inputs

Because the investment options of the program are mutual funds that are actively traded at publicly available NAVs, all investments are classified as Level 1 as of June 30, 2019. Changes in unrealized gain/ loss resulting from changes in the fair values of investments are recognized daily in each account holder's net asset value per unit and, for the fiscal year, are reflected in aggregate in the Program's accompanying Statement of Changes in Fiduciary Net Position. An account holder's investments in mutual funds expose them to certain risks, including market risk in the form of equity price risk — that is, the potential future loss of value that would result from a decline in the fair values of the Underlying Mutual Funds. Each Underlying Mutual Fund and its underlying net assets are also subject to market risk that may arise from, among other things, changes in equity prices, credit ratings, foreign currency exchange rates, and interest rates. Each Underlying Mutual Fund that invests in bonds is subject to certain risks, including interest rate risk, which is the risk associated with a decline in bond prices that usually accompanies a rise in interest rates.

The program investment in mutual funds is not subject to classification by credit risk. There is no foreign current risk. The volatility of interest rates is monitored and appropriate actions taken.

ABLE Investment Options for Year Ended June 30, 2019

As of June 30, 2019, ABLE account holders held the following aggregate investments in mutual funds and cash.

CONSERVATIVE

	Cost	Gain / Loss	Fair Value
Vanguard Total Stk Mkt Idx Adm	$ 39,749	$ 2,928	$ 42,677
Vanguard Total Intl Stock Idx Adm	41,065	1,209	42,274
Vanguard ST Bond Index Adm	102,067	2,709	104,776
Vanguard Total Intl Bond Index Adm	41,035	755	41,790
Vanguard Short-Term TIPS Fund Adm	36,524	1,562	38,086
Vanguard Total Bond Index Inst	146,171	6,475	152,646
Total	**406,611**	**15,638**	**422,249**

MODERATE

	Cost	Gain / Loss	Fair Value
Vanguard Total Stk Mkt Idx Adm	402,910	33,710	436,620
DFA Global Real Estate	32,993	2,691	35,684
Vanguard Total Intl Stock Idx Adm	424,313	7,267	431,580
Vanguard Short-Term TIPS Fund Adm	171,974	8,322	180,296
Vanguard Total Bond Index Inst	689,286	33,272	722,558
Total	**1,721,476**	**85,262**	**1,806,738**

AGGRESSIVE

	Cost	Gain / Loss	Fair Value
Vanguard Total Stk Mkt Idx Adm	840,287	68,378	908,665
DFA Global Real Estate	82,517	6,517	89,034
Vanguard Total Intl Stock Idx Adm	888,133	10,206	898,339
Vanguard Short-Term TIPS Fund Adm	64,401	3,069	67,470
Vanguard Total Bond Index Inst	279,951	12,940	292,891
Total	**2,155,289**	**101,110**	**2,256,399**
Investment Options	**4,283,376**	**202,010**	**4,485,386**
CASH			
Cash	3,639,205	—	3,639,205
Total Assets	**$ 7,922,581**	**$ 202,010**	**$ 8,124,591**

(Totals may not add due to rounding)

Fiduciary Fund

Market Commentary

This commentary looks back at the period of performance reported in the annual report and reflects on key market themes during the period July 1, 2018 through June 30, 2019.

Capital markets were impacted over the trailing twelve months by escalating geopolitical challenges and fluctuating interest rates. In December, the Federal Reserve suggested the possibility of more interest rate hikes in 2019 following four interest rate increases in all of 2018. The market responded negatively to these potential cuts and the equity markets declined sharply during the last month of 2018. The Federal Reserve quickly reversed course in early 2019 and signaled that it may cut rates.

Overall, the first half of 2019 was positive for financial markets thanks to strong economic fundamentals and expected interest rate cuts by the Federal Reserve. At fiscal year-end, unemployment remained low at 3.7% with inflation (1.8% year over year) near the Federal Reserve's long-term target of 2%. However, there were increasing concerns about a global economic slowdown and was reflected in GDP numbers for both the first and second quarters of 2019.

Fixed Income

Falling interest rates boosted bond prices and, accordingly, the benchmark for bonds, the Bloomberg BarCap U.S. Aggregate Bond Index, returned 7.9% as of June 30, 2019 for the one year period. The U.S.-China trade deal turned hot one month and cold the next in 2Q19 and caused volatility in pricing of different bonds. However, a pessimistic market outlook led to an increase in bond prices as investors looked for safer areas for their capital.

U.S. Equity

U.S. equity markets were turbulent during the second half of 2018 as investors dealt with a variety of concerns including slowing global growth, tighter financial conditions, and growing trade tensions. Large cap equities, as measured by the S&P 500, dropped 13.5% in 4Q 2018. However, U.S. equities benefitted from the prospect of lower interest rates and rebounded significantly during the first six months of 2019. Accordingly, the S&P 500 returned 10.4% for the 1-year return as of June 30, 2019.

