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FINANCIAL STATEMENTS

SEPTEMBER 2020

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

INCOME STATEMENT

	Year to Date			Annual	
	Actual	Budget	Variance	Forecast	Budget
INCOME					
Investment Income	\$ 1,123	-	\$ 1,123	\$ 1,123	\$ -
Unrealized Gains (Losses)	894	-	894	894	-
Realized Gains (Losses)	2,621	-	2,621	2,621	-
Equity Inv Gains (Losses)	80	-	80	80	-
Charitable Contributions	-	-	-	-	-
TOTAL INCOME	4,718	-	4,718	4,718	-
EXPENSE					
Consulting & Professional Fees	1	-	(1)	1	-
Professional Fee - Western Asset	26	24	(2)	35	32
Professional Fee - Logan	78	74	(4)	105	99
Professional Fee-Asset Strategy	76	75	(1)	102	100
Professional Fee - BNY	32	28	(4)	44	38
Professional Fee - M&T	17	7	(10)	23	9
Professional Fee - USBC	387	387	-	516	516
Other	142	102	(39)	160	124
ADMINISTRATIVE EXPENSE	759	698	(61)	985	919
Earnings Allocation to Providers	3,500	-	(3,500)	3,500	-
Depreciation	-	-	-	-	-
TOTAL EXPENSE	4,259	698	(3,561)	4,485	919
NET INCOME	\$ 459	\$ (698)	\$ 1,157	\$ 233	\$ (919)

SCHOLARSHIP LIABILITY/INVESTMENT ACTIVITY

	Balance 8/31/20	Deposits	Disbursements	Balance 9/30/20
SCHOLARSHIP LIABILITY	\$ 78,747	\$ 492	\$ (498)	\$ 78,741

	Balance 8/31/20	Deposits/ Withdrawals	Disbursements Gains(Losses)	Balance 9/30/20	% of Portfolio
CASH & INVESTMENTS					
CASH (1)	\$ 1,145	492	(590)	\$ 1,047	
INVESTMENTS	91,436	-	(774)	\$ 90,663	
TOTAL CASH/INVESTMENTS	\$ 92,581	\$ 492	\$ (1,364)	\$ 91,709	

* Approximately 15% Equities and 85% Fixed Income

RETURN ON INVESTMENTS	Golub LP *	BNY / Western	Asset Strategy	Total / YTD Mths	Avg Balance 9/30/2020
Average Investment Base Year to Date	2,149	57,910	27,870	87,928	\$ 87,928
Investment Income to Date					\$ 4,718
Average Return on Investment					5.37%
Earnings Net of Investment Expenses					\$ 4,489
Avg Return on Investment net of Investment expenses					5.11%
Average Return on Investment net of Investment expenses excluding unrealized gains/losses					4.09%

* 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 Nine Months Ending September 30, 2020
Amounts in Whole Units

	September			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	\$1,500	(\$1,500)	\$2,000	\$0	(\$2,000)	A	\$0	\$0
6300 Food and Beverage Costs	0	0	0	252	1,325	(1,073)	1,400	1,577	177		1,150	1,577
6440 Hospitality and Gift Costs	0	0	0	598	0	598	0	598	598		0	598
6800 Legal Fees	10	1,650	(1,640)	6,711	7,500	(790)	10,000	8,360	(1,640)		171	10,000
6810 Audit Fees	0	0	0	11,969	8,000	3,969	12,500	15,194	2,694	B	7,650	15,194
6820 Consulting and Professional Fee	0	0	0	1,256	0	1,256	0	1,256	1,256		167	1,256
6820 Professional Fee-Western Asset	2,927	2,979	(52)	26,265	24,077	2,188	32,103	35,201	3,098	C	32,419	35,252
6820 Professional Fee-Logan	8,770	8,770	0	78,212	74,447	3,765	99,263	104,523	5,260	C	100,132	104,523
6820 Professional Fee-Asset Strategy	8,548	8,548	0	75,862	75,082	780	100,109	101,506	1,397	C	97,078	101,506
6820 Professional Fee-BNY	9,305	11,550	(2,245)	31,963	28,350	3,613	37,800	43,813	6,013	C	38,528	46,058
6820 Professional Fee-M&T	6,831	3,000	3,831	16,741	7,050	9,691	9,400	23,241	13,841	C	9,269	19,410
6820 Professional Fee-USBC	43,000	43,000	0	387,000	387,000	0	516,000	516,000	0		516,000	516,000
6900 Bank and Credit Card Fees	4,767	5,000	(233)	43,640	59,000	(15,360)	70,000	54,140	(15,860)	D	73,037	54,372
6930 Office Supplies Cost	0	100	(100)	248	300	(52)	400	348	(52)		(1)	448
6950 Printing Costs	0	0	0	70,434	0	70,434	0	70,434	70,434	E	12	70,434
6970 Postage and Freight	0	0	0	0	0	0	0	0	0		29	0
7000 Travel Expenses	0	0	0	2,548	5,250	(2,702)	6,500	2,548	(3,952)	F	1,403	6,500
7010 Meals and Entertainment Costs	0	0	0	533	1,900	(1,367)	2,200	533	(1,667)	F	798	2,433
7020 Lodging	0	0	0	1,072	3,750	(2,678)	4,350	1,072	(3,278)	F	3,502	4,822
7110 Marketing and Promotions Expense	0	0	0	0	10,000	(10,000)	10,000	0	(10,000)	G	8,362	0
7300 Insurance Expense	426	422	4	3,807	3,792	15	5,056	5,084	28		3,867	5,068
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	84,584	85,018	(434)	759,112	698,333	60,779	919,091	985,440	66,349		899,889	995,464
Operating Income/(loss)	(84,584)	(85,018)	434	(759,112)	(698,333)	(60,779)	(919,091)	(985,440)	(66,349)		(899,889)	(995,464)
Non-Operating Income/Expense												
5010 Investment Income from Interest	115,653	0	115,653	1,123,313	0	1,123,313	0	1,123,313	1,123,313		1,701,977	1,007,660
5020 Investment Realized Gains (Loss)	157,752	0	157,752	2,620,839	0	2,620,839	0	2,620,839	2,620,839		2,423,982	2,463,086
5030 Investment Unrealized Gains (Loss)	(1,145,478)	0	(1,145,478)	893,949	0	893,949	0	893,949	893,949		6,785,460	2,039,427
5040 Gain (Loss) on Equity Investment	114,689	0	114,689	80,047	0	80,047	0	80,047	80,047		88,123	(34,642)
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	(757,384)	0	(757,384)	1,218,149	0	1,218,149	0	1,218,149	1,218,149		9,115,007	1,975,532
Net Income	(841,968)	(85,018)	(756,949)	459,036	(698,333)	1,157,369	(919,091)	232,709	1,151,800		8,215,118	980,069

