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FINANCIAL STATEMENTS

MARCH 2020

SMART CORPORATION
EXECUTIVE SUMMARY
FOR THE MONTH ENDING MARCH 31, 2020
(in thousands)

INCOME STATEMENT

	Year to Date			Annual	
	Actual	Budget	Variance	Forecast	Budget
INCOME					
Investment Income	\$ 406	-	\$ 406	\$ 406	\$ -
Unrealized Gains (Losses)	(6,149)	-	(6,149)	(6,149)	-
Realized Gains (Losses)	678	-	678	678	-
Equity Inv Gains (Losses)	37	-	37	37	-
Charitable Contributions	-	-	-	-	-
TOTAL INCOME	(5,028)	-	(5,028)	(5,028)	-
EXPENSE					
Consulting & Professional Fees	-	-	-	-	-
Professional Fee - Western Asset	9	8	(1)	33	32
Professional Fee - Logan	26	25	(1)	100	99
Professional Fee-Asset Strategy	25	25	(0)	101	100
Professional Fee - BNY	10	9	(0)	38	38
Professional Fee - M&T	2	2	(0)	9	9
Professional Fee - USBC	129	129	-	516	516
Other	30	25	(5)	135	124
ADMINISTRATIVE EXPENSE	230	223	(7)	932	919
Earnings Allocation to Providers	-	-	-	-	-
Depreciation	-	-	-	-	-
TOTAL EXPENSE	230	223	(7)	932	919
NET INCOME	\$ (5,259)	\$ (223)	\$ (5,035)	\$ (5,960)	\$ (919)

SCHOLARSHIP LIABILITY/INVESTMENT ACTIVITY

	Balance 2/29/20	Deposits	Disbursements	Balance 3/31/20
SCHOLARSHIP LIABILITY	\$ 74,772	\$ 683	\$ (117)	\$ 75,339

	Balance 2/29/20	Deposits/ Withdrawals	Disbursements Gains(Losses)	Balance 3/31/20	% of Portfolio
CASH & INVESTMENTS					
CASH (1)	\$ 946	684	(211)	\$ 1,419	
INVESTMENTS	86,233	-	(5,065)	\$ 81,168	
TOTAL CASH/INVESTMENTS	\$ 87,179	\$ 684	\$ (5,276)	\$ 82,587	

* Approximately 15% Equities and 85% Fixed Income

RETURN ON INVESTMENTS	Golub LP *	BNY / Western	Asset Strategy	Total / YTD Mths	Avg Balance 3/31/2020
Average Investment Base Year to Date	2,130	56,923	26,437	85,490	\$ 85,490
Investment Income to Date					\$ (5,028)
Average Return on Investment					-5.88%
Earnings Net of Investment Expenses					\$ (5,100)
Avg Return on Investment net of Investment expenses					-5.97%
Average Return on Investment net of Investment expenses excluding unrealized gains/losses					1.23%

* 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 Three Months Ending March 31, 2020
Amounts in Whole Units

