The College Savings Foundation

Audited Financial Statements
As of and for the year ended
December 31, 2019

AFS AFFLUENT
FINANCIAL SERVICES LLC
CERTIFIED PUBLIC ACCOUNTANTS

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, 2019, and the related statement 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.

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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 College Savings Foundation as of December 31, 2019, 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.

Other Matter

The statement of financial position of the Foundation as of December 31, 2018, and the related statements of activities and cash flows for the year then ended were not audited, reviewed, or compiled by us and, accordingly, we do not express an opinion or any other form of assurance on them.

Affluent Financial Services LLC

May 15, 2020

9211 Corporate Boulevard, Suite 330 Rockville, MD 20850
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The College Savings Foundation
Statement of Financial Position
As of December 31, 2019

Assets	
Current Assets:	
Cash and cash equivalents	$ 577,455
Accounts receivable	-
Deposits and prepaid expenses	6,619
Total current assets	584,074
Total assets	$ 584,074
Liabilities and Net Assets	
Current Liabilities:	
Accounts payable and accrued expenses	$ 42,469
Deferred membership dues and conference income	231,000
Total current liabilities	273,469
Total liabilities	273,469
Net Assets:	
Without donor restrictions	310,605
Total net assets	310,605
Total liabilities and net assets	$ 584,074

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, 2019

		Without donor restrictions
Revenues		
Membership dues	$	323,849
Conferences		138,550
Interest		1,323
Total revenues		463,722
Expenses		
Program services		289,860
Supporting services:		
Management and General		158,118
Fund raising		-
Total Supporting services		158,118
Total expenses		447,978
Change in net assets		15,744
Net assets, beginning of year		294,861
Net assets, end of year	$	310,605

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, 2019

Cash flows from operating activities		
Change in net assets	$	15,744
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Decrease in accounts receivables		500
Decrease in deposit and prepaid expenses		9,892
Increase in accounts payable and accrued expenses		6,049
Increase in deferred membership dues and conference income		117,000
Net cash provided by operating activities		149,185
Net increase in cash and cash equivalents		149,185
Cash and cash equivalents, beginning of year		428,270
Cash and cash equivalents, end of year	$	577,455

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. **Legislative, 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. **Membership Committee** is responsible for reaching out and growing CSF's membership. The Membership Committee Chair is appointed by the CSF Chair. The Committee Chair shall seek assistance from volunteers from other members of CSF.

h. **Conference Committee** is responsible to organizing the annual CSF conference. This includes identifying a theme, location, sessions and speakers. The Conference Committee Chair is appointed by the CSF Chair. The Committee Chair shall seek assistance from volunteers from other members of CSF

i. **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, 2019, management believes that no allowance is necessary.

Classification of Net Assets

Net assets are classified as “without donor restrictions” and “with donor restrictions” based on the absence or existence and the nature of donor-imposed restrictions. These classifications are defined as follows:

Net Assets *Without Donor Restrictions* generally result from unrestricted contributions, grants, unrealized and realized gains and losses, and interest and dividends from investing in income-producing assets, less the expenses incurred in making grants, raising contributions, and performing administrative functions. Net assets *Without Donor Restrictions* are those whose use by the Foundation is not subject to any donor-imposed stipulations. The Board is free to designate certain portions of its funds for certain activities; however, these are included among net assets *Without Donor Restrictions* since they are not bound by restrictions imposed by a donor.

Net assets *With Donor Restrictions* 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 Organization pursuant to those stipulations. When these restrictions are met, net assets *With Donor Restrictions* are reclassified to net assets *Without Donor Restrictions* and reported in the statement of activities as net assets released from restrictions.

Net assets *with donor restrictions* also include certain net assets 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 classified as net assets without donor restrictions or net assets with donor restrictions based on donor stipulations. As of December 31, 2019, the Foundation did not have any net assets with donor restrictions.

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, 2019, the Foundation did not receive any donated services.

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, 2019, 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.

