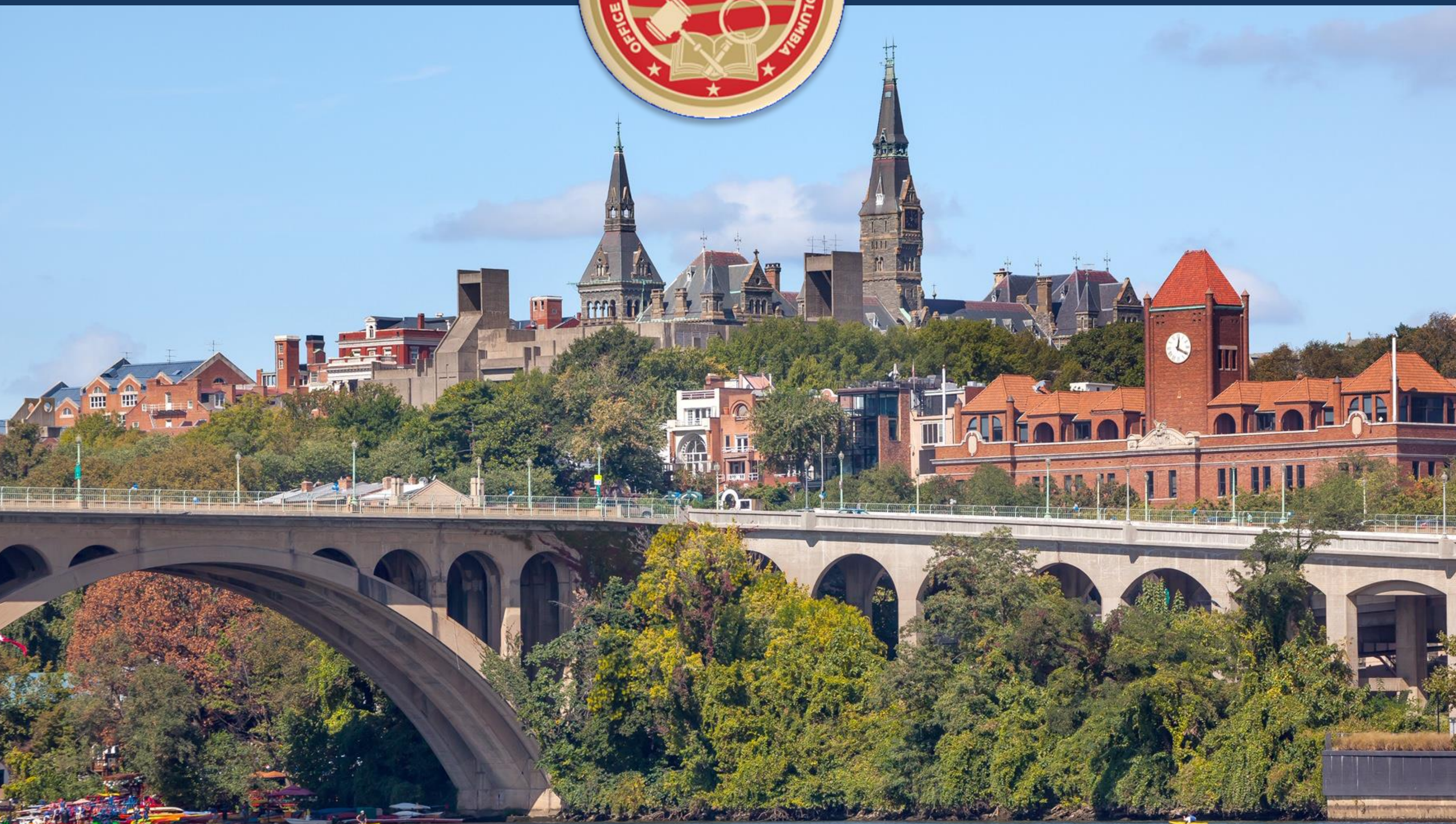
DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 20-1-16AT **January 2020**



DISTRICT OF COLUMBIA 529 COLLEGE SAVINGS PROGRAM TRUST PARTICIPANT AND ADMINISTRATIVE FUNDS

Financial Statements With Independent Auditor's Reports

For Fiscal Years Ended September 30, 2019 and 2018

Guiding Principles

*Workforce Engagement * Stakeholders Engagement * Process-oriented * Innovation * Accountability * Professionalism * Objectivity and Independence * Communication * Collaboration * Diversity * Measurement * Continuous Improvement*

Mission

Our mission is to independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.

Vision

Our vision is to be a world-class Office of the Inspector General that is customer-focused, and sets the standard for oversight excellence!

Core Values

Excellence * Integrity * Respect * Creativity * Ownership * Transparency * Empowerment * Courage * Passion * Leadership

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General

OIG

January 31, 2020

The Honorable Muriel Bowser
Mayor of the District of Columbia
Mayor's Correspondence Unit
1350 Pennsylvania Avenue, N.W., Suite 316
Washington, D.C. 20004

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Avenue, N.W., Suite 504
Washington, D.C. 20004

Dear Mayor Bowser and Chairman Mendelson:

Enclosed is the final report entitled *District of Columbia 529 College Savings Program Trust Participant and Administrative Funds Financial Statements With Independent Auditor's Reports for the Fiscal Years Ended September 30, 2019 and 2018* (OIG No. 20-1-16AT). BCA Watson Rice LLP (BACWR) conducted the audit and submitted this component report as part of our overall contract for the audit of the District of Columbia's general-purpose financial statements for fiscal year 2019.

On December 27, 2019, BACWR issued its opinion and concluded that the financial statements are presented fairly in all material respects, in accordance with accounting principles generally accepted in the United States of America. Watson Rice identified no material weaknesses in internal control over financial reporting.

