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FINANCIAL STATEMENTS

JUNE 2020

SMART CORPORATION
EXECUTIVE SUMMARY
FOR THE MONTH ENDING JUN 30, 2020
(in thousands)

INCOME STATEMENT

	Year to Date			Annual	
	Actual	Budget	Variance	Forecast	Budget
INCOME					
Investment Income	\$ 772	-	\$ 772	\$ 772	\$ -
Unrealized Gains (Losses)	(1,052)	-	(1,052)	(1,052)	-
Realized Gains (Losses)	2,292	-	2,292	2,292	-
Equity Inv Gains (Losses)	(84)	-	(84)	(84)	-
Charitable Contributions	-	-	-	-	-
TOTAL INCOME	1,927	-	1,927	1,927	-
EXPENSE					
Consulting & Professional Fees	-	-	-	-	-
Professional Fee - Western Asset	17	16	(1)	33	32
Professional Fee - Logan	51	50	(2)	101	99
Professional Fee-Asset Strategy	49	51	2	99	100
Professional Fee - BNY	22	19	(3)	41	38
Professional Fee - M&T	6	5	(1)	12	9
Professional Fee - USBC	258	258	-	516	516
Other	45	72	27	105	124
ADMINISTRATIVE EXPENSE	448	469	22	906	919
Earnings Allocation to Providers	3,500	-	(3,500)	3,500	-
Depreciation	-	-	-	-	-
TOTAL EXPENSE	3,948	469	(3,478)	4,406	919
NET INCOME	\$ (2,020)	\$ (469)	\$ (1,551)	\$ (2,479)	\$ (919)

SCHOLARSHIP LIABILITY/INVESTMENT ACTIVITY

	Balance 5/31/20	Deposits	Disbursements	Balance 6/30/20
SCHOLARSHIP LIABILITY	\$ 79,860	\$ 508	\$ (547)	\$ 79,822

	Balance 5/31/20	Deposits/ Withdrawals	Disbursements Gains(Losses)	Balance 6/30/20	% of Portfolio
CASH & INVESTMENTS					
CASH (1)	\$ 1,055	509	(628)	\$ 935	
INVESTMENTS	87,755	-	1,638	\$ 89,393	
TOTAL CASH/INVESTMENTS	\$ 88,810	\$ 509	\$ 1,009	\$ 90,328	

* Approximately 15% Equities and 85% Fixed Income

RETURN ON INVESTMENTS	Golub LP *	BNY / Western	Asset Strategy	Total / YTD Mths	Avg Balance 6/30/2020
Average Investment Base Year to Date	2,163	57,437	26,637	86,237	\$ 86,237
Investment Income to Date					\$ 1,927
Average Return on Investment					2.24%
Earnings Net of Investment Expenses					\$ 1,783
Avg Return on Investment net of Investment expenses					2.07%
Average Return on Investment net of Investment expenses excluding unrealized gains/losses					3.29%

* SMART has committed to \$2M in contributions to be called upon at any time. The earnings can be recalled 5 years from date of distribution. The investment principal cannot be liquidated until 2028 at the earliest and potentially not until 2032.

SMART Scholarship Funding Corp
Statement of Changes in Net Assets by Account
For the Six Months Ending June 30, 2020
Amounts in Whole Units

