The College Savings Foundation

Audited Financial Statements
As of and for the year ended
December 31, 2013

AFFLUENT FINANCIAL SERVICES LLC

Certified Public Accountants

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Report of Independent Auditors

To the Executive Committee and Board of Directors of
The College Savings Foundation:

Report on the Financial Statements
We have audited the accompanying financial statements which comprise statement of financial position of The College Savings Foundation (the "Foundation") as of December 31, 2013, and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The College Savings Foundation as of December 31, 2013, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matter

Our audit was performed for the purpose of forming an opinion on the basic financial statements of The College Savings Foundation taken as a whole. The information on page 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the management of the Foundation. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

As part of our audit of the December 31, 2013 financial statements, we also audited the adjustments described in Note 7 that were applied to restate the 2012 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, compile or apply any procedures to the 2012 financial statements of the entity other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2012 financial statements as a whole.

AFFLUENT FINANCIAL SERVICES LLC

May 7, 2014

The College Savings Foundation
Statement of Financial Position
As of December 31, 2013

Assets		
Current Assets:		
Cash and cash equivalents	$	132,452
Membership dues receivable		67,500
Deposits		7,750
Prepaid expenses		968
Total current assets		208,670
Total assets	$	208,670
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	$	30,843
Deferred membership dues		27,500
Deferred conference income		24,400
Total current liabilities		82,743
Total liabilities		82,743
Net Assets:		
Unrestricted net assets		125,927
Total net assets		125,927
Total liabilities and net assets	$	208,670

The accompanying notes are an integral part of these financial statements.

The College Savings Foundation
Statement of Activities and Changes in Net Assets
For the year ended December 31, 2013

		Unrestricted
Revenues		
Membership dues	$	337,904
Conferences		83,850
In-kind services		4,219
Interest		541
Other		253
Total revenues		426,767
Expenses		
Program services		315,087
Supporting services:		
General and administrative		141,010
Fund raising		-
Total Supporting services		141,010
Total expenses		456,097
Change in net assets		(29,330)
Net assets, beginning of year		184,707
Adjustment to net assets, beginning of year		(29,450)
Net assets, end of year	$	125,927

The accompanying notes are an integral part of these financial statements.

The College Savings Foundation
Statement of Cash Flows
For the year ended December 31, 2013

Cash flows from operating activities		
Change in net assets	$	(29,330)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Change in operating assets and liabilities:		
Decrease in membership dues receivable		5,500
Increase in deposits		(7,750)
Decrease in prepaid expenses		9,032
Decrease in accounts payable and accrued expenses		(355)
Decrease in deferred membership dues		(63,104)
Increase in deferred conference income		24,400
Net cash used in operating activities		(61,607)
Net decrease in cash and cash equivalents		(61,607)
Cash and cash equivalents, beginning of year		214,509
Adjustment to cash and cash equivalents, beginning of year		(20,450)
Cash and cash equivalents, beginning of year (restated)		194,059
Cash and cash equivalents, end of year	$	132,452

The accompanying notes are an integral part of these financial statements.

1. Foundation

The College Savings Foundation (the "Foundation" or "CSF") was incorporated in 2003 as a not-for-profit Foundation in the District of Columbia. The purpose of the Foundation is to help American families achieve their education goals by working with public policy makers, media representatives and financial services industry executives in support of education savings programs.

The Foundation serves the education savings industry as a central repository of information and an expert resource for its members and for representatives of state and federal government, institutions of higher education and other related Foundations and associations. A primary focus of the Foundation is building public awareness of and providing public policy support for Internal Revenue Code Section 529 plans.

Primary sources of funding include membership dues and income from seminars and conferences.

The Board of Directors (the "Board") appoints members to Committees that manage various activities and issues. Significant Committees and their responsibilities are as follows:

a. **Executive Committee** is responsible to manage the affairs of the Foundation between meetings of the Board of Directors, subject to ratification of its actions by the Board, and to direct the activities of the Executive Director. The Executive Committee recommends policies and financial and operational programs to the Board of Directors, based upon its own studies, as well as upon recommendations submitted by the Executive Director.

b. **Finance and Budget Committee** is responsible for reviewing the annual operating budget and periodic financial reports of the Foundation, and presents its recommendations to the Executive Committee and to the Directors. The Finance Committee recommend policies concerning management of the financial resources of the Foundation, systems for internal financial control, allocation of funds, and the general dues structure, including those revisions to the structure deemed necessary to provide the required revenue.

c. **Government Affairs Committee** is responsible for monitoring state and federal legislative developments that may impact qualified tuition programs, formulating strategies, and making recommendations regarding advocacy to influence such legislation.