If you have questions about this report, please contact me or Benjamin Huddle, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

Daniel W. Lucas
Inspector General

DWL/ws

Enclosure

cc: See Distribution List

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GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER
OFFICE OF FINANCE AND TREASURY

REPORT ON

THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
PARTICIPANT AND ADMINISTRATIVE FUNDS

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
PARTICIPANT AND ADMINISTRATIVE FUNDS

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Trustee of
The District of Columbia 529 College Savings Program Trust

Report on the Financial Statements

We have audited the accompanying statement of fiduciary net position of the Participant Fund and Administrative Fund of the District of Columbia 529 College Savings Program Trust (the "Trust") as of September 30, 2019 and 2018, and the related statement of changes in fiduciary net position of the Participant Fund and Administrative Fund for the years then ended and the related notes to the financial statements, which collectively comprise the Trust's 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 the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Trust'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 Trust'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Trust, as of September 30, 2019 and 2018, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2019 on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Trust's internal control over financial reporting and compliance.

Washington, D.C. BCA Watson Rice LLP
December 27, 2019

GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
PARTICIPANT FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

The following presents management's discussion and analysis of the financial performance of the Government of the District of Columbia's (the District) College Savings Program (the Program) for the fiscal years ended September 30, 2019 and 2018. This discussion and analysis should be read in conjunction with the financial statements and note disclosures.

Basic Financial Statements

The Program is accounted for as a private purpose trust fund of the District. The District has overall fiduciary responsibility to program participants to administer the operations of the Program. In accordance with GASB 34, the Program's basic financial statements, which are reported on the accrual basis of accounting, are the: (a) Statement of Fiduciary Net Position, (b) Statement of Changes in Fiduciary Net Position and (c) Notes to the Financial Statements.

- The Statement of Fiduciary Net Position presents the assets, liabilities, and net position of the Program.

- The Statement of Changes in Fiduciary Net Position presents the additions to and deductions from the Program's net position.

- The financial statements also include notes that provide more detailed data and explanations for some of the information in the financial statements.

2019 Financial Highlights

- Investments increased by $70,581,211 or 11.51%
- Participant contributions decreased by $2,623,356 or 2.86%
- Net investment income decreased by $18,026,727 or 41.15%
- Distributions to participants decreased by $7,828,937 or 16.15%

2018 Financial Highlights

- Investments increased by $84,854,737 or 16.06%
- Participant contributions increased by $21,816,302 or 31.20%
- Net investment income decreased by $6,364,671 or 12.68%
- Distributions to participants increased by $4,854,216 or 11.13%

Financial Analysis – Fiduciary Net Position

Table 1- Condensed Statements of Fiduciary Net Position as of September 30, 2019, 2018 and 2017

				2019 - 2018		2018 - 2017	
	2019	2018	2017	Variance ($)	Variance (%)	Variance ($)	Variance (%)
Assets							
Cash and Cash Equivalents	$ 7,515,672	$ 4,902,501	$ 5,386,361	$ 2,613,171	53.30%	$ (483,860)	-8.98%
Investments	683,955,393	613,374,182	528,519,445	70,581,211	11.51%	84,854,737	16.06%
Receivables	1,046,535	1,842,877	864,518	(796,342)	-43.21%	978,359	113.17%
Total Assets	692,517,600	620,119,560	534,770,324	72,398,040	11.67%	85,349,236	15.96%
Liabilities							
Total Liabilities	583,804	416,655	325,961	167,149	40.12%	90,694	27.82%
Net Position Held in Trust for Program Participants	$691,933,796	$619,702,905	$534,444,363	$ 72,230,891	11.66%	$ 85,258,542	15.95%

Fiscal Year 2019

The Program's primary asset was investments, which totaled $683,955,393. Investments increased by 11.51% over fiscal year 2018 because of asset growth and the excess of contributions over distributions to participants. Market conditions were favorable in fiscal 2019, and as a result, thirteen (13) of the sixteen (16) Program funds had positive rates of return. The Program's funds invest in one or more underlying investments. The underlying investments are primarily held in mutual funds and a principal protected portfolio.

As shown in **Table 2a - Investment by Fund with Rates of Returns as of September 30, 2019**, the top four Program investments were held in the U.S. Total Stock Market Index Portfolio ($141,238,085 or 20.7%); DC College Savings Income College Portfolio ($90,649,703 or 13.2%); DC College Savings 2022 Portfolio ($68,674,904 or 10.0%); and DC College Savings 2028 Portfolio ($66,960,827 or 9.8%).

Table 2a - Investment by Fund with Rates of Returns as of September 30, 2019

	Investment Value	Percent of Total Assets	Rate of Return %
DC College Savings 2037 Portfolio*	$ 135,509	0.0	0.20
DC College Savings 2034 Portfolio	44,609,576	6.5	4.46
DC College Savings 2031 Portfolio	59,078,381	8.6	5.20
DC College Savings 2028 Portfolio	66,960,827	9.8	5.80
DC College Savings 2025 Portfolio	66,767,522	9.8	5.40
DC College Savings 2022 Portfolio	68,674,904	10.0	4.27
DC College Savings Income College Portfolio	90,649,703	13.2	3.27
U.S. Large Cap Equity Portfolio	42,763,740	6.3	1.26
U.S. Socially Responsible Equity Portfolio	7,276,756	1.1	1.08
U.S. Total Stock Market Index Portfolio	141,238,085	20.7	2.44
U.S. Small Cap Equity Portfolio	13,041,396	1.9	(13.20)
Non-U.S. Socially Responsible Equity Portfolio	6,263,059	0.9	(2.60)
Non-U.S. Total Stock Market Index Portfolio	5,870,669	0.9	(1.59)
Intermediate-Term Bond Portfolio	13,546,745	2.0	8.50
U.S. Intermediate-Term Bond Index Portfolio	3,909,005	0.6	9.79
Principal Protected Portfolio	53,169,516	7.7	2.22
TOTAL	**$ 683,955,393**	**100.0**	

* Inception date of the DC College Savings 2037 Portfolio was September 6, 2019.

Receivables decreased by $796,342 or 43.21% over the prior fiscal year primarily because of a decrease in interest and dividend receivables at the end of the year.

Total liabilities increased by $167,149 or 40.12% over the prior fiscal year primarily because of an increase in trades payable at the end of the year.

Fiscal Year 2018

The Program's primary asset was investments, which totaled $613,374,182. Investments increased by 16.06% over fiscal year 2017 because of asset growth and the excess of contributions over distributions to participants. Market conditions were favorable in fiscal 2018, and as a result, fourteen (14) of the sixteen (16) Program funds had positive rates of return. The Program's funds invest in one or more underlying investments. The underlying investments are primarily held in mutual funds and a principal protected portfolio.