	March			YEAR TO DATE			ANNUAL			PRIOR YEAR	PRIOR MONTH
	ACTUAL	FORECAST	VARIANCE	ACTUAL	BUDGET	VARIANCE	BUDGET	FORECAST	VARIANCE	ACTUAL	FORECAST
Expenses											
6090 Training Expense	\$0	\$500	(\$500)	\$0	\$500	(\$500)	\$2,000	\$2,000	\$0	\$0	\$2,000
6300 Food and Beverage Costs	252	0	252	252	75	177	1,400	1,577	177	1,150	1,325
6800 Legal Fees	0	0	0	0	2,500	(2,500)	10,000	10,000	0	171	10,000
6810 Audit Fees	5,775	5,775	0	7,875	3,000	4,875	12,500	15,375	2,875	A 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	2,818	2,675	143	8,594	8,026	568	32,103	32,672	568	32,419	32,528
6820 Professional Fee-Logan	8,598	8,272	326	25,773	24,816	957	99,263	100,220	957	100,132	99,894
6820 Professional Fee-Asset Strategy	8,362	8,342	20	25,498	25,027	471	100,109	100,580	471	97,078	100,560
6820 Professional Fee-BNY	9,366	9,150	216	9,635	9,450	185	37,800	37,985	185	38,528	37,768
6820 Professional Fee-M&T	2,422	2,350	72	2,422	2,350	72	9,400	9,472	72	9,269	9,400
6820 Professional Fee-USBC	43,000	43,000	0	129,000	129,000	0	516,000	516,000	0	516,000	516,000
6900 Bank and Credit Card Fees	6,040	6,000	40	15,772	13,500	2,272	70,000	76,772	6,772	B 73,037	76,732
6930 Office Supplies Cost	0	100	(100)	248	100	148	400	548	148	(1)	648
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	1,809	500	1,309	2,548	1,750	798	6,500	6,498	(2)	1,403	5,989
7010 Meals and Entertainment Costs	0	400	(400)	533	700	(167)	2,200	2,433	233	798	2,433
7020 Lodging	0	800	(800)	1,072	1,400	(328)	4,350	4,822	472	3,502	4,822
7110 Marketing and Promotions Expense	0	0	0	0	0	0	10,000	10,000	0	8,362	10,000
7300 Insurance Expense	422	422	0	1,265	1,264	1	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	0	0	10	10	0	0	10
Total Expenses	88,865	88,286	579	230,488	223,458	7,030	919,091	932,024	12,933	899,889	930,545
Operating Income/(loss)	(88,865)	(88,286)	(579)	(230,488)	(223,458)	(7,030)	(919,091)	(932,024)	(12,933)	(899,889)	(930,545)
Non-Operating Income/Expense											
5010 Investment Income from Interest	134,452	0	134,452	405,600	0	405,600	0	405,600	405,600	1,701,977	271,148
5020 Investment Realized Gains (Loss)	376,518	0	376,518	677,737	0	677,737	0	677,737	677,737	2,423,982	301,219
5030 Investment Unrealized Gains (Loss)	(5,564,541)	0	(5,564,541)	(6,148,715)	0	(6,148,715)	0	(6,148,715)	(6,148,715)	6,785,460	(584,174)
5040 Gain (Loss) on Equity Investment	0	0	0	37,127	0	37,127	0	37,127	37,127	88,123	37,127
7630 Earnings Allocations to Providers	0	0	0	0	0	0	0	0	0	1,750,000	0
9000 Depreciation and Amortization Expense	0	0	0	0	0	0	0	0	0	134,536	0
Total Non-Operating Inc/Exp	(5,053,571)	0	(5,053,571)	(5,028,252)	0	(5,028,252)	0	(5,028,252)	(5,028,252)	9,115,007	25,319
Net Income	(5,142,436)	(88,286)	(5,054,150)	(5,258,740)	(223,458)	(5,035,282)	(919,091)	(5,960,276)	(5,041,185)	8,215,118	(905,226)

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

B: Unfavorable increase in Bank and credit card fees due to higher credit card usage for paid scholarships

SMART Scholarship Funding Corp
Balance Sheet
For the Three Months Ending March 31, 2020
Amounts in Whole Units

	March YTD				Annual		
	2020	Last Year	Var \$	Var %	Last Year	Var \$	Var %
ASSETS							
Current Assets							
Cash and cash equivalents	\$1,419,316	\$1,445,882	(\$26,566)	(2.%)	\$856,064	\$563,251	66.%
Investments	81,168,015	76,510,884	4,657,131	6.%	86,208,323	(5,040,308)	(6.%)
Accounts Receivable	535	2,849	(2,314)	(81.%)	535	0	0.%
Prepaid Expenses	1,528	263	1,265	481.%	0	1,528	0.%
Total Current Assets	82,589,394	77,959,878	4,629,516	6.%	87,064,923	(4,475,529)	(5.%)
Long Term Assets							
PP&E	910,467	910,467	0	0.%	910,467	0	0.%
Less Accum. Depreciation	(910,467)	(809,564)	(100,902)	12.%	(910,467)	0	0.%
Total Long Term Assets	0	100,902	(100,902)	(100.%)	0	0	0.%
Total Assets	\$82,589,394	\$78,060,780	\$4,528,614	6.%	\$87,064,923	(\$4,475,529)	(5.%)
LIABILITIES							
Current Liabilities							
Accounts Payable	68,579	82,863	14,285	17.%	58,702	(9,877)	(17.%)
Scholarship Providers	75,338,667	69,749,741	(5,588,926)	(8.%)	74,565,333	(773,334)	(1.%)
Total Current Liabilities	75,407,246	69,832,605	5,574,641	8.%	74,624,035	783,211	1.%
Total Liabilities	75,407,246	69,832,605	5,574,641	8.%	74,624,035	783,211	1.%
NET ASSETS							
Net Assets - Beginning	12,440,888	4,225,770	(8,215,118)	(194.%)	4,225,770	(8,215,118)	(194.%)
Change in Net Assets - Year to Date	(5,258,740)	4,002,405	9,261,145	231.%	8,215,118	13,473,858	164.%
Total Net Assets	7,182,148	8,228,175	(1,046,028)	(13.%)	12,440,888	(5,258,740)	(42.%)
Total Liabilities & Net Assets	\$82,589,394	\$78,060,780	\$4,528,614	6.%	\$87,064,923	(\$4,475,529)	(5.%)