The table below presents expenses by both their nature and their function for the year ended December 31, 2019:

	Public Policy	Seminar and Conferences	Media Relations	Website Development	Survey	Total Program	Management and General	Fundraising	Total
Expenses									
Management fee	$ -	$ -	$ -	$ -	$ -	$ -	$ 130,000	$ -	$130,000
Professional fee	-	-	52,000			52,000	1,326	-	53,326
Lobbying	150,000	-	-	-	-	150,000	3,257	-	153,257
Advertising and promotions	-	-	-	-	-	-	-	-	-
Telephone and fax	-	-	-	-	-	-	126	-	126
Office expenses	-	-	-	-	-	-	17	-	17
Internet	-	-	-	4,996	-	4,996	-	-	4,996
Conferences	-	63,976	-	-	-	63,976	-	-	63,976
Bank and credit card fee	-	-	-	-	-	-	2,844	-	2,844
Printing and stationary	-	-	-	-	-	-	449	-	449
Insurance	-	-	-	-	-	-	2,292	-	2,292
Accounting	-	-	-	-	-	-	7,621	-	7,621
Travel	-	-	-	-	-	-	604	-	604
Special projects	-	-	-	-	18,888	18,888	-	-	18,888
Miscellaneous	-	-	-	-	-	-	9,582	-	9,582
Total Expenses	**$ 150,000**	**$ 63,976**	**$ 52,000**	**$ 4,996**	**$ 18,888**	**$ 289,860**	**$ 158,118**	**$ -**	**$447,978**

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, 2019, 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, 2019.

The Foundation's tax returns are subject to review and examination by federal, state and local authorities. As of December 31, 2019, the tax returns for the years ended December 31, 2016, 2017 and 2018, 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.

Accounting standards adopted

In August 2016, FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU aims to improve presentation of financial information, transparent and useful to readers. Key qualitative and quantitative requirements covered in the final ASU include:

- Net asset classes
- Investment return
- Expenses
- Liquidity and availability of resources
- Presentation of operating cash flows

The Foundation has adopted ASU 2016-14 for presentation of its financial statements for the year ended December 31, 2019. There was no change in the Foundation's total net assets and the change in net assets was not impacted as a result of the adoption of this guidance.

In August 2016, the FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments* (Topic 230) which clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments are intended to reduce diversity in practice. ASU 2016-15 contains additional guidance clarifying when an entity should separate cash receipts and cash payments and classify them into more than one class of cash flows (including when reasonable judgement is required to estimate and allocate cash flows) versus when an entity should classify the aggregate amount into one class of cash flows on the basis of predominance. The Foundation has adopted ASU 2016-15 for presentation of its financial statements for the year ended December 31, 2019, but does not have any significant impact on its financial statements.

In November 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash* (Topic 230), to address the classification and presentation of changes in restricted cash on the statement of cash flows. The ASU requires that a statement of cash flows explain the change in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Thus, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Foundation has adopted ASU 2016-18 for presentation of its financial statements for the year ended December 31, 2019, but does not have any significant impact on its financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. The standard provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If a transaction is deemed to be a contribution, the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. ASU 2018-08 will assist in the determination of the nature of the transaction which will then govern the revenue and expense recognition methodology and timing of the transaction. ASU 2018-08 is effective for transactions in which the entity serves as the resource recipient to annual periods beginning after December 15, 2018. ASU 2018-08 is effective for transactions in which the Foundation serves as a resource provider to annual periods beginning after December 15, 2019. The Foundation has adopted ASU 2018-08 for presentation of its financial statements for the year ended December 31, 2019, but does not have any significant impact on its financial statements.

Accounting pronouncements to be adopted

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842), which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Balance Sheet recognition of finance and operating leases is similar, but the pattern of expense recognition in the statement of income, as well as the effect on the statement of cash flows, differs depending on the lease classification. The new leases standard requires a lessor to classify leases as either sales-type, direct financing or operating, similar to the existing U.S. GAAP. Classification depends on the same five criteria used by lessees plus certain additional factors. The subsequent accounting treatment for all three lease types is substantially equivalent to existing U.S. GAAP for sales-type leases, direct financing leases, and operating leases. However, the new standard updates certain aspects of the lessor accounting model to align it with the new lessee accounting model, as well as with the new revenue standard under Topic 606. Lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Management continues to evaluate the potential impact of this update on the financial statements.

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. As of December 31, 2019, $327,455 of cash and cash equivalents were not covered by

FDIC insurance limit. 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, 2019, the Foundation paid $130,000 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. Qualitative disclosure on liquidity and availability

The Foundation has $577,455 of cash and cash equivalents (financial assets) available within one year of the balance sheet date to meet cash needs for general expenditure. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

6. Commitments and contingencies

The Foundation enters into contracts with hotel and conference facilities for future meetings. In the unlikely event of meeting cancellations, the Foundation would be liable for future guaranteed hotel room bookings and other expenses. The exact amount due would depend on several factors, including the amount of notice given and actual losses incurred by the facilities.

7. Subsequent events

In preparing these financial statements, management of the Foundation has evaluated events and transactions for potential recognition or disclosure through May 15, 2020, the date the financial statements were available to be issued.