As shown in **Table 2b - Investment by Fund with Rates of Returns as of September 30, 2018**, the top four Program investments were held in the U.S. Total Stock Market Index Portfolio ($132,266,280 or 21.6%); DC College Savings 2022 Portfolio ($60,697,050 or 9.9%); DC College Savings 2025 Portfolio ($57,835,700 or 9.4%); and DC College Savings 2028 Portfolio ($56,396,873 or 9.2%).

Table 2b - Investment by Fund with Rates of Returns as of September 30, 2018

	Investment Value	Percent of Total Assets	Rate of Return %
DC College Savings 2034 Portfolio	$ 24,923,712	4.1	8.67
DC College Savings 2031 Portfolio	47,039,293	7.7	6.78
DC College Savings 2028 Portfolio	56,396,873	9.2	5.05
DC College Savings 2025 Portfolio	57,835,700	9.4	3.46
DC College Savings 2022 Portfolio	60,697,050	9.9	2.54
DC College Savings 2019 Portfolio	56,050,935	9.1	2.55
DC College Savings Income College Portfolio	40,935,858	6.7	2.35
U.S. Large Cap Equity Portfolio	43,780,354	7.1	18.31
U.S. Socially Responsible Equity Portfolio	4,778,355	0.8	18.55
U.S. Total Stock Market Index Portfolio	132,266,280	21.6	16.94
U.S. Small Cap Equity Portfolio	14,511,562	2.4	15.84
Non-U.S. Socially Responsible Equity Portfolio	6,156,798	1.0	1.76
Non-U.S. Total Stock Market Index Portfolio	4,016,284	0.7	1.16
Intermediate-Term Bond Portfolio	12,392,884	2.0	(0.20)
U.S. Intermediate -Term Bond Portfolio	2,077,900	0.3	(1.58)
Principal Protected Portfolio	49,514,344	8.0	2.17
TOTAL	**$ 613,374,182**	**100.0**	

Receivables increased by $978,359 or 113.17% over the prior fiscal year because of an increase in trades receivable and interest and dividend receivables at the end of the year.

Total liabilities increased by $90,693 or 27.82% over the prior fiscal year primarily because of an increase in trades payable and amount payable for program management fees at the end of the year.

Financial Analysis – Changes in Fiduciary Net Position

Table 3 - Condensed Statements of Changes in Fiduciary Net Position as of September 30, 2019, 2018 and 2017

				2019-2018		2018-2017	
	2019	2018	2017	Variance($)	Variance (%)	Variance ($)	Variance(%)
Additions							
Contributions	$ 89,120,639	$ 91,743,995	$ 69,927,693	$ (2,623,356)	- 2.86%	$ 21,816,302	31.20%
Net Investment Income	25,783,415	43,810,142	50,174,813	(18,026,727)	-41.15%	(6,364,671)	-12.68%
Total Additions	114,904,054	135,554,137	120,102,506	(20,650,083)	-15.23%	15,451,631	12.87%
Deductions							
Distributions to Participants	40,633,972	48,462,909	43,608,693	(7,828,937)	-16.15%	4,854,216	11.13%
Other Expenses	2,039,191	1,832,686	1,314,600	206,505	11.27%	518,086	39.41%
Total Deductions	42,673,163	50,295,595	44,923,293	(7,622,432)	-15.16%	5,372,302	11.96%
Increase in Net Position	$ 72,230,891	$ 85,258,542	$ 75,179,213	$(13,027,651)	-15.28%	$ 10,079,329	13.41%

Fiscal Year 2019

The Program's contributions decreased by $2,623,356 or 2.86% over the prior fiscal year. The year-over-year changes reflect the investment decision made by the participants and the actions of the program manager to process these transactions. The Program had an increase in participants from 25,871 in fiscal year 2018 to 28,504 in fiscal year 2019.

The Program had a net investment income of $25,783,415 in fiscal year 2019, which is a 41.15% decrease over fiscal year 2018. The decrease in net investment income was primarily due to a decrease in the net appreciation in the fair value of investments from $39.6 million in fiscal year 2018 to $15.3 million in fiscal year 2019. Conversely, interest and dividends increased from $4.7 million in fiscal year 2018 to $11.0 million in fiscal year 2019. Overall, thirteen (13) of the sixteen (16) funds of the Program reflected positive rates of return, which contributed to a net appreciation in the fair value of investments for the year. For fiscal year 2019, the Program's investments collectively had a weighted average rate of return of 3.31%.

Distributions to participants in 2019 were $40,633,972 or 16.15% decrease over fiscal year 2018. This decrease is due to individual participant behavior and the timing of distributions to participants as funds are utilized to pay for college expenses or other purposes.

Other expenses include program management fees, and administrative and maintenance expenses. The overall increase in other expenses is primarily due to an increase in program management fees from $1.4 million in fiscal year 2018 to $1.5 million in fiscal year 2019. For fiscal year 2019, program management and administrative fees were on average 0.25% and 0.05%, respectively, of the funds average daily net asset value. Underlying investment management fees ranged from 0.00% to 0.44% for each investment option.

Fiscal Year 2018

The Program's contributions increased by $21,816,302 or 31.20% over the prior fiscal year. The year-over-year changes are reflections of the investment decision made by participants and the actions of the program manager to process these transactions. The Program had an increase in participants from 23,307 in fiscal year 2017 to 25,871 in fiscal year 2018.

The Program had a net investment income of $43,810,142 in fiscal year 2018, which is a 12.68% decrease over fiscal year 2017. The decrease in net investment income was primarily due to a decrease in the net appreciation in the fair value of investments from $44.4 million in fiscal year 2017 to $39.6 million in fiscal year 2018. Additionally, interest and dividends decreased from $7.9 million in fiscal year 2017 to $4.7 million in fiscal year 2018. Overall, fourteen (14) of the sixteen (16) funds of the Program reflected positive rates of return, which contributed to a net appreciation in the fair value of investments for the year. For fiscal year 2018, the Program's investments collectively had a weighted average rate of return of 6.32%.