d. **Industry Data Committee** is responsible for gathering and disseminating data concerning the number and kind of qualified tuition programs; the amounts of assets and numbers of accounts in such programs; and such other information as may be useful in evaluating and promoting the college savings industry.

e. **Legal and Regulatory Affairs Committee** is responsible for monitoring and responding to the activities of the various regulatory bodies that impact qualified tuition programs, including without limitation the SEC, MSRB, Treasury, and IRS. When such bodies propose legislative changes, the Chair alerts the Chair of the Government Affairs Committee and assists the Government Affairs Committee to the extent requested. In addition, this Committee monitors and reports on any litigation, whether state or federal, impacting 529 Plans.

f. **Media Relations Committee** is responsible for monitoring the press regarding qualified tuition programs, for developing informational campaigns, and for arranging press releases and media appearances in which members of the Foundation may take part.

g. **Other Committees** - The Directors or Executive Committee may form other Committees as deemed necessary for specific tasks or projects, or to provide needed advisory services. Such Committees are appointed by the Chair, who also appoints a Chair for each Committee. The terms of office for members of such Committees expire upon completion of the specific task or project undertaken.

2. Summary of significant accounting policies

Basis of accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting which conforms to accounting principles generally accepted in the United States of America. In accordance with this method of accounting, revenue is recognized in the period in which it is earned and expenses are recognized in the period in which they are incurred.

Cash and cash equivalents

Cash and cash equivalents consist of primarily cash and investments in money market funds with original maturity dates of 90 days or less. The carrying value of these cash equivalents approximates fair value at year end.

Dues receivable and allowance for doubtful accounts

Dues receivable are recorded at the net realizable value. The Foundation records an allowance for doubtful accounts on its outstanding receivables based on its collection history, analysis of subsequent collections, and specific identification of uncollectible accounts. As of December 31, 2013, management believes no allowance is necessary.

Classification of Net Assets

Net assets are classified as unrestricted, temporarily restricted, and permanently restricted based on the existence or absence and the nature of donor-imposed restrictions. These classifications are defined as follows:

- *Unrestricted net assets* generally result from unrestricted membership dues, conference income, unrealized and realized gains and losses, and interest and dividends from investing in income-producing assets, less the expenses incurred to various program services and performing administrative functions. Unrestricted net assets are those whose use by the Foundation is not subject to any donor-imposed stipulations. Board designated voluntary restrictions, such as voluntarily earmarking assets for a particular purpose, are included among the unrestricted net assets of the Foundation. The Board is free to designate certain portions of its funds for certain activities; however, these are included among unrestricted net assets since they are not bound by restrictions imposed by an external donor.

- *Temporarily restricted net assets* are those whose use by the Foundation is subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. Generally donors restricted contributions are reported as temporarily restricted support even if those restrictions are met in the same reporting period the contributions are received. When these restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

- *Permanently restricted net assets* are those whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation. Income from these assets can be unrestricted or restricted based on donor stipulations.

As of December 31, 2013, the Foundation did not have any temporarily or permanently restricted net assets.

Membership dues

Membership dues are recognized as revenue based on the period of membership covered by the dues. The portion of the members' dues relating to future periods is reported as deferred membership dues on the statement of financial position.

Seminars and Conferences

Receipts and expenditures relating to seminars and conferences are reported as deferred conference income until the event takes place. At that time, the receipts and expenditures are reported as conference income and conference expenses, respectively.

Fair value of financial instruments

Fair value of cash and cash equivalents, membership dues receivable, accounts payable and accrued expenses, deferred membership dues and deferred conference income approximate cost due to the short period of time to maturity.

Donated (in kind) services and materials

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. During the year ended December 31, 2013, the Foundation received donated services in the total amount of $4,219.

Donations of materials are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. During the year ended December 31, 2013, the Foundation did not receive donated materials.

Functional allocation of expenses

The cost of providing program and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, expenses that can be identified with the Foundation's program have been allocated to the program expenses according to their natural expense classifications, and indirect expenses have been allocated among the program and supporting activities benefited that includes an allocation of personnel and overhead expenses based upon the estimated amount of time worked by employees and other relationships.

Supporting Activities:

- *Management and general* – All expenses that are not directly related to specific program or fundraising functions incurred by the Foundation in the accomplishment of its tax exempt purposes.

- *Fundraising* – All expenses incurred to request additional support from contributors for various programs and projects.