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

E: Unfavorable increase in Printing costs due to Direct mail campaign through Postalytics approved by SMART Board

F: Favorable decrease in Travel and Food & Beverages expenses due to cancellation of meetings because of COVID-19

G: Favorable decrease in Marketing and Promotions expense due to caccellation of Jr Gold because of COVID-19

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

	September YTD				Annual		
	2020	Last Year	Var \$	Var %	Last Year	Var \$	Var %
ASSETS							
Current Assets							
Cash and cash equivalents	\$1,046,683	\$711,900	\$334,782	47.%	\$856,064	\$190,618	22.%
Investments	90,662,768	83,840,969	6,821,798	8.%	86,208,323	4,454,445	5.%
Accounts Receivable	0	746	(746)	(100.%)	535	(535)	(100.%)
Prepaid Expenses	1,277	75	1,202	1602.%	0	1,277	0.%
Total Current Assets	91,710,728	84,553,690	7,157,037	8.%	87,064,923	4,645,805	5.%
Long Term Assets							
PP&E	910,467	910,467	0	0.%	910,467	0	0.%
Less Accum. Depreciation	(910,467)	(876,833)	(33,634)	4.%	(910,467)	0	0.%
Total Long Term Assets	0	33,634	(33,634)	(100.%)	0	0	0.%
Total Assets	\$91,710,728	\$84,587,324	\$7,123,403	8.%	\$87,064,923	\$4,645,805	5.%
LIABILITIES							
Current Liabilities							
Accounts Payable	70,284	68,168	(2,116)	(3.%)	58,702	(11,583)	(20.%)
Scholarship Providers	78,740,519	74,161,168	(4,579,351)	(6.%)	74,565,333	(4,175,186)	(6.%)
Total Current Liabilities	78,810,804	74,229,336	4,581,467	6.%	74,624,035	4,186,769	6.%
Total Liabilities	78,810,804	74,229,336	4,581,467	6.%	74,624,035	4,186,769	6.%
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	459,036	6,132,218	5,673,182	93.%	8,215,118	7,756,081	94.%
Total Net Assets	12,899,924	10,357,988	2,541,936	25.%	12,440,888	459,036	4.%
Total Liabilities & Net Assets	\$91,710,728	\$84,587,324	\$7,123,403	8.%	\$87,064,923	\$4,645,805	5.%

SMART Scholarship Funding Corp
Statement of Cash Flow
For the Nine Months Ending September 30, 2020