Distributions to participants in 2018 were $48,462,909 or 11.13% increase over fiscal year 2017. This increase is due to individual participant behavior and the timing of distributions to participants as funds are utilized to pay for college expenses or other purposes.

Other expenses include program management fees, and administrative and maintenance expenses. The overall increase in other expenses is primarily due to an increase in program management fees from $0.6 million in fiscal year 2017 to $1.4 million in fiscal year 2018 and a decrease in maintenance expenses from $0.4 million in fiscal year 2017 to $0.2 million in fiscal year 2018. During fiscal year 2017, the Program changed program management and the various investment options, and consequently, these fees including the underlying investment management fees were realigned. While program management fees increased, the underlying investment management fees decreased from $2.1 million to $0.5 million. For fiscal year 2018, program management and administrative fees were on average 0.25% and 0.05%, respectively, of the funds average daily net asset value. Underlying investment management fees ranged from 0.00% to 0.44% for each investment option.

Contact Information

This financial report is designed to provide a general overview of the Program's finances. Questions concerning any information provided in this report, or requests for additional financial information, should be addressed to the Office of the Chief Financial Officer (Office of Finance and Treasury); Government of the District of Columbia; 1101 4th Street SW, 8th Floor Washington, DC, 20024.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
PARTICIPANT FUND

STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019 AND 2018

	2019	**2018**
ASSETS		
Cash and Cash Equivalents	$ 7,515,672	$ 4,902,501
Receivables:		
Interest and Dividends	259,718	1,139,377
Accounts Receivable for Investments Sold	786,817	703,500
Total Receivables	1,046,535	1,842,877
Investments:		
Equity Mutual Funds	332,767,986	316,350,561
Fixed Income Mutual Funds	182,320,116	156,331,104
Guaranteed Investment Contracts	168,867,291	140,692,517
Total Investments	683,955,393	613,374,182
Total Assets	692,517,600	620,119,560
LIABILITIES		
Accounts Payable for Investments Purchased	416,686	270,574
Program Management Fees Payable	135,215	120,721
Due to D.C. Government Administrative Fund	31,903	25,360
Total Liabilities	583,804	416,655
Net Position Held in Trust for Program Participants	$ 691,933,796	$ 619,702,905

The accompanying notes are an integral part of the financial statements

GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
PARTICIPANT FUND

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
ADDITIONS		
Contributions	$ 89,120,639	$ 91,743,995
Investment Income:		
Net Appreciation in Fair Value of Investments	15,315,841	39,646,233
Interest and Dividends	10,961,147	4,674,984
Less: Investment Expenses	(493,573)	(511,075)
Net Investment Income	25,783,415	43,810,142
Total Additions	114,904,054	135,554,137
DEDUCTIONS		
Distributions to Participants	40,633,972	48,462,909
Program Management Fees	1,542,440	1,383,310
Administrative Expenses	324,053	291,411
Maintenance Expenses	172,698	157,965
Total Deductions	42,673,163	50,295,595
Increase in Net Position	72,230,891	85,258,542
Net Position Held in Trust for Program Participants		
Beginning of Year	619,702,905	534,444,363
End of Year	$ 691,933,796	$ 619,702,905

The accompanying notes are an integral part of the financial statements

GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
ADMINISTRATIVE FUND

STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019 AND 2018

	2019	2018
ASSETS		
Investment		
Fixed Income	$ 559,579	$ 678,594
Receivables:		
Due from Program Manager	1,146	1,146
Due from Participant Fund	31,903	25,360
Total Receivables	33,049	26,506
Total Assets	592,628	705,100
Net Position Held in Trust for Administrative Expenses	$ 592,628	$ 705,100

The accompanying notes are an integral part of the financial statements

GOVERNMENT OF THE DISTRICT OF COLUMBIA
529 COLLEGE SAVINGS PROGRAM TRUST
ADMINISTRATIVE FUND

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
ADDITIONS		
Administrative Fees	$ 324,053	$ 291,411
Maintenance Fees	16,335	17,901
Net Investment Income	15,087	8,575
Total Additions	355,475	317,887
DEDUCTIONS		
Administrative Salaries	169,466	-
Professional Fees	281,981	184,941
Donations (Scholarships)	16,500	44,500
Total Deductions	467,947	229,441
(Decrease)/Increase in Net Position	(112,472)	88,446
Net Position Held in Trust for Administrative Expenses		
Beginning of Year	705,100	616,654
End of Year	$ 592,628	$ 705,100

The accompanying notes are an integral part of the financial statements

NOTE 1 ORGANIZATION AND PURPOSE

The District of Columbia (DC) College Savings Program (the Program) was created by D.C. Law 47- 4501 et seq., as amended and pursuant to D.C. Regulations, 49 DCR 9859, November 1, 2002 made final at D.C. Mun. Regs, title 9 sec. 155 (2004), as a Trust of the District of Columbia Government (the District). The Program enables participants to save for qualified higher education expenses. On December 22, 2017, federal tax bill H.R.1 was signed into law and expanded the definition of "qualified higher education expenses" to include qualified K-12 tuition expenses at a private, public or parochial school up to specified expense limitations per student. The Chief Financial Officer of the District of Columbia or his/her designee is the Trustee of the Plan. The current designee is the D.C. Treasurer. The Trustee is responsible for entering into contracts for program management services, adopting program administration rules and regulations, and establishing investment policies. The Program is managed by Ascensus College Savings Recordkeeping Services, LLC (ACSR) and its affiliates (collectively, Ascensus College Savings) and they have the overall responsibility for the day-to-day operation of the Program including recordkeeping, investment management, administrative services, and marketing. The management agreement between Ascensus College Savings and the D.C. Treasurer expires November 15, 2021 with the option to extend for two one-year periods, unless earlier termination.