Growth continued to outperform value and large cap stocks outperformed small cap stocks. Low interest rates and the expectation for additional interest rate cuts benefitted bond alternative investment areas (i.e. utilities, real estate) as well as assets that are held for longer periods (i.e. growth stocks). Earnings growth has come down across the market. However, expectations have fallen by a greater amount for small caps than mid and large caps. This along with the generally longer cycle of small cap companies explains why smaller cap has lagged larger cap year to date.

International Equity

The first half of 2019 was positive for both developed and emerging markets, albeit choppy at times. All major international indices posted positive returns, and except for emerging market small cap, have delivered double-digit year-to-date returns. Developed markets (+14.0%) outperformed emerging markets (+10.6%). Overall, broad international equities, as measured by the MSCI ACWI ex-US, returned only 1.3% for the one-year period ending June 30, 2019 due to a weak finish in 2018.

Investor optimism over the potential rate cuts of the major central banks pushed equity prices higher, despite a rocky April / May and continued to weigh on earnings growth for companies. Market volatility in the first half of the year was fueled by fears of slower growth and the continued impasse and irresolution on key macro issues from 2018.

In April, the Brexit deadline was extended to October 31st after the second failed attempt to pass a deal through Parliament. After three failed attempts at devising an unobjectionable divorce deal, Prime Minister (PM) Theresa May resigned on May 24th, which set the stage for a new Conservative PM. On July 23rd, Boris Johnson was elected as the country's new PM.

During the second quarter, a continued barrage of trade threats and subsequent positive talks whipsawed the market. Mexico was caught in the U.S. crosshairs over immigration, with the Trump administration threatening increased tariffs on Mexican imports in late May. This sent a shock wave to both domestic and foreign automobile makers. U.S. - China negotiations have been particularly tough on markets, as exports from China suffered a surprising drop in April on the back of heightened tension.

Real Estate

Real estate performance continues to moderate with a one-year return of 6.5% as of June 30, 2019. Returns were dragged down by write-downs in the retail sector while the industrial sector continued to drive performance. Appreciation was muted and returns were driven predominantly by income. Overall fundamentals remain strong (occupancy, new supply, rents) and going forward the focus is on annual revenue growth. Public Real Estate Investment Trusts (REITs), which are more closely correlated to equity markets fared much better, returning 12.6% for the 1-year period ending June 30, 2019.

Investment Earnings by Portfolio

The Cash Option and the Investment Options were launched in December 2017. Each Investment Option is invested in low-cost index mutual funds that replicate the risk and return characteristics of the index they track.

The investment earnings for each portfolio are listed below.

Performance Comparison and Asset Distribution as of June 30, 2019

	Program Market Value as of 6/30/19 *(in thousands)*	YTD	Fiscal Year ending 6/30/19	Inception to Date	Inception Date
Cash	$ 3,639	1.0%	1.9%	2.4%	12/1/2017
Conservative	$ 422	6.9%	6.2%	3.6%	12/1/2017
Moderate	$ 1,807	10.7%	6.3%	4.0%	12/1/2017
Aggressive	$ 2,256	14.2%	5.5%	4.7%	12/1/2017

Please keep in mind that past performance is not indicative of future results.

Cash Option

The Cash Option is designed to protect the principal amount contributed. The Cash Option deposits 100% of its funds into an FDIC-insured account with The Bank of New York Mellon. The cash option closely tracks short term interest rates.

Performance through 06/30/2019, net of fees

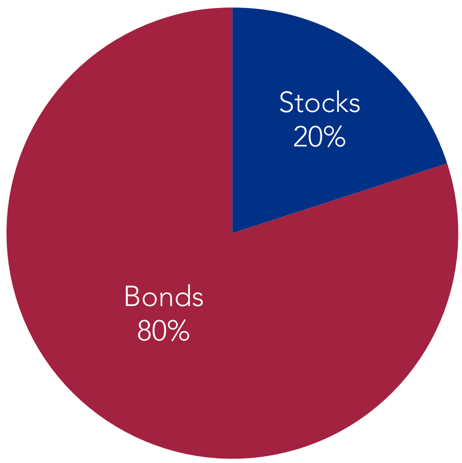
	1-Year Return	Since Inception (12/2017)
Cash Option	1.9%	2.4%
91 Day T-Bills Benchmark	2.3%	2.0%

Conservative Portfolio Option

The ABLE Conservative Portfolio seeks to provide current income and some growth by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 20% stocks and 80% bonds. Overall, there's a small amount of risk and limited appreciation potential, designed for a shorter investment period.

Bonds represent 80% of the Conservative Investment Option and returned 6.3% for the year ending June 30, 2019. Falling interest rates during the first half of 2019 supported both equity and fixed income markets. Despite concerns around a slowdown in global growth and on-going trade tensions, non-US equity, which represents 10% of the Conservative Investment Option, increased 1.3% over the trailing twelve months. U.S. equity, representing 10% of the Conservative Investment Option, experienced a more significant rally and returned 10.4% over the same time period.

Target Asset Allocation



Asset Allocation

Underlying Funds	Allocation
Vanguard Total Bond Market	36%
Vanguard Short-Term Bond	25%
Vanguard Short Term Inflation Protected	10%
Vanguard Total Stock Market	10%
Vanguard Total International Stock Market	10%
Vanguard Total International Bond	9%

Performance through 06/30/2019, net of fees

	1-Year Return	Since Inception (12/2017)
Conservative Investment Option	6.2%	3.6%
Weighted Benchmark*	6.3%	3.8%

Please keep in mind that past performance is not indicative of future results.