SMART Scholarship Funding Corp
Statement of Cash Flow
For the Two Months Ending March 31, 2020

Beginning Cash Balance	87,064,387
Change in Net Assets	(5,258,740)
Plus Non-Cash Items:	
Depreciation and Amortization	-
Loss/(Gain) Sale of Assets	-
Cash Flow from Operating Activities	
(Increase) Decrease in Accounts Receivable	13,942,054
(Increase) Decrease in Inventory	-
(Increase) Decrease in Prepaid Expenses & Other	(1,528)
Increase (Decrease) Accounts Payable	9,877
Increase (Decrease) Accrued Liabilities	(13,168,720)
Increase (Decrease) in Deferred Revenue	-
(Increase) Decrease in Long Term Assets	-
(Increase) Decrease Temp Restricted Funds	-
Total Adjustments	<u>781,683</u>
Net Cash from Operating Activities	<u>(4,477,057)</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	(4,477,057)
Ending Cash Balance	<u>82,587,331</u>
Balance per GL	<u><u>82,587,331</u></u>

SMART Corporation
Report of Changes in Cash
March 31, 2020

	TOTAL	January 1	February 2	March 3	April 4
Beginning Cash Balance		\$ 856,064	\$ 763,072	\$ 946,097	\$ 1,419,316
Change in Cash					
Frost - Cash Inflow					
Scholarship Provider Deposits	1,630,423	525,999	420,607	683,817	
Frost - Cash Outflow					
Operating Expenses	(59,982)	(8,785)	(5,070)	(46,127)	
Scholarship Recipient Payments	(878,189)	(610,206)	(146,511)	(121,472)	
Intercompany Payments	(129,000)	-	(86,000)	(43,000)	
Cash Equivalents	-	-	-	-	
Investment Transfers	-	-	-	-	
Total Change in Cash	563,251	(92,993)	183,026	473,218	
Ending Cash Balance		\$ 763,072	\$ 946,097	\$ 1,419,316	

SMART Scholarship Funding Corp
Income Statement Forecast
For the Three Months Ending March 31, 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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$405,600
5020 Investment Realized Gains (Loss)	92,014	209,204	376,518	0	0	0	0	0	0	0	0	0	677,737
5030 Investment Unrealized Gains (Loss)	591,564	(1,175,739)	(5,564,541)	0	0	0	0	0	0	0	0	0	(6,148,715)
5040 Gain (Loss) on Equity Investment	37,127	0	0	0	0	0	0	0	0	0	0	0	37,127
Total Income	861,124	(835,805)	(5,053,571)	0	0	0	0	0	0	0	0	0	(5,028,252)
Expenses													
6090 Training Expense	0	0	0	0	0	500	0	500	500	0	0	500	2,000
6300 Food and Beverage Costs	0	0	252	0	75	0	1,100	75	0	0	75	0	1,577
6800 Legal Fees	0	0	0	0	2,500	0	2,500	0	2,500	0	2,500	0	10,000
6810 Audit Fees	2,100	0	5,775	0	0	0	0	3,000	0	0	4,500	0	15,375
6820 Consulting and Professional Fee	63,474	62,881	74,567	62,440	62,440	73,790	62,440	62,440	73,790	62,440	62,440	73,790	796,928
6900 Bank and Credit Card Fees	5,421	4,311	6,040	7,000	9,500	11,000	9,000	7,000	6,000	5,000	3,500	3,000	76,772
6930 Office Supplies Cost	248	0	0	0	0	100	0	0	100	0	0	100	548
7000 Travel Expenses	675	65	1,809	0	0	0	0	1,450	1,250	0	1,250	0	6,498
7010 Meals and Entertainment Costs	488	46	0	0	0	0	0	1,300	300	0	300	0	2,433
7020 Lodging	0	1,072	0	0	0	0	0	2,550	600	0	600	0	4,822
7110 Marketing and Promotions Expense	0	0	0	0	0	10,000	0	0	0	0	0	0	10,000
7300 Insurance Expense	422	422	422	422	422	422	422	422	422	422	422	422	5,060
7800 License Fees	0	0	0	10	0	0	0	0	0	0	0	0	10
Total Expenses	72,826	68,796	88,865	69,871	74,936	95,811	75,461	78,736	85,461	67,861	75,586	77,812	932,024
Net Income/(loss)	788,297	(904,601)	(5,142,436)	(69,871)	(74,936)	(95,811)	(75,461)	(78,736)	(85,461)	(67,861)	(75,586)	(77,812)	(5,960,276)