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FINANCIAL STATEMENTS

JUNE 2018

SMART CORPORATION
EXECUTIVE SUMMARY
FOR THE MONTH ENDING JUNE 30, 2018
(in thousands)

INCOME STATEMENT

	Year to Date			Annual	
	Actual	Budget	Variance	Forecast	Budget
INCOME					
Investment Income	\$ 721	-	\$ 721	\$ 721	\$ -
Unrealized Gains (Losses)	(1,386)	-	(1,386)	(1,386)	-
Realized Gains (Losses)	(326)	-	(326)	(326)	-
Equity Inv Gains (Losses)	16	-	16	16	-
Charitable Contributions	-	-	-	-	-
TOTAL INCOME	(976)	-	(976)	(976)	-
EXPENSE					
Consulting & Professional Fees	0	-	-	0.37	-
Professional Fee - Fiera Capital	7	4	(3)	14	8
Professional Fee - Logan	52	57	5	111	115
Professional Fee-Asset Strategy	41	53	12	101	106
Professional Fee - BNY	15	17	1	33	33
Professional Fee - M&T	5	5	(0)	10	9
Professional Fee - USBC	221	234	12	475	475
Other	17	45	28	61	82
ADMINISTRATIVE EXPENSE	359	415	55	804	828
Earnings Allocation to Providers	1,750	-	(1,750)	1,750	-
Depreciation	67	56	(11)	135	123
TOTAL EXPENSE	2,177	471	(1,706)	2,689	952
NET INCOME	\$ (3,152)	\$ (471)	\$ (2,681)	\$ (3,664)	\$ (952)

SCHOLARSHIP LIABILITY/INVESTMENT ACTIVITY

	Balance 5/31/18	Deposits	Disbursements	Balance 6/30/18
SCHOLARSHIP LIABILITY	\$ 67,408	\$ 1,344	\$ (492)	\$ 68,260

	Balance 5/31/18	Deposits/ Withdrawals	Disbursements Gains(Losses)	Balance 6/30/18	% of Portfolio
CASH & INVESTMENTS					
CASH (1)	\$ 1,262	245	(495)	\$ 1,011	
INVESTMENTS	71,982	1,100	(208)	\$ 72,875	
TOTAL CASH/INVESTMENTS	\$ 73,244	\$ 1,345	\$ (703)	\$ 73,886	

* Approximately 15% Equities and 85% Fixed Income

RETURN ON INVESTMENTS	Golub LP *	BNY Mellon	Wilmington	Total / YTD Mths	Avg Balance 6/30/18
Average Investment Base Year to Date	600	46,763	23,532	70,895	\$ 70,895
Investment Income to Date					\$ (976)
Average Return on Investment					-1.38%
Earnings Net of Expenses					\$ (3,152)
Avg Return on Investment net of Investment expenses					-1.55%
Average Return on Investment net of Investment expenses excluding unrealized gains/losses					0.41%

