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# FINANCIAL STATEMENTS

JUNE 2019

**SMART CORPORATION**  
**EXECUTIVE SUMMARY**  
**FOR THE MONTH ENDING JUNE 30, 2019**  
(in thousands)

**INCOME STATEMENT**

	Year to Date			Annual	
	Actual	Budget	Variance	Forecast	Budget
<b>INCOME</b>					
Investment Income	\$ 872	-	\$ 872	\$ 872	\$ -
Unrealized Gains (Losses)	5,352	-	5,352	5,352	-
Realized Gains (Losses)	766	-	766	766	-
Equity Inv Gains (Losses)	31	-	31	31	-
Charitable Contributions	-	-	-	-	-
<b>TOTAL INCOME</b>	<b>7,021</b>	<b>-</b>	<b>7,021</b>	<b>7,021</b>	<b>-</b>
<b>EXPENSE</b>					
Consulting & Professional Fees	0	30	30	0	30
Professional Fee - Western Asset	16	-	(16)	31	-
Professional Fee - Fiera Capital	-	4	4	-	8
Professional Fee - Logan	48	57	9	96	115
Professional Fee-Asset Strategy	47	53	6	94	106
Professional Fee - BNY	18	17	(2)	37	33
Professional Fee - M&T	4	5	0	7	9
Professional Fee - USBC	258	258	(0)	516	516
Other	62	57	(4)	114	86
<b>ADMINISTRATIVE EXPENSE</b>	<b>452</b>	<b>481</b>	<b>29</b>	<b>895</b>	<b>903</b>
Earnings Allocation to Providers	1,750	-	(1,750)	1,750	-
Depreciation	67	56	(11)	135	123
<b>TOTAL EXPENSE</b>	<b>2,269</b>	<b>537</b>	<b>(1,732)</b>	<b>2,779</b>	<b>1,026</b>
<b>NET INCOME</b>	<b>\$ 4,752</b>	<b>\$ (537)</b>	<b>\$ 5,289</b>	<b>\$ 4,242</b>	<b>\$ (1,026)</b>

**SCHOLARSHIP LIABILITY/INVESTMENT ACTIVITY**

	Balance 5/31/19	Deposits	Disbursements	Balance 6/30/19
<b>SCHOLARSHIP LIABILITY</b>	\$ 73,053	\$ 1,645	\$ (481)	\$ 74,217

	Balance 5/31/19	Deposits/ Withdrawals	Disbursements Gains(Losses)	Balance 6/30/19	% of Portfolio
<b>CASH &amp; INVESTMENTS</b>					
<b>CASH (1)</b>	\$ 1,249	645	(533)	\$ 1,361	
<b>INVESTMENTS</b>	78,758	1,000	2,107	81,865	
* Approximately 15% Equities and 85% Fixed Income					
<b>TOTAL CASH/INVESTMENTS</b>	\$ 80,008	\$ 1,645	\$ 1,574	\$ 83,226	

<b>RETURN ON INVESTMENTS</b>	<b>Golub LP *</b>	<b>BNY Mellon</b>	<b>Wilmington</b>	<b>Total / YTD Mths</b>	<b>Avg Balance 6/30/19</b>
Average Investment Base Year to Date	1,077	52,723	23,537	77,336	\$ 77,336
Investment Income to Date					\$ 7,021
<b>Average Return on Investment</b>					<b>9.08%</b>
Earnings Net of Investment Expenses					\$ 6,888
<b>Avg Return on Investment net of Investment expenses</b>					<b>8.91%</b>
<b>Average Return on Investment net of Investment expenses excluding unrealized gains/losses</b>					<b>1.99%</b>

\* 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, 2019  
Amounts in Whole Units