Income taxes

The Foundation is exempt from federal and state income taxes, other than on unrelated business income, under Section 501(c)(6) of the Internal Revenue Code (the "Code) and is classified as an Organization that is not a private foundation under section 509 (a) of the Code. For the year ended December 31, 2013, the Foundation did not have any unrelated business income. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements. There were no uncertain tax positions as of December 31, 2013.

The Foundation's tax returns are subject to review and examination by federal, state and local authorities. As of December 31, 2013, the tax returns for the years ended December 31, 2010, 2011 and 2012, respectively, are open to examination by federal, state and local authorities. Management does not believe that the ultimate outcome of any future examinations of open tax years will have a material impact on the Foundation's result of operations.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. Concentration of credit risk

Financial instruments that potentially subject the Foundation to significant concentration of credit risk consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained at one financial institution and, at times, balances may exceed federally insured limits. The Foundation has not experienced any such losses in the past related to these balances.

4. Related Party Transactions

During the year ended December 31, 2013, the Foundation paid $137, 822 to "*Capital Concepts Consulting LLC (Capital Concepts)*", owned by the Executive Director of the Foundation. Capital Concepts through the Executive Director provides management function to the Foundation. It also provides other consulting services to expand membership, improving the quality and timeliness of information provided to CSF members, and increasing the Organization's effectiveness in achieving its policy objectives.

5. Commitments and contingencies

As of December 31, 2013, The Foundation had entered into a hotel reservation contract for an event scheduled in 2014. Cancellation of this contract may result in penalties as stipulated in this agreement. The maximum liability under this agreement as of December 31, 2013 approximates $50,600.

6. Subsequent events

In preparing these financial statements, management of the Foundation has evaluated events and transactions for potential recognition or disclosure through May 7, 2014, the date the financial statements were available to be issued.

7. Restatement of 2012 financial statements

The Foundation incorrectly recorded $20,450 as un-deposited funds and income from membership dues in prior years. Opening unrestricted net assets and cash and cash equivalents balance as of January 1, 2013 were restated to reduce cash and cash equivalents (un-deposited funds) and unrestricted net assets balance by $20,450.

The Foundation recorded $19,000 as management fee and other consulting expenses in 2013 pertaining to services provided in December 2012. Opening unrestricted net assets as of January 1, 2013 were restated to accrue this liability as of end of the fiscal year 2012.

During 2012, the Foundation paid $10,000 for expenses related to the 2013 conference and recorded as conference expense in 2012 rather than prepaid expenses. Opening unrestricted net assets and prepaid expenses as of January 1, 2013 were restated to increase their respective balances by $10,000.

The Foundation restated its opening "unrestricted net assets", "accounts payable and accruals", "cash and cash equivalents (un-deposited funds)" and "prepaid expenses" as of January 1, 2013 as follows:

	As of December 31, 2012	Reclassification	Restated as of January 1, 2013
Unrestricted net assets	$ 184,707	$ (29,450)	$ 155,257
Total net assets	$ 184,707	$ (29,450)	$ 155,257
Cash and cash equivalents (Undeposited funds)	$ 30,950	$ (20,450)	$ 10,500
Accounts payable and accruals	$ 12,198	$ 19,000	$ 31,198
Prepaid expenses	$ -	$ 10,000	$ 10,000

The College Savings Foundation
Supplemental Schedule of Functional Expenses
For the year ended December 31, 2013

	Public Policy	Seminar and Conferences	Media Relations	Industry Data Project	Website Development	Total Program	Management and General	Fundraising	Total
Expenses									
Management fee	-	7,500	-	-	-	7,500	108,000	-	115,500
Professional fee	-	-	48,000	41,500	1,107	90,607	10,826	-	101,433
Lobbying	120,000	-	-	-	-	120,000	-	-	120,000
Advertising and promotions	-	85	-	-	-	85	-	-	85
Telephone and fax	6	-	-	-	-	6	6,292	-	6,298
Office expenses	-	-	-	-	-	-	125	-	125
Internet	-	600	-	-	-	600	295	-	895
Conferences	-	55,568	-	-	-	55,568	-	-	55,568
Bank and credit card fee	-	-	-	-	-	-	5,794	-	5,794
Printing and stationary	-	9,669	-	-	-	9,669	2,490	-	12,159
Insurance	-	-	-	-	-	-	2,082	-	2,082
Postage and shipping	-	-	-	-	-	-	146	-	146
Special projects	-	-	14,108	5,000	-	19,108	-	-	19,108
Miscellaneous	1,738	5,782	4,424	-	-	11,944	4,960	-	16,904
Total Expenses	**121,744**	**79,204**	**66,532**	**46,500**	**1,107**	**315,087**	**141,010**	**-**	**456,097**