	June			YEAR TO DATE			ANNUAL			PRIOR YEAR	PRIOR MONTH	
	ACTUAL	FORECAST	VARIANCE	ACTUAL	BUDGET	VARIANCE	BUDGET	FORECAST	VARIANCE	ACTUAL	FORECAST	
Expenses												
6090 Training Expense	\$0	\$0	\$0	\$0	\$1,000	(\$1,000)	\$2,000	\$0	(\$2,000)	A	\$0	\$0
6300 Food and Beverage Costs	0	0	0	252	150	102	1,400	1,577	177		1,150	1,577
6440 Hospitality and Gift Costs	598	0	598	598	0	598	0	598	598		0	0
6800 Legal Fees	0	2,283	(2,283)	868	5,000	(4,132)	10,000	10,000	0		171	10,000
6810 Audit Fees	0	0	0	8,925	5,000	3,925	12,500	15,375	2,875	B	7,650	15,375
6820 Consulting and Professional Fee	0	0	0	0	0	0	0	0	0		167	0
6820 Professional Fee-Western Asset	2,855	2,675	180	17,269	16,052	1,218	32,103	33,321	1,218	C	32,419	33,141
6820 Professional Fee-Logan	8,519	8,272	247	51,148	49,632	1,517	99,263	100,780	1,517	C	100,132	100,532
6820 Professional Fee-Asset Strategy	8,055	8,342	(287)	48,741	50,054	(1,313)	100,109	98,795	(1,313)	C	97,078	99,083
6820 Professional Fee-BNY	11,849	9,150	2,699	22,083	18,900	3,183	37,800	40,983	3,183	C	38,528	38,284
6820 Professional Fee-M&T	3,229	2,350	879	5,651	4,700	951	9,400	11,651	2,251	C	9,269	9,472
6820 Professional Fee-USBC	43,000	43,000	0	258,000	258,000	0	516,000	516,000	0		516,000	516,000
6900 Bank and Credit Card Fees	4,100	6,000	(1,900)	27,532	39,000	(11,468)	70,000	58,032	(11,968)	D	73,037	59,933
6930 Office Supplies Cost	0	0	0	248	200	48	400	448	48		(1)	448
6950 Printing Costs	0	0	0	0	0	0	0	0	0		12	0
6970 Postage and Freight	0	0	0	0	0	0	0	0	0		29	0
7000 Travel Expenses	0	0	0	2,548	4,000	(1,452)	6,500	6,498	(2)		1,403	6,498
7010 Meals and Entertainment Costs	0	0	0	533	1,600	(1,067)	2,200	2,433	233		798	2,433
7020 Lodging	0	0	0	1,072	3,150	(2,078)	4,350	4,822	472		3,502	4,822
7110 Marketing and Promotions Expense	0	0	0	0	10,000	(10,000)	10,000	0	(10,000)	E	8,362	0
7300 Insurance Expense	422	422	0	2,529	2,528	2	5,056	5,060	4		3,867	5,060
7620 Miscellaneous Expense	0	0	0	0	0	0	0	0	0		6,317	0
7800 License Fees	0	0	0	0	10	(10)	10	10	0		0	10
Total Expenses	82,626	82,494	132	447,999	468,975	(20,976)	919,091	906,384	(12,707)		899,889	902,669
Operating Income/(loss)	(82,626)	(82,494)	(132)	(447,999)	(468,975)	20,976	(919,091)	(906,384)	12,707		(899,889)	(902,669)
Non-Operating Income/Expense												
5010 Investment Income from Interest	118,935	0	118,935	772,101	0	772,101	0	772,101	772,101		1,701,977	653,166
5020 Investment Realized Gains (Loss)	236,053	0	236,053	2,291,978	0	2,291,978	0	2,291,978	2,291,978		2,423,982	2,055,924
5030 Investment Unrealized Gains (Loss)	1,299,213	0	1,299,213	(1,052,444)	0	(1,052,444)	0	(1,052,444)	(1,052,444)		6,785,460	(2,351,657)
5040 Gain (Loss) on Equity Investment	(1,497)	0	(1,497)	(84,182)	0	(84,182)	0	(84,182)	(84,182)		88,123	(82,685)
7630 Earnings Allocations to Providers	0	0	0	3,500,000	0	3,500,000	0	3,500,000	3,500,000		1,750,000	3,500,000
9000 Depreciation and Amortization Expense	0	0	0	0	0	0	0	0	0		134,536	0
Total Non-Operating Inc/Exp	1,652,704	0	1,652,704	(1,572,548)	0	(1,572,548)	0	(1,572,548)	(1,572,548)		9,115,007	(3,225,252)
Net Income	1,570,078	(82,494)	1,652,572	(2,020,547)	(468,975)	(1,551,572)	(919,091)	(2,478,932)	(1,559,841)		8,215,118	(4,127,921)

A: Favorable decrease in Training expense because of no training scheduled for remaining of the year

B: Unfavorable increase in Audit Fees due to December field work charged in 2020

C: Unfavorable net investment fees due to higher investment balances

D: Favorable decrease in Bank and credit card fees due to lower credit card usage for paid sholarships due to COVID-19 lockdown