The Program is available to both District of Columbia and non-District of Columbia residents. It is a qualified tuition program that allows participants to make contributions into sixteen (16) different investment options. The account balance limit is $500,000 per beneficiary. Accounts are subject to market investment risk, except for those that are invested in the Principal Protected Portfolio, which focuses on protecting the invested principal. As of September 30, 2019 and 2018, the Plan had 28,504 and 25,871 participants with a net asset value of $691,933,796 and $619,702,905, respectively. Fees and expenses of the program are paid by each account owner and vary according to the Portfolio, in which they are invested.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Reporting Entity

The accompanying financial statements report the fiduciary net position and the changes in fiduciary net position as of and for the fiscal years ended September 30, 2019 and 2018. For financial reporting purposes, the Program includes all funds over which the Program exercises or can exercise oversight authority.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Program reports the activity of the District of Columbia College Savings Program as a private-purpose trust fund, which is a type of fiduciary fund. Private-purpose trust funds account for transactions of trust arrangements in which the principal and income benefit individuals, private organizations, or governments. The financial statements of the fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when incurred.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

Investment Valuation and Income Recognition

Portfolio investments in the underlying funds are valued at the closing net asset value per share (unit) of each underlying fund on the day of valuation. The stability of principal portfolio is valued in accordance with the terms of the funding agreement, inclusive of accrued interest.

Security transactions, normally in shares of the underlying funds, are accounted for on the trade date. Realized gains and losses are reported on the identified cost basis. Income and capital gains distributions, if any, from investments in the underlying funds are recorded on the ex-dividend date. Expenses included in the accompanying financial statements reflect the expenses of each portfolio and do not include any expenses associated with the underlying funds.

Units represent the beneficial interest of each participant in the net assets of a Portfolio. Contributions to and distributions from the portfolios are subject to terms and limitations defined in the Participation Agreement between the participant and the Trust. Contributions and distributions are recorded upon receipt of the participant's instructions in good order, based on the next determined net asset value per unit. Net investment income, which includes realized and unrealized gains and losses, accumulate in the net asset value of each Portfolio and are not separately distributed to participants.

Fair Value Measurements

Government Accounting Standards Board Statement number 72 (GASB 72), *Fair Value Measurement and Application*, clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements. GASB 72 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - observable market inputs that are unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 - inputs other than quoted prices included within Level 1 - that are observable for the asset or liability, either directly or indirectly (for example, quoted prices for similar assets or liabilities in active markets).

Level3 - unobservable inputs (including the District's own assumptions in determining the fair value of investments).

Cash and Cash Equivalents

The balance includes cash on deposit and short-term highly liquid investments that are (a) readily convertible to known amounts of cash and (b) so near their maturities that they present insignificant risk of changes in value because of changes in interest rates.

Receivables and Payables for investments purchased and sold

The receivables and payables represent transactions related to the purchase and sale of investments that have not settled at the end of the fiscal year.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Estimates

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

Income Tax Status

The Program is exempt from federal taxes in accordance with Section 529 of the Internal Revenue Code. D.C. resident participants are exempt from state and local taxes when earnings from the Program are used for qualified expenses. Non-D.C. residents may be subject to state and local taxes in their jurisdiction.

NOTE 3 INVESTMENTS

Investment Policy and Guidelines

The Program offers account owners several Investment Portfolios that provide a range of risk and return characteristics, each unique to aid in proper diversification. Three different types of Investment Portfolios are offered to account owners: 1) Year of College Enrollment Portfolios, 2) Individual Portfolios, and 3) Principal Protected Portfolio. Once an account owner's Investment Portfolio(s) is selected for a particular contribution, IRS guidance dictates the rules through which an account owner can move money or transfer from one Investment Portfolio to another.

Year of College Enrollment Portfolio: The Portfolios offer account owners pre-diversified Investment Portfolios that become more conservative as the beneficiary nears his/her intended year of high school graduation. The Year of College Enrollment Portfolios represent a weighted allocation among a predetermined number and type of investment strategies, as follows:

	Year of College Enrollment Portfolios*						
	DC College Savings Portfolios						
Underlying Investments	**Income**	**2022**	**2025**	**2028**	**2031**	**2034**	**2037**
iShares Core S&P Total U.S. Stock Market ETF	5.20%	8.45%	13.00%	22.75%	32.50%	42.25%	52.00%
iShares Core MSCI Total International Stock ETF	2.00%	3.25%	5.00%	8.75%	12.50%	16.25%	20.00%
Schwab US REIT ETF	0.80%	1.30%	2.00%	3.50%	5.00%	6.50%	8.00%
Vanguard Intermediate-Term Bond Index Fund	6.00%	9.00%	16.50%	19.50%	15.00%	10.50%	6.00%
Vanguard Short-Term Corporate Bond Index Fund	5.00%	7.50%	13.75%	16.25%	12.50%	8.75%	5.00%
Vanguard Short-Term Inflation Protected Securities Index Fund	7.00%	10.50%	19.25%	22.75%	17.50%	12.25%	7.00%
iShares Core International Aggregate Bond ETF	2.00%	3.00%	5.50%	6.50%	5.00%	3.50%	2.00%
Principal Protected Portfolio	72.00%	57.00%	25.00%	0.00%	0.00%	0.00%	0.00%

* The 2019 Year of College Enrollment Portfolio is rolled into the Income Portfolio.

The Program Manager monitors and rebalances the underlying asset allocation of the Year of College Enrollment Portfolios on a quarterly basis. The Program Manager has discretion to rebalance the Year of College Enrollment Portfolios when the Investment Portfolios fall outside the strategic targets by more than one percentage point.

NOTE 3 INVESTMENTS *(Continued)*

Individual Portfolios: The Individual Portfolios are stand-alone options, which allow account owners to allocate their account into one or more Investment Portfolios. The goal in offering the Individual Portfolios is to provide account owners with the ability to construct diversified portfolios by asset class and investment style that match their risk tolerance, asset class preferences, time horizons and expected returns. Each portfolio invests (100%) in a single underlying mutual fund or exchange-traded fund (ETF), as follows:

Individual Portfolios	Underlying Investments	Asset Class
U.S. Intermediate-Term Bond Index Portfolio	iShares Core U.S. Aggregate Bond ETF	Fixed Income
Intermediate-Term Bond Portfolio	Loomis Sayles Core Plus Bond Fund	Fixed Income
U.S. Total Stock Market Index Portfolio	iShares Core S&P Total U.S. Stock Market ETF	Domestic Equity
U.S. Socially Responsible Equity Portfolio	DFA U.S. Sustainability Core 1 Portfolio	Domestic Equity
U.S. Large-Cap Equity Portfolio	JP Morgan U.S. Equity Fund	Domestic Equity
Non-U.S. Socially Responsible Equity Portfolio	DFA International Sustainability Core 1 Portfolio	International Equity
Non-U.S. Total Stock Market Index Portfolio	iShares Core MSCI Total International Stock ETF	International Equity
U.S. Small-Cap Equity Portfolio	Vanguard Strategic Small-Cap Equity Fund	Domestic Equity

The Trustee reserves the right to add or replace Individual Portfolios based upon market conditions, Program Manager and Investment Consultant input, account owner response, or other factors.

