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May 7, 2014

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

In planning and performing our audit of the financial statements of The College Savings Foundation ("CSF" or the "Foundation") as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies or other control deficiencies.

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. We consider the following deficiencies in the Foundation's controls to be material weaknesses:

1. Oversight of the Financial Reporting Process

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, results of operations, cash flows, and disclosures in the financial statements, in conformity with U.S. GAAP. The Foundation does not have a complete system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with U.S. GAAP. Foundation does not currently have internal resources knowledgeable to prepare financial statements and presentation of related disclosures in accordance with U.S. GAAP.

Outsourcing of these services is not unusual in organizations of the size of the Foundation and is often a result of management's cost benefit decision to rely on external accounting expertise rather than incurring this internal resource cost. On the other hand, external accounting service providers are not considered as part of management and significant accounting reports, especially the year-end financial statements and related disclosures should be reviewed thoroughly by a competent person responsible for financial oversight of the Foundation.

In order to provide oversight of the financial statement preparation at an appropriate level, we recommend management establish written policies and procedures to review effectively the adequacy of financial statements and disclosures by completing a disclosure checklist. Disclosure examples and checklists are available from various sources or may be obtained from us.

Management Response

Agree

2. Enhance Internal Controls Over Financial Reporting and Material Adjusting Audit Entries

Management is responsible for establishing and maintaining internal control and for the fair presentation of CSF's statement of financial position, activities, cash flow and disclosures in the financial statements, in conformity with U.S. generally accepted accounting principle (US GAAP). We noted a number of audit adjustments that were agreed and recorded by management, some of which were very basic, like recording of prepaid expenses and deposits pertaining to future period, recording deferred dues and conference income pertaining to future period, year-end expense accruals etc., and other adjustments related to reconciliation of Un-deposited funds. Some of these adjustments resulted in restatement of previous year's financial statements.

We understand management practice getting financial statements audited every alternate year. We noted the predecessor auditors also made similar adjustments in 2011 to restate 2010 financial statements and issued a management letter comment related to this deficiency.

We recommend management implement effective procedures to close the books properly, prepare and review relevant reconciliations, and prepare the financial statements with relevant footnote disclosures and audit schedules before getting the audit started. Moreover, we strongly recommend management to consider getting the financial statements audited every year to minimize risk of restatements of previous year's financial statements.

Management Response

Agree

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. We consider the following deficiencies in the Foundation's internal control to be significant deficiencies:

3. Timely Reconcile Un-deposited Funds Account

During our review of the year-end balance under *Un-deposited Funds* account, we noted multiple amounts posted to this account dated as far back as 2010 that were not cleared have not been voided and reversed as of the date of the audit. Moreover, there was no evidence maintained of preparation and independent review of monthly reconciliation of *Un-deposited Funds*.

Lack of documented evidence of appropriate and timely preparation and review of reconciliations and clearance of *Un-deposited Funds* by appropriate individuals may result in:

- Inability to timely detect misappropriation of funds
- Inaccuracy of cash balance for financial and management reporting purposes
- Incurring unnecessary bank overdraft charges

To strengthen controls surrounding the treasury function, we recommend management retain documented evidence of the timely preparation and review of *Un-deposited Funds* account. Documentation of all reviews and approvals is necessary to evidence the review and ensure that it is completed by the appropriate accounting personnel in a timely manner.

Management Response

Agree

4. Develop Cut-Off Procedures

During our test of unrecorded liabilities and recognition of membership dues and conference income, we noted:

- certain expenses not accrued appropriately in the previous year's and current year's financial statements, resulting in various year-end audit adjustments, including restatement of opening net asset position
- certain deposits and prepaid expenses incorrectly expensed during the current year
- Certain income received for the next year's conference was recognized as income in the current year
- Deferred dues from the previous year not recognized during the current year
- Dues received for next year not deferred but recognized as income in the current year

We noted the Foundation has not established appropriate cut-off procedures in order to ensure that amounts are recorded in the proper accounting period.

We recommend the Foundation establish proper cut-off procedures that will ensure recording of amounts in the proper accounting period, particularly in the following areas: prepaid expenses, deposits, membership dues, income from seminars and conferences and expense accruals.

Management Response

Agree

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. We consider the following as deficiencies in the Foundation's internal control or other matters related to our observations concerning operations and best practices involving internal control over financial reporting:

5. Financial Data Presented to the Board of Directors

Thorough Board's review and understanding of financial matters is one of the most effective internal accounting controls. To increase meaningfulness of periodic financial statements and improved basis for monitoring the Foundation's activities, consider getting the draft Form 990 reviewed by the Board or executive committee members before it is submitted with the IRS.

Management Response

Agree and recommend CSF Executive Committee review and approval of the 990. Currently the Executive Director and Treasurer review and approve.

CSF's written response to the material weaknesses, significant deficiencies and other control deficiencies identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

The purpose of this communication is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing. This communication is intended solely for the information and use of management, executive committee members, Board members and others within CSF, and is not intended to be, and should not be, used by anyone other than these specified parties.

This letter does not affect our report dated May 7, 2014 on the financial statements of CSF.

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