E: Favorable decrease in Marketing and Promotions expense due to cacellation of Jr Gold; COVID-19 lockdown

SMART Scholarship Funding Corp
Balance Sheet
For the Six Months Ending June 30, 2020
Amounts in Whole Units

	June YTD				Annual		
	2020	Last Year	Var \$	Var %	Last Year	Var \$	Var %
ASSETS							
Current Assets							
Cash and cash equivalents	\$934,840	\$1,361,160	(\$426,320)	(31.%)	\$856,064	\$78,776	9.%
Investments	89,393,041	81,865,168	7,527,874	9.%	86,208,323	3,184,718	4.%
Accounts Receivable	0	0	0	0.0%	535	(535)	(100.%)
Prepaid Expenses	2,555	1,274	1,281	101.1%	0	2,555	0.0%
Total Current Assets	90,330,436	83,227,602	7,102,834	9.%	87,064,923	3,265,513	4.%
Long Term Assets							
PP&E	910,467	910,467	0	0.0%	910,467	0	0.0%
Less Accum. Depreciation	(910,467)	(843,198)	(67,268)	8.0%	(910,467)	0	0.0%
Total Long Term Assets	0	67,268	(67,268)	(100.%)	0	0	0.0%
Total Assets	\$90,330,436	\$83,294,870	\$7,035,566	8.0%	\$87,064,923	\$3,265,513	4.0%
LIABILITIES							
Current Liabilities							
Accounts Payable	88,164	100,264	12,100	12.0%	58,702	(29,462)	(50.0%)
Scholarship Providers	79,821,932	74,217,175	(5,604,757)	(8.0%)	74,565,333	(5,256,599)	(7.0%)
Total Current Liabilities	79,910,096	74,317,439	5,592,657	8.0%	74,624,035	5,286,061	7.0%
Total Liabilities	79,910,096	74,317,439	5,592,657	8.0%	74,624,035	5,286,061	7.0%
NET ASSETS							
Net Assets - Beginning	12,440,888	4,225,770	(8,215,118)	(194.0%)	4,225,770	(8,215,118)	(194.0%)
Change in Net Assets - Year to Date	(2,020,547)	4,751,662	6,772,209	143.0%	8,215,118	10,235,665	125.0%
Total Net Assets	10,420,340	8,977,432	1,442,908	16.0%	12,440,888	(2,020,547)	(16.0%)
Total Liabilities & Net Assets	\$90,330,436	\$83,294,870	\$7,035,566	8.0%	\$87,064,923	\$3,265,513	4.0%

SMART Scholarship Funding Corp
Statement of Cash Flow
For the Five Months Ending June 30, 2020

Beginning Cash Balance	87,064,387
Change in Net Assets	(2,020,547)
Plus Non-Cash Items:	
Depreciation and Amortization	-
Loss/(Gain) Sale of Assets	-
Cash Flow from Operating Activities	
(Increase) Decrease in Accounts Receivable	16,788,155
(Increase) Decrease in Inventory	-
(Increase) Decrease in Prepaid Expenses & Other	(2,555)
Increase (Decrease) Accounts Payable	29,462
Increase (Decrease) Accrued Liabilities	(11,531,021)
Increase (Decrease) in Deferred Revenue	-
(Increase) Decrease in Long Term Assets	-
(Increase) Decrease Temp Restricted Funds	-
Total Adjustments	<u>5,284,041</u>
Net Cash from Operating Activities	<u>3,263,494</u>
Cash Flow from Investing Activities	
Sales of Investments	-
Purchases of Investments	-
Proceeds from Sale of PP&E	<u>-</u>
Net Cash from Investing Activities	-
Net Cash from Financing Activities	-
Net Cash Flow	3,263,494
Ending Cash Balance	<u>90,327,881</u>
Balance per GL	<u><u>90,327,881</u></u>