* 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, 2018
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	\$500	(\$500)	\$0	\$1,000	(\$1,000)	\$2,000	\$2,000	\$0	\$0	\$2,000
6300 Food and Beverage Costs	0	0	0	0	150	(150)	300	225	(75)	0	225
6800 Legal Fees	0	0	0	7,309	5,000	2,309	10,000	10,000	0	8,999	10,000
6810 Audit Fees	0	0	0	6,500	7,500	(1,000)	10,300	11,300	1,000	12,000	11,300
6820 Consulting and Professional Fee	0	0	0	37	0	37	0	37	37	40	37
6820 Professional Fee-Fiera Capt	1,205	1,100	105	7,151	3,950	3,200	7,900	14,380	6,480	A 8,825	13,646
6820 Professional Fee-Logan	8,677	9,546	(868)	52,064	57,275	(5,210)	114,550	104,129	(10,421)	B 107,463	111,861
6820 Professional Fee-Asset Strategy	7,415	10,114	(2,699)	41,001	53,203	(12,202)	106,405	85,491	(20,914)	B 101,339	103,389
6820 Professional Fee-BNY	8,106	8,332	(226)	15,388	16,666	(1,278)	33,331	33,105	(227)	30,493	33,331
6820 Professional Fee-M&T	2,949	2,500	449	5,191	4,734	457	9,469	9,660	191	10,288	9,211
6820 Professional Fee-USBC	36,441	40,177	(3,737)	221,315	233,591	(12,277)	475,000	475,000	0	475,000	475,000
6900 Bank and Credit Card Fees	7,473	3,333	4,140	28,999	20,000	8,999	40,000	47,999	7,999	C 15,962	40,000
6930 Office Supplies Cost	36	100	(64)	141	600	(459)	1,200	1,041	(159)	252	1,105
6950 Printing Costs	0	0	0	35	0	35	0	35	35	85	35
6970 Postage and Freight	0	0	0	0	0	0	0	0	0	46	0
7000 Travel Expenses	0	1,000	(1,000)	457	4,000	(3,543)	6,500	5,500	(1,000)	2,412	6,500
7010 Meals and Entertainment Costs	222	100	122	242	1,600	(1,358)	2,200	2,322	122	318	2,200
7020 Lodging	0	150	(150)	0	3,150	(3,150)	4,350	4,200	(150)	430	4,350
7300 Insurance Expense	398	398	0	2,389	2,345	45	4,689	4,778	89	4,673	4,778
7620 Miscellaneous Expense	(24,603)	0	(24,603)	(28,685)	0	(28,685)	0	(28,685)	(28,685)	D (1,198)	(4,082)
7800 License Fees	0	0	0	0	10	(10)	10	0	(10)	10	0
Total Expenses	48,318	77,351	(29,032)	359,531	414,773	(55,242)	828,204	782,515	(45,688)	777,436	824,885
Operating Income/(loss)	(48,318)	(77,351)	29,032	(359,531)	(414,773)	55,242	(828,204)	(782,515)	45,688	(777,436)	(824,885)
Non-Operating Income/Expense											
5010 Investment Income from Interest	129,638	0	129,638	721,437	0	721,437	0	721,437	721,437	1,312,347	591,799
5020 Investment Realized Gains (Loss)	23,332	0	23,332	(326,345)	0	(326,345)	0	(326,345)	(326,345)	942,365	(349,677)
5030 Investment Unrealized Gains (Loss)	(349,465)	0	(349,465)	(1,386,360)	0	(1,386,360)	0	(1,386,360)	(1,386,360)	3,173,263	(1,036,895)
5040 Gain (Loss) on Equity Investment	0	0	0	15,748	0	15,748	0	15,748	15,748	27,976	15,748
7630 Earnings Allocations to Providers	0	0	0	1,750,000	0	1,750,000	0	1,750,000	1,750,000	1,000,000	1,750,000
9000 Depreciation and Amortization Expense	11,211	11,211	0	67,268	56,055	11,213	123,321	134,534	11,213	E 134,536	134,534
Total Non-Operating Inc/Exp	(207,706)	(11,211)	(196,495)	(2,792,788)	(56,055)	(2,736,733)	(123,321)	(2,860,054)	(2,736,733)	4,321,415	(2,663,559)
Net Income	(256,025)	(88,562)	(167,463)	(3,152,319)	(470,828)	(2,681,491)	(951,525)	(3,642,570)	(2,691,045)	3,543,979	(3,488,444)

A: Fiera Capital annual forecasted investment fees increased due to growth in the investment and a \$610K transfer from the Asset Strategy M&T account during 2017 that was not known during Budget preparations

B: Favorable variance due to lower investment balances than expected during budget preparations

C: Unfavorable variance due to increased fees associated with increased acceptance of credit card payments

D: Favorable variance due to correcting adjustment related to 2015 scholarship liability