	JUNE			YEAR TO DATE			ANNUAL			PRIOR YEAR	PRIOR MONTH
	ACTUAL	FORECAST	VARIANCE	ACTUAL	BUDGET	VARIANCE	BUDGET	FORECAST	VARIANCE	ACTUAL	FORECAST
<b>Expenses</b>											
6090 Training Expense	\$0	\$500	(\$500)	\$0	\$1,000	(\$1,000)	\$2,000	\$0	(\$2,000)	\$0	\$2,000
6300 Food and Beverage Costs	0	0	0	1,150	150	1,000	300	1,300	1,000	0	1,300
6800 Legal Fees	0	2,500	(2,500)	85	5,000	(4,916)	10,000	10,000	0	8,468	10,000
6810 Audit Fees	0	0	0	4,750	7,500	(2,750)	10,300	12,150	1,850	13,600	12,150
6820 Consulting and Professional Fee	0	0	0	37	30,000	(29,963)	30,000	37	(29,963)	A 256	37
6820 Professional Fee-Western Asset	3,149	2,474	674	15,521	0	15,521	0	31,042	31,042	B 11,566	29,693
6820 Professional Fee-Fiera Capt	0	0	0	0	3,950	(3,950)	7,900	0	(7,900)	B 14,798	0
6820 Professional Fee-Logan	7,965	7,965	0	47,789	57,275	(9,485)	114,550	95,579	(18,971)	B 100,903	95,579
6820 Professional Fee-Asset Strategy	7,800	7,800	0	46,798	53,203	(6,405)	106,405	93,596	(12,809)	B 87,146	93,596
6820 Professional Fee-BNY	9,148	8,120	1,028	18,171	16,666	1,505	33,331	37,011	3,679	B 32,619	33,863
6820 Professional Fee-M&T	2,196	1,700	496	4,275	4,734	(459)	9,469	7,275	(2,194)	B 9,790	6,779
6820 Professional Fee-USBC	43,000	43,000	0	258,000	257,868	132	515,736	516,000	264	475,000	516,000
6900 Bank and Credit Card Fees	10,037	7,000	3,037	38,108	12,000	26,108	24,000	61,108	37,108	C 52,432	58,071
6930 Office Supplies Cost	0	100	(100)	(1)	600	(601)	1,200	599	(601)	142	699
6950 Printing Costs	0	0	0	12	0	12	0	12	12	2,619	12
6970 Postage and Freight	0	0	0	29	0	29	0	29	29	0	29
7000 Travel Expenses	0	2,690	(2,690)	1,201	4,000	(2,799)	6,500	6,500	0	2,455	6,391
7010 Meals and Entertainment Costs	0	858	(858)	570	1,600	(1,030)	2,200	2,200	0	537	2,028
7020 Lodging	314	1,867	(1,553)	2,373	3,150	(777)	4,350	4,350	0	3,388	5,126
7110 Marketing and Promotions Expense	5,124	10,000	(4,876)	8,362	20,000	(11,638)	20,000	8,362	(11,638)	D 0	20,000
7300 Insurance Expense	421	421	0	2,528	2,345	183	4,689	5,056	367	6,067	5,056
7620 Miscellaneous Expense	0	0	0	2,350	0	2,350	0	2,350	2,350	(36,054)	2,350
7800 License Fees	0	10	(10)	0	10	(10)	10	0	(10)	0	10
<b>Total Expenses</b>	<b>89,153</b>	<b>97,005</b>	<b>(7,852)</b>	<b>452,106</b>	<b>481,050</b>	<b>(28,944)</b>	<b>902,940</b>	<b>894,554</b>	<b>(8,386)</b>	<b>785,732</b>	<b>900,769</b>
<b>Operating Income/(loss)</b>	<b>(89,153)</b>	<b>(97,005)</b>	<b>7,852</b>	<b>(452,106)</b>	<b>(481,050)</b>	<b>28,944</b>	<b>(902,940)</b>	<b>(894,554)</b>	<b>8,386</b>	<b>(785,732)</b>	<b>(900,769)</b>
<b>Non-Operating Income/Expense</b>											
5010 Investment Income from Interest	146,613	0	146,613	871,508	0	871,508	0	871,508	871,508	1,508,018	724,896
5020 Investment Realized Gains (Loss)	189,654	0	189,654	765,799	0	765,799	0	765,799	765,799	289,011	576,145
5030 Investment Unrealized Gains (Loss)	1,782,034	0	1,782,034	5,352,499	0	5,352,499	0	5,352,499	5,352,499	(3,875,386)	3,570,465
5040 Gain (Loss) on Equity Investment	0	0	0	31,230	0	31,230	0	31,230	31,230	57,063	31,230
7630 Earnings Allocations to Providers	0	0	0	1,750,000	0	1,750,000	0	1,750,000	1,750,000	1,750,000	1,750,000
9000 Depreciation and Amortization Expense	11,211	11,211	0	67,268	56,055	11,213	123,321	134,536	11,215	E 134,536	134,536
<b>Total Non-Operating Inc/Exp</b>	<b>2,107,089</b>	<b>(11,211)</b>	<b>2,118,301</b>	<b>5,203,768</b>	<b>(56,055)</b>	<b>5,259,823</b>	<b>(123,321)</b>	<b>5,136,500</b>	<b>5,259,821</b>	<b>(3,905,831)</b>	<b>3,018,199</b>
<b>Net Income</b>	<b>2,017,937</b>	<b>(108,216)</b>	<b>2,126,153</b>	<b>4,751,662</b>	<b>(537,105)</b>	<b>5,288,767</b>	<b>(1,026,261)</b>	<b>4,241,946</b>	<b>5,268,207</b>	<b>(4,691,563)</b>	<b>2,117,430</b>