Principal Protected Portfolio: The Principal Protected Portfolio focuses on protecting the principal account owners' investment by allocating account owner contributions and earnings to a funding agreement issued by an insurance company that provides a guaranteed return of principal plus a minimum annualized rate of interest to the Trust. As of September 30, 2019 and 2018, this portfolio was maintained in a stable value fund.

NOTE 3 INVESTMENTS (*Continued*)

Unrealized Appreciated / (Depreciated) Value of the Program's Investments

At September 30, 2019, the Program held the following investments which are stated at fair value based on fair market prices:

	Aggregate Cost	Aggregate Fair Value	Unrealized Appreciation (Depreciation)
Domestic Equity Mutual Funds			
iShares Core S&P Total U.S. Stock Market ETF	$ 177,271,699	$ 216,529,056	$ 39,257,357
Schwab U.S. REIT ETF	10,187,528	11,901,180	1,713,652
DFA U.S. Sustainability Core 1 Portfolio	6,626,677	7,276,756	650,079
JP Morgan U.S. Equity	41,145,457	42,763,740	1,618,283
Vanguard Strategic Small Cap Equity	14,090,181	13,041,396	(1,048,785)
International Equity Mutual Funds			
DFA International Sustainability Core 1	6,159,922	6,263,059	103,137
iShares Core MSCI Total International Stock ETF	34,487,244	34,992,799	505,555
Fixed Income Mutual Funds			
Vanguard Intermediate -Term Bond Index Fund	47,134,527	49,721,085	2,586,558
Vanguard Short-Term Corporate Bond Fund	40,541,082	41,242,431	701,349
Vanguard Short-Term Inflation Protected Securities	57,973,213	57,799,075	(174,138)
Loomis Sayles Core Plus Bond Fund	13,096,366	13,546,745	450,379
iShares Core U.S. Aggregate Bond ETF	14,987,383	16,101,775	1,114,392
iShares Core International Aggregate Bond	3,747,384	3,909,005	161,621
Guaranteed Investment Contracts			
Ameritas Stable Value Fund	168,867,291	168,867,291	-
Total Investments	$ 636,315,954	$ 683,955,393	$ 47,639,439

The net unrealized gain (loss) on investments as of September 30, 2019 was $47,639,439. The net appreciation in the fair value of the investments as reflected in the Statement of Changes in Fiduciary Net Position consists of the following for the year ended September 30, 2019:

Unrealized gain as of September 30, 2019	$ 47,639,439
Unrealized gain as of September 30, 2018	(45,285,424)
Net change in unrealized gain during the year	2,354,015
Net realized gain during the year	12,961,826
Net Appreciation in Fair Value of Investments	$ 15,315,841

The net appreciation or depreciation in the fair value of investments consists of net realized and net unrealized gains or losses during the period.

NOTE 3 INVESTMENTS (*Continued*)

At September 30, 2018, the Program held the following investments which are stated at fair value based on fair market prices:

	Aggregate Cost	Aggregate Fair Value	Unrealized Appreciation (Depreciation)
Domestic Equity Mutual Funds			
iShares Core S&P Total U.S. Stock Market ETF	$ 167,459,776	$ 205,588,997	$ 38,129,221
Schwab U.S. REIT ETF	10,356,802	10,715,179	358,377
DFA US Sustainability Core 1 Portfolio	4,237,410	4,778,356	540,946
JP Morgan U.S. Equity	37,954,608	43,780,354	5,825,746
Vanguard Strategic Small Cap Equity	12,569,131	14,511,562	1,942,431
International Equity Mutual Funds			
DFA International Sustainability Core 1	5,775,450	6,156,798	381,348
Shares Core MSCI Total International Stock ETF	29,294,056	30,819,315	1,525,259
Fixed Income Mutual Funds			
Vanguard Intermediate-Term Bond Index Fund	44,067,614	42,548,703	(1,518,911)
Vanguard Short-Term Corporate Bond Fund	36,360,843	35,658,879	(701,964)
Vanguard Short-Term Inflation Protected Securities	50,752,246	49,777,563	(974,683)
Loomis Sayles Core Plus Bond Fund	12,685,338	12,392,884	(292,454)
iShares Core U.S. Aggregate Bond ETF	13,756,344	13,875,176	118,832
iShares Core International Aggregate Bond	2,126,624	2,077,900	(48,724)
Guaranteed Investment Contracts			
Ameritas Stable Value Fund	140,692,516	140,692,516	-
Total Investments	$ 568,088,758	$ 613,374,182	$ 45,285,424

The net unrealized gain (loss) on investments as of September 30, 2018 was $45,285,424. The net appreciation in the fair value of the investments as reflected in the Statement of Changes in Fiduciary Net Position consists of the following for the year ended September 30, 2018:

Unrealized gain as of September 30, 2018	$ 45,285,424
Unrealized gain as of September 30, 2017	(19,629,078)
Net change in unrealized gain during the year	25,656,346
Net realized gain during the year	13,989,887
Net Appreciation in Fair Value of Investments	$ 39,646,233

The net unrealized gains consist of gains in year of enrollment base portfolio strategies and gains in the single portfolio investment strategies. The net realized gain consists primarily of gains in age base portfolio strategies. The net appreciation represents the change in the market value from the prior years.

NOTE 3 INVESTMENTS (*Continued*)

Investment Risks

The Program's investments are subject to the following risks common to investments:

Custodial Credit Risk is the risk that the Program will not be able to recover the value of its investments in the event of a failure by the counterparty to a transaction. Investments are exposed if they are uninsured, are not registered in the name of the Program, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the Program's name. The Program's investments for fiscal year 2019 and 2018 are uninsured and unregistered and are held by the counterparty in the Program's name and are generally segregated by the counterparty in a manner to protect them from certain claims by creditors. The Plan also invests in mutual funds which are not generally exposed to custodial credit risks.