Beginning Cash Balance	87,064,387.00
Change in Net Assets	459,036.25
Plus Non-Cash Items:	
Depreciation and Amortization	-
Loss/(Gain) Sale of Assets	-
Cash Flow from Operating Activities	
(Increase) Decrease in Accounts Receivable	16,089,406.84
(Increase) Decrease in Inventory	-
(Increase) Decrease in Prepaid Expenses & Other	(1,277.27)
Increase (Decrease) Accounts Payable	11,582.86
Increase (Decrease) Accrued Liabilities	(11,913,686.00)
Increase (Decrease) in Deferred Revenue	-
(Increase) Decrease in Long Term Assets	-
(Increase) Decrease Temp Restricted Funds	-
Total Adjustments	<u>4,186,026.43</u>
Net Cash from Operating Activities	<u>4,645,062.68</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	4,645,062.68
Ending Cash Balance	<u>91,709,451.00</u>
Balance per GL	<u><u>91,709,451.00</u></u>

SMART Corporation
Report of Changes in Cash
September 30, 2020

	TOTAL	January 1	February 2	March 3	April 4	May 5	June 6	July 7	August 8	September 9	October 10
Beginning Cash Balance		\$ 856,064	\$ 763,072	\$ 946,097	\$ 1,419,316	\$ 1,381,068	\$ 1,054,521	\$ 934,840	\$ 468,780	\$ 1,145,170	\$ 1,046,683
Change in Cash											
Frost - Cash Inflow											
Scholarship Provider Deposits	\$ 5,248,988.64	525,999	420,607	683,817	1,163,530	373,470	508,558	562,318	519,187	491,503	
Frost - Cash Outflow											
Operating Expenses	\$ (241,636.46)	(34,526)	(5,181)	(46,127)	(12,046)	(27,754)	(29,028)	(16,167)	(40,397)	(30,410)	
Scholarship Recipient Payments	\$ (4,634,944.00)	(584,465)	(146,400)	(121,472)	(136,941)	(344,264)	(556,210)	(1,012,211)	(1,216,399)	(516,580)	
Intercompany Payments	\$ (396,790.00)	-	(86,000)	(43,000)	(52,790)	(43,000)	(43,000)	-	(86,000)	(43,000)	
Cash Equivalents	\$ -	-	-	-	-	-	-	-	-	-	
Investment Transfers	\$ 215,000.00	-	-	-	(1,000,000)	(285,000)	-	-	1,500,000	-	
Total Change in Cash	\$ 190,618.18	(92,993)	183,026	473,218	(38,247)	(326,548)	(119,681)	(466,060)	676,390	(98,488)	
Ending Cash Balance		\$ 763,072	\$ 946,097	\$ 1,419,316	\$ 1,381,068	\$ 1,054,521	\$ 934,840	\$ 468,780	\$ 1,145,170	\$ 1,046,683	

SMART Scholarship Funding Corp
Income Statement Forecast
For the Nine Months Ending September 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	\$115,865	\$119,695	\$115,653	\$0	\$0	\$0	\$1,123,313
5020 Investment Realized Gains (Loss)	92,014	209,204	376,518	571,705	806,483	236,053	(46,205)	217,314	157,752	0	0	0	2,620,839
5030 Investment Unrealized Gains (Loss)	591,564	(1,175,739)	(5,564,541)	2,938,083	858,975	1,299,213	2,368,172	723,700	(1,145,478)	0	0	0	893,949
5040 Gain (Loss) on Equity Investment	37,127	0	0	0	(119,812)	(1,497)	0	49,540	114,689	0	0	0	80,047
Total Income	861,124	(835,805)	(5,053,571)	3,636,815	1,666,184	1,652,704	2,437,831	1,110,249	(757,384)	0	0	0	4,718,149
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	5,833	0	10	0	1,650	0	8,360
6810 Audit Fees	2,100	0	5,775	1,050	0	0	3,044	0	0	0	3,225	0	15,194
6820 Consulting and Professional Fee	63,474	62,881	74,567	62,776	61,688	77,507	64,074	70,953	79,381	63,447	66,947	77,847	825,540
6900 Bank and Credit Card Fees	5,421	4,311	6,040	3,367	4,294	4,100	6,034	5,306	4,767	4,000	3,500	3,000	54,140
6930 Office Supplies Cost	248	0	0	0	0	0	0	0	0	0	0	100	348
6950 Printing Costs	0	0	0	0	0	0	0	70,434	0	0	0	0	70,434
7000 Travel Expenses	675	65	1,809	0	0	0	0	0	0	0	0	0	2,548
7010 Meals and Entertainment Costs	488	46	0	0	0	0	0	0	0	0	0	0	533
7020 Lodging	0	1,072	0	0	0	0	0	0	0	0	0	0	1,072
7110 Marketing and Promotions Expense	0	0	0	0	0	0	1,256	(1,256)	0	0	0	0	0
7300 Insurance Expense	422	422	422	422	422	422	426	426	426	426	426	426	5,084
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	80,667	145,863	84,584	68,324	76,189	81,814	4,485,440
Net Income/(loss)	788,297	(904,601)	(5,142,436)	3,568,333	(1,900,219)	1,570,078	2,357,165	964,387	(841,968)	(68,324)	(76,189)	(81,814)	232,709