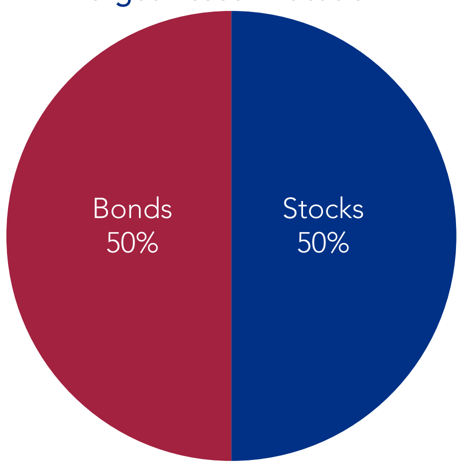
*The Conservative Weighted Benchmark is composed of 36% Barclays Aggregate, 9% Barclays Global Aggregate, 25% Barclays Govt/Credit 1-5 Yr, 10% Barclays U.S. Treasury TIPS 0-5 Yr, 10% CRSP Total Stock Market, and 10% FTSE Global All-Cap ex-U.S.

Moderate Portfolio Option

The ABLE Moderate Portfolio seeks to provide a combination of growth and current income by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 50% stocks and 50% bonds. Overall, there's a medium level of risk for a pursuit of investment return, designed for a medium or uncertain time horizon.

Bonds represent 50% of the Moderate Investment Option and returned 5.5% for the year ending June 30, 2019. Falling interest rates during the first half of 2019 supported both equity and fixed income markets. Despite concerns around a slowdown in global growth and on-going trade tensions, non-US equity, which represents 24% of the Moderate Investment Option, increased 1.3% over the trailing twelve months. U.S. equity, representing 24% of the Moderate Investment Option, experienced a more significant rally and returned 10.4% over the same time period.

Target Asset Allocation



Asset Allocation

Underlying Funds	Allocation
Vanguard Total Bond Market	40%
Vanguard Total Stock Market	24%
Vanguard Total International Stock Market	24%
Vanguard Total International Bond	10%
DFA Global Real Estate	2%

Performance through 06/30/2019, net of fees

	1-Year Return	Since Inception (12/2017)
Moderate Investment Option	6.3%	4.0%
Weighted Benchmark*	6.7%	4.4%

Please keep in mind that past performance is not indicative of future results.

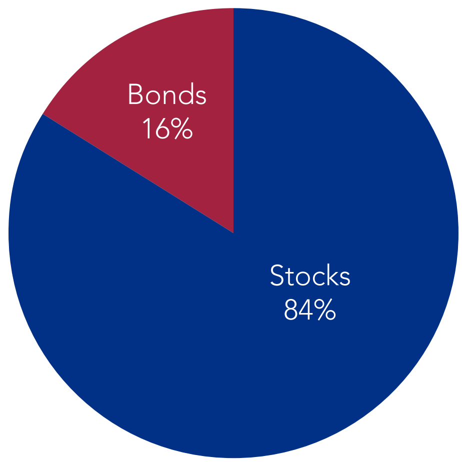
*The Moderate Weighted Benchmark is composed of 40% Barclays Aggregate, 10% Barclays Global Aggregate, 24% CRSP Total Stock Market, 24% FTSE Global All-Cap ex-U.S., and 2% S&P Global REIT.

Aggressive Portfolio Option

The ABLE Aggressive Portfolio seeks to provide the potential to grow by investing in a portfolio of mutual funds intended to produce an overall investment exposure of approximately 84% public stocks and 16% bonds. Overall, there's a higher level of risk and potential for return (or loss), designed for a longer investment period (10 years or more).

Bonds represent 16% of the Aggressive Investment Option and returned 5.5% for the year ending June 30, 2019. Falling interest rates during the first half of 2019 supported both equity and fixed income markets. Despite concerns around a slowdown in global growth and on-going trade tensions, non-US equity, which represents 40% of the Aggressive Investment Option, increased 1.3% over the trailing twelve months. U.S. equity, representing 40% of the Aggressive Investment Option, experienced a more significant rally and returned 10.4% over the same time period.

Target Asset Allocation



Asset Allocation

Underlying Funds	Allocation
Vanguard Total Stock Market	40%
Vanguard Total International Stock Market	40%
Vanguard Total Bond Market	13%
DFA Global Real Estate	4%
Vanguard Total International Bond	3%

Performance through 06/30/2019, net of fees

	1-Year Return	Since Inception (12/2017)
Aggressive Investment Option	5.5%	4.7%
Weighted Benchmark*	5.7%	4.4%

Please keep in mind that past performance is not indicative of future results.

*The Aggressive Weighted Benchmark is composed of 13% Barclays Aggregate, 3% Barclays Global Aggregate, 40% CRSP Total Stock Market, 40% FTSE Global All-Cap ex-U.S., and 4% S&P Global REIT.

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