E: Budget for Depreciation and Amortization Expense is understated

SMART Scholarship Funding Corp
Balance Sheet
For the Six Months Ending June 30, 2018
Amounts in Whole Units

	June YTD				Annual		
	2018	Last Year	Var \$	Var %	Last Year	Var \$	Var %
ASSETS							
Current Assets							
Cash and cash equivalents	\$1,011,415	\$1,942,955	(\$931,540)	(48.%)	\$966,568	\$44,846	5.%
Investments	72,874,908	66,755,852	6,119,056	9.%	70,270,189	2,604,719	4.%
Accounts Receivable	9,548	1,200	8,348	696.%	364,966	(355,418)	(97.%)
Prepaid Expenses	2,414	2,336	77	3.%	0	2,414	0.%
Total Current Assets	73,898,284	68,702,343	5,195,941	8.%	71,601,723	2,296,561	3.%
Long Term Assets							
PP&E	910,467	910,467	0	0.%	910,467	0	0.%
Less Accum. Depreciation	(708,662)	(574,126)	(134,536)	23.%	(641,394)	(67,268)	10.%
Total Long Term Assets	201,805	336,341	(134,536)	(40.%)	269,073	(67,268)	(25.%)
Total Assets	\$74,100,089	\$69,038,684	\$5,061,405	7.%	\$71,870,796	\$2,229,293	3.%
LIABILITIES							
Current Liabilities							
Accounts Payable	74,636	66,295	(8,341)	(13.%)	57,030	(17,607)	(31.%)
Scholarship Providers	68,260,439	62,250,381	(6,010,058)	(10.%)	62,896,434	(5,364,006)	(9.%)
Total Current Liabilities	68,335,075	62,316,676	6,018,399	10.%	62,953,463	5,381,612	9.%
Total Liabilities	68,335,075	62,316,676	6,018,399	10.%	62,953,463	5,381,612	9.%
NET ASSETS							
Net Assets - Beginning	8,917,333	5,373,350	(3,543,983)	(66.%)	5,373,354	(3,543,979)	(66.%)
Change in Net Assets - Year to Date	(3,152,319)	1,348,659	4,500,978	334.%	3,543,979	6,696,299	189.%
Total Net Assets	5,765,014	6,722,008	(956,995)	(14.%)	8,917,333	(3,152,319)	(35.%)
Total Liabilities & Net Assets	\$74,100,089	\$69,038,684	\$5,061,405	7.%	\$71,870,796	\$2,229,293	3.%

SMART Scholarship Funding Corp
Statement of Cash Flow
For the Two Months Ending June 30, 2018

Beginning Cash Balance	71,236,757
Change in Net Assets	(3,152,319)
Plus Non-Cash Items:	
Depreciation and Amortization	67,268
Loss/(Gain) Sale of Assets	-
Cash Flow from Operating Activities	
(Increase) Decrease in Accounts Receivable	11,072,572
(Increase) Decrease in Inventory	
(Increase) Decrease in Prepaid Expenses & Other	(2,414)
Increase (Decrease) Accounts Payable	16,107
Increase (Decrease) Accrued Liabilities	(5,353,148)
Increase (Decrease) in Deferred Revenue	1,500
(Increase) Decrease in Long Term Assets	-
(Increase) Decrease Temp Restricted Funds	-
Total Adjustments	<u>5,734,616</u>
Net Cash from Operating Activities	<u>2,649,565</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	2,649,565
Ending Cash Balance	<u>73,886,323</u>
Balance per GL	<u><u>73,886,323</u></u>