SMART Corporation
Report of Changes in Cash
June 30, 2020

	TOTAL	January 1	February 2	March 3	April 4	May 5	June 6	July 7
Beginning Cash Balance		\$ 856,064	\$ 763,072	\$ 946,097	\$ 1,419,316	\$ 1,381,068	\$ 1,054,521	\$ 934,840
Change in Cash								
Frost - Cash Inflow								
Scholarship Provider Deposits	3,675,980	525,999	420,607	683,817	1,163,530	373,470	508,558	
Frost - Cash Outflow								
Operating Expenses	(153,683)	(34,526)	(5,070)	(46,127)	(12,046)	(26,886)	(29,028)	
Scholarship Recipient Payments	(1,890,732)	(584,465)	(146,511)	(121,472)	(136,941)	(345,132)	(556,210)	
Intercompany Payments	(267,790)	-	(86,000)	(43,000)	(52,790)	(43,000)	(43,000)	
Cash Equivalents	-	-	-	-	-	-	-	
Investment Transfers	(1,285,000)	-	-	-	(1,000,000)	(285,000)	-	
Total Change in Cash	78,776	(92,993)	183,026	473,218	(38,247)	(326,548)	(119,681)	
Ending Cash Balance		\$ 763,072	\$ 946,097	\$ 1,419,316	\$ 1,381,068	\$ 1,054,521	\$ 934,840	

SMART Scholarship Funding Corp
Income Statement Forecast
For the Six Months Ending June 30, 2020
Amounts in Whole Units

	ACTUALS						FORECAST						ACTUAL+FORECAST
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Income													
5010 Investment Income from Interest	\$140,419	\$130,729	\$134,452	\$127,027	\$120,538	\$118,935	\$0	\$0	\$0	\$0	\$0	\$0	\$772,101
5020 Investment Realized Gains (Loss)	92,014	209,204	376,518	571,705	806,483	236,053	0	0	0	0	0	0	2,291,978
5030 Investment Unrealized Gains (Loss)	591,564	(1,175,739)	(5,564,541)	2,938,083	858,975	1,299,213	0	0	0	0	0	0	(1,052,444)
5040 Gain (Loss) on Equity Investment	37,127	0	0	0	(119,812)	(1,497)	0	0	0	0	0	0	(84,182)
Total Income	861,124	(835,805)	(5,053,571)	3,636,815	1,666,184	1,652,704	0	0	0	0	0	0	1,927,452
Expenses													
6300 Food and Beverage Costs	0	0	252	0	0	0	0	0	0	442	442	442	1,577
6440 Hospitality and Gift Costs	0	0	0	0	0	598	0	0	0	0	0	0	598
6800 Legal Fees	0	0	0	868	0	0	2,283	2,283	2,283	0	2,283	0	10,000
6810 Audit Fees	2,100	0	5,775	1,050	0	0	0	3,225	0	0	3,225	0	15,375
6820 Consulting and Professional Fee	63,474	62,881	74,567	62,776	61,688	77,507	62,440	62,440	74,440	62,440	62,440	74,440	801,530
6900 Bank and Credit Card Fees	5,421	4,311	6,040	3,367	4,294	4,100	6,000	7,000	6,000	5,000	3,500	3,000	58,032
6930 Office Supplies Cost	248	0	0	0	0	0	0	0	100	0	0	100	448
7000 Travel Expenses	675	65	1,809	0	0	0	0	0	0	1,450	1,250	1,250	6,498
7010 Meals and Entertainment Costs	488	46	0	0	0	0	0	0	0	1,300	300	300	2,433
7020 Lodging	0	1,072	0	0	0	0	0	0	0	2,550	600	600	4,822
7300 Insurance Expense	422	422	422	422	422	422	422	422	422	422	422	422	5,060
7630 Earnings Allocations to Provide	0	0	0	0	3,500,000	0	0	0	0	0	0	0	3,500,000
7800 License Fees	0	0	0	0	0	0	0	0	0	10	0	0	10
Total Expenses	72,826	68,796	88,865	68,482	3,566,403	82,626	71,144	75,369	83,244	73,613	74,461	80,553	4,406,384
Net Income/(loss)	788,297	(904,601)	(5,142,436)	3,568,333	(1,900,219)	1,570,078	(71,144)	(75,369)	(83,244)	(73,613)	(74,461)	(80,553)	(2,478,932)