Credit Risk is the risk that an issuer to an investment will not fulfill its obligations. The Program does not invest in debt securities that have an overall quality which is less than the BBB as rated by Moody's or Standard & Poor. The primary credit ratings of the Program's debt securities are as follows:

Fund	Credit Rating	
	2019	2018
iShare Core International Aggregate Bond ETF	AA, A, AAA, BBB	AAA, AA, A, BBB
iShare Core U.S. Aggregate Bond ETF	AAA, BBB, A, AA	AAA, BBB, A, AA
Loomis Sayles Core Plus Bond Fund	AAA, BBB, A, AA	AAA, BBB, A, BB
Principal Protected Plus	BBB, A, AAA, AA	BBB, A, AAA, AA
Vanguard Intermediate -Term Bond Index I	AAA, BBB, A, AA	AAA, BBB, A, AA
Vanguard Short -Term Corp Bd Index I	BBB, A, AA,AAA	BBB, A, AA, AAA
Vanguard Short -Term Inflation-Protection Sec Index Ins	AAA	AAA

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Program does not invest in any investment account that has an average maturity exceeding ten years for its Bond Mutual Funds. The interest rate sensitivity, defined as duration, for each fund is as follows:

	Average Duration	
Fund	**2019**	**2018**
iShare Core International Aggregate Bond ETF	7.86	7.38
iShare Core U.S. Aggregate Bond ETF	5.29	7.38
Loomis Sayles Core Plus Bond Fund	6.04	5.89
Principal Protected Plus	6.80	6.51
Vanguard Intermediate -Term Bond Index I	6.32	6.17
Vanguard Short-Term Corp Bond Index I	2.63	2.65
Vanguard Short-Term Inflation-Protection Sec Index	2.58	2.65

NOTE 3 INVESTMENTS (*Continued*)

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment in a foreign financial institution. The Program does not have a formal policy for limiting its exposure to changes in exchange rates.

The investment funds that invest primarily in foreign financial institutions are the DFA International Sustainability Core 1 Portfolio and iShare Core International Aggregate Bond ETF. The Fund has various currency denominations. The primary currency denominations are the Franc, the Yen, and the British Pound.

Fair Value Measurements

Equity Mutual Funds: Equity Mutual Funds consist of open-ended mutual funds that are registered with the Securities and Exchange Commission (SEC). These mutual funds publish a daily NAV and transact at that price. The mutual funds held in equities are deemed to be actively traded and support classification of the fair value measurement as Level 1 in the fair value hierarchy.

Fixed Income Mutual Funds: Mutual funds are a pool of money invested by an investment company in a variety of instruments such as emerging markets sovereigns, government related agencies, and emerging markets corporations. This investment category consists of open-ended mutual funds that are registered with the Securities and Exchange Commission (SEC). The mutual funds are invested in high yield markets bonds that represent fixed income securities issued by corporations with credit ratings of AAA or lower. These fixed income mutual funds publish a daily NAV and transact at that price. The mutual funds held in bonds are deemed to be actively traded and support the classification as Level 1 in the fair value hierarchy.

Guaranteed Investment Contracts: The Guaranteed Investment Contract (GIC) is valued at the sum of the net cash contributions to the deposit account plus interest credited minus withdrawals (the Contract Value). The GIC is measured at fair value and is a contractual investment rather than a security and is not deemed to be subject to custodial credit risk. The determination of fair value includes certain unobservable inputs as well as the assessment of the projected long-term duration of the Insurance and Annuity Company through review of contract terms and substantiated utilizing available market data. However, there is a risk that an insurance company could fail to perform its obligations under a funding agreement for financial or other reasons. These contract value of the GIC is not leveled in the fair value hierarchy table below.

The Program categorizes fair value measurement within a hierarchy established by generally accepted accounting principles. The underlying funds had the following recurring fair value measurements at September 30, 2019:

NOTE 3 INVESTMENTS (*Continued*)

		Fair Value Measurement Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
INVESTMENTS MEASURED AT FAIR VALUE				
Domestic Equity Mutual Funds				
iShares Core S&P Total U.S. Stock Market ETF	$ 245,651,186	$ 245,651,186	$ -	$ -
Schwab U.S. REIT ETF	11,901,180	11,901,180	-	-
DFA U.S. Sustainability Core 1 Portfolio	7,276,756	7,276,756	-	-
JP Morgan U.S. Equity	42,763,740	42,763,740	-	-
Vanguard Strategic Small Cap Equity	13,041,396	13,041,396	-	-
			-	-
Total Domestic Equity Mutual Funds	**320,634,258**	**320,634,258**	**-**	**-**
International Equity Mutual Funds				
DFA International Sustainability Core 1 Portfolio	6,263,059	6,263,059	-	-
iShares Core MSCI Total International Stock ETF	5,870,669	5,870,669	-	-
Total International Equity Mutual Funds	**12,133,728**	**12,133,728**	**-**	**-**
Fixed Income Mutual Funds				
Vanguard Intermediate-Term Bond Index Fund	49,721,085	49,721,085	-	-
Vanguard Short-Term Corporate Bond Fund	41,242,431	41,242,431	-	-
Vanguard Short-Term Inflation Protection Securities	57,799,075	57,799,075	-	-
Loomis Sayles Core Plus Bond ETF	13,546,745	13,546,745	-	-
iShares Core U.S. Aggregate Bond ETF	16,101,775	16,101,775	-	-
iShares Core International Aggregate Bond	3,909,005	3,909,005	-	-
			-	-
Total Fixed Income Mutual Funds	**182,320,116**	**182,320,116**	**-**	**-**
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	515,088,102	$ 515,088,102	$ -	$ -
INVESTMENT MEASURED AT CONTRACT VALUE				
Guaranteed Investment Contracts				
Ameritas Stable Value Fund	168,867,291			
TOTAL INVESTMENTS	**$683,955,393**			

NOTE 3 INVESTMENTS (*Continued*)

The Program categorizes fair value measurement within a hierarchy established by generally accepted accounting principles. The underlying funds had the following recurring fair value measurements at September 30, 2018.