SMART Corporation
Report of Changes in Cash
June 30, 2018

	TOTAL	January 1	February 2	March 3	April 4	May 5	June 6
Beginning Cash Balance		966,568	777,503	1,119,772	1,135,724	1,186,422	1,261,622
Change in Cash							
Frost - Cash Inflow							
Scholarship Provider Deposits	5,448,644	437,931	502,906	589,336	732,006	1,841,215	1,345,250
Frost - Cash Outflow							
Operating Expenses	(147,491)	(38,271)	(2,760)	(22,141)	(13,533)	(63,063)	(7,722)
Scholarship Recipient Payments	(1,785,993)	(548,115)	(157,876)	(150,290)	(178,191)	(303,368)	(448,153)
Intercompany Payments	(230,314)	(40,610)	-	(70,954)	(39,583)	(39,583)	(39,583)
Cash Equivalents	-	-	-	-	-	-	-
Investment Transfers	(3,240,000)	-	-	(330,000)	(450,000)	(1,360,000)	(1,100,000)
Total Change in Cash	44,846	(189,065)	342,269	15,952	50,698	75,200	(250,208)
Ending Cash Balance		777,503	1,119,772	1,135,724	1,186,422	1,261,622	1,011,415

SMART Scholarship Funding Corp
Income Statement Forecast
For the Six Months Ending June 30, 2018
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	\$113,594	\$114,519	\$118,270	\$124,115	\$121,302	\$129,638	\$0	\$0	\$0	\$0	\$0	\$0	\$721,437
5020 Investment Realized Gains (Loss)	(120,347)	(132,162)	5,401	(36,415)	(66,154)	23,332	0	0	0	0	0	0	(326,345)
5030 Investment Unrealized Gains (Loss)	345,037	(1,476,892)	62,026	(447,858)	480,791	(349,465)	0	0	0	0	0	0	(1,386,360)
5040 Gain (Loss) on Equity Investment	0	0	0	15,748	0	0	0	0	0	0	0	0	15,748
Total Income	338,283	(1,494,535)	185,697	(344,409)	535,939	(196,495)	0	0	0	0	0	0	(975,520)
Expenses													
6090 Training Expense	0	0	0	0	0	0	500	500	500	0	0	500	2,000
6300 Food and Beverage Costs	0	0	0	0	0	0	75	75	0	0	75	0	225
6800 Legal Fees	0	0	1,467	0	5,842	0	0	1,346	0	0	1,346	0	10,000
6810 Audit Fees	0	0	5,500	1,000	0	0	0	2,800	0	0	0	2,000	11,300
6820 Consulting and Professional Fee	51,697	52,998	63,389	53,698	55,571	64,792	59,416	58,497	69,424	60,225	60,425	71,669	721,802
6900 Bank and Credit Card Fees	2,398	2,760	3,171	4,378	8,819	7,473	7,500	7,500	1,000	1,000	1,000	1,000	47,999
6930 Office Supplies Cost	0	0	0	0	105	36	100	100	100	200	200	200	1,041
6950 Printing Costs	0	35	0	0	0	0	0	0	0	0	0	0	35
7000 Travel Expenses	0	0	0	407	50	0	1,343	1,250	1,200	0	1,250	0	5,500
7010 Meals and Entertainment Costs	0	0	0	0	20	222	700	300	780	0	300	0	2,322
7020 Lodging	0	0	0	0	0	0	1,400	600	800	800	600	0	4,200
7300 Insurance Expense	398	398	398	398	398	398	398	398	398	398	398	398	4,778
7620 Miscellaneous Expense	306	(9,380)	8,725	0	(3,734)	(24,603)	0	0	0	0	0	0	(28,685)
7630 Earnings Allocations to Provide	0	0	0	0	1,750,000	0	0	0	0	0	0	0	1,750,000
9000 Depreciation and Amortization Expense	11,211	11,211	11,211	11,211	11,211	11,211	11,211	11,211	11,211	11,211	11,211	11,211	134,534
Total Expenses	66,010	58,022	93,861	71,093	1,828,283	59,530	82,643	84,577	85,413	73,834	76,804	86,979	2,667,050
Net Income/(loss)	272,273	(1,552,557)	91,836	(415,502)	(1,292,344)	(256,025)	(82,643)	(84,577)	(85,413)	(73,834)	(76,804)	(86,979)	(3,642,570)