		Fair Value Measurement Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
INVESTMENTS MEASURED AT FAIR VALUE				
Domestic Equity Mutual Funds				
iShares Core S&P Total U.S. Stock Market ETF	$ 205,588,997	$ 205,588,997	$ -	$ -
Schwab U.S. REIT ETF	10,715,179	10,715,179	-	-
DFA U.S. Sustainability Core 1 Portfolio	4,778,356	4,778,356	-	-
JP Morgan U.S. Equity	43,780,354	43,780,354	-	-
Vanguard Strategic Small Cap Equity	14,511,562	14,511,562	-	-
			-	-
Total Domestic Equity Mutual Funds	**279,374,448**	**279,374,448**	-	-
International Equity Mutual Funds				
DFA International Sustainability Core 1 Portfolio	6,156,798	6,156,798	-	-
iShares Core MSCI Total International Stock ETF	30,819,315	30,819,315	-	-
Total International Equity Mutual Funds	**36,976,113**	**36,976,113**	-	-
Fixed Income Mutual Funds				
Vanguard Intermediate-Term Bond Index Fund	42,548,703	42,548,703	-	-
Vanguard Short-Term Corporate Bond Fund	35,658,879	35,658,879	-	-
Vanguard Short-Term Inflation Protection Securities	49,777,563	49,777,563	-	-
Loomis Sayles Core Plus Bond ETF	12,392,884	12,392,884	-	-
iShares Core U.S. Aggregate Bond ETF	13,875,176	13,875,176	-	-
iShares Core International Aggregate Bond	2,077,900	2,077,900	-	-
			-	-
Total Fixed Income Mutual Funds	**156,331,105**	**156,331,105**	-	-
TOTAL INVESTMENTS MEASURED AT FAIR VALUE	472,681,666	$ 472,681,666	$ -	$ -
INVESTMENT MEASURED AT CONTRACT VALUE				
Guaranteed Investment Contracts				
Ameritas Stable Value Fund	140,692,516			
TOTAL INVESTMENTS	**$ 613,374,182**			

NOTE 4 ADMINISTRATIVE AND MAINTENANCE FEES

The Program assessed underlying investment, program management, state fees and an annual maintenance fee. Program management and state fees (administrative fees) which totaled 0.15% on the principal protected portfolio and 0.30% on all other funds were assessed. The annual maintenance fee is generally charged during the month of the first anniversary in which the account was opened and annually thereafter. Account owners who are residents of the District are charged an annual maintenance fee of $10.00, and non-District residents are charged an annual maintenance fee of $15.00. The annual maintenance fees are charged on a pro rata basis upon closure of an account. The Program Manager receives the $10.00 annual maintenance fee charged to District residents. Of the $15.00 annual maintenance fee charged to non-District residents, the Program Manager receives $10.00 and the District receives $5.00.

NOTE 4 ADMINISTRATIVE AND MAINTENANCE FEES (Continued)

For Fiscal Year 2019, total program management and administrative fees assessed to account owners were $1,542,440 and $324,053, respectively. These fees are reflected in the Participant Fund Statement of Changes in Fiduciary Net Position. The District portion of the fees was $324,053, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. As of September 30, 2019, the total amount not remitted to the District was $31,903.

For the Fiscal Year 2019, maintenance and enrollment fees reflected in the Participant Fund Statement of Changes in Fiduciary Net Position totaled $172,698. The District's portion was $16,335, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. As of September 30, 2019, the total amount not remitted to the District was $1,146.

The District incurred administrative expenses of $467,947 in Fiscal Year 2019, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. The expenses incurred were for administrative salaries, professional services and scholarship donations. At year-end, the Administrative Fund position balance was $592,628.

For Fiscal Year 2018, total program management and administrative fees assessed to account owners were $1,383,310 and $291,411, respectively. These fees are reflected in the Participant Fund Statement of Changes in Fiduciary Net Position. The District portion of the fees was $291,411, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. As of September 30, 2018, the total amount not remitted to the District was $25,360.

For the Fiscal Year 2018, maintenance and enrollment fees reflected in the Participant Fund Statement of Changes in Fiduciary Net Position totaled $157,965. The District's portion was $17,901, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. As of September 30, 2018, the total amount not remitted to the District was $1,146.

The District incurred administrative expenses of $229,441 in Fiscal Year 2018, which is reflected in the Administrative Fund Statement of Changes in Fiduciary Net Position. The expenses were for the professional services and donations for scholarship. At year-end, the Administrative Fund position balance was $705,100.

NOTE 5 INVESTMENT EXPENSES

Investment expenses represent the operating expenses and load fees paid to the broker dealers. Certain fees charged by the investment funds for operating expenses and load fees are reflected in the net appreciation in fair value of investments amount in the Statement of Changes in Fiduciary Net Position. Underlying investment fees, net of administrative and program management fees (see note 4), ranged from 0.00% to 0.44% (gross of 0.15% to 0.74%) of the fund's average daily net asset value. Underlying investment management fees, net of administrative and program management fees, totaled $493,573 and $511,075 for fiscal year 2019 and 2018, respectively. The fees are reflected in the Participant Fund Statement of Changes in Fiduciary Net Position.

NOTE 6 RELATED PARTY TRANSACTIONS

All the Program's individual portfolios invest in a single underlying mutual fund or ETF managed by a third-party investment manager. The year of enrollment portfolios have a set target allocation and are invested in multiple underlying mutual funds, ETFs as well as the Ameritas Funding Agreement.

Ascensus College Savings monitors and rebalances the underlying asset allocations of the Year of College Enrollment Portfolios on a quarterly basis. The principal protected portfolio invests in a funding agreement issued by Ameritas Life.

NOTE 7 RISKS AND UNCERTAINITIES

The Plan invests in investment securities that are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible, that changes in the values of the investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statement of Fiduciary Net Position.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS.*

To the Trustee of
The District of Columbia 529 College Savings Program Trust

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the District of Columbia 529 College Savings Program Participant and Administrative Funds (the "Trust"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated December 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Trust's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

BCA Watson Rice LLP

Washington, D.C.
December 27, 2019