A: Project to research financial aid offices not approved resulting in a favorable adjustment to forecast for Consulting and Professional Fees

B: Investment fees redistributed based on the addition of Western Asset and liquidation of Fierra Capital late in Q4 2018

C: Trend from 2018 indicates that Budget for Bank and Credit card fees is understated

D: Actual spend for Marketing and Promotions was less than expected

E: Budget for Depreciation and amortization expense is understated

SMART Scholarship Funding Corp  
Balance Sheet  
For the Six Months Ending June 30, 2019  
Amounts in Whole Units

	June YTD				Annual		
	2019	Last Year	Var \$	Var %	Last Year	Var \$	Var %
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and cash equivalents	\$1,361,160	\$1,011,415	\$349,746	35.%	\$970,666	\$390,495	40.%
Investments	81,865,168	72,874,908	8,990,260	12.%	72,266,577	9,598,591	13.%
Accounts Receivable	0	9,548	(9,548)	(100.%)	0	0	0.0%
Prepaid Expenses	1,274	2,414	(1,140)	(47.%)	0	1,274	0.0%
<b>Total Current Assets</b>	<b>83,227,602</b>	<b>73,898,284</b>	<b>9,329,318</b>	<b>13.%</b>	<b>73,237,243</b>	<b>9,990,359</b>	<b>14.%</b>
<b>Long Term Assets</b>							
PP&E	910,467	910,467	0	0.0%	910,467	0	0.0%
Less Accum. Depreciation	(843,198)	(708,662)	(134,536)	19.%	(775,930)	(67,268)	9.0%
<b>Total Long Term Assets</b>	<b>67,268</b>	<b>201,805</b>	<b>(134,536)</b>	<b>(67.%)</b>	<b>134,536</b>	<b>(67,268)</b>	<b>(50.%)</b>
<b>Total Assets</b>	<b>\$83,294,870</b>	<b>\$74,100,089</b>	<b>\$9,194,781</b>	<b>12.%</b>	<b>\$73,371,779</b>	<b>\$9,923,091</b>	<b>14.%</b>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Accounts Payable	100,264	74,636	(25,628)	(34.%)	72,832	(27,432)	(38.%)
Scholarship Providers	74,217,175	68,260,439	(5,956,736)	(9.%)	56,524,263	(17,692,912)	(31.%)
Other Accrued Liabilities	0	0	0	0.0%	12,548,913	12,548,913	100.0%
<b>Total Current Liabilities</b>	<b>74,317,439</b>	<b>68,335,075</b>	<b>5,982,363</b>	<b>9.%</b>	<b>69,146,008</b>	<b>5,171,430</b>	<b>7.%</b>
<b>Total Liabilities</b>	<b>74,317,439</b>	<b>68,335,075</b>	<b>5,982,363</b>	<b>9.%</b>	<b>69,146,008</b>	<b>5,171,430</b>	<b>7.%</b>
<b>NET ASSETS</b>							
Net Assets - Beginning	4,225,770	8,917,333	4,691,563	53.%	8,917,334	4,691,564	53.0%
Change in Net Assets - Year to Date	4,751,662	(3,152,319)	(7,903,981)	251.0%	(4,691,563)	(9,443,225)	201.0%
<b>Total Net Assets</b>	<b>8,977,432</b>	<b>5,765,014</b>	<b>3,212,418</b>	<b>56.%</b>	<b>4,225,771</b>	<b>4,751,661</b>	<b>112.0%</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$83,294,870</b>	<b>\$74,100,089</b>	<b>\$9,194,781</b>	<b>12.%</b>	<b>\$73,371,779</b>	<b>\$9,923,091</b>	<b>14.%</b>

SMART Scholarship Funding Corp  
Statement of Cash Flow  
For the Five Months Ending June 30, 2019

Beginning Cash Balance	73,237,243
Change in Net Assets	4,751,662
Plus Non-Cash Items:	
Depreciation and Amortization	67,268
Loss/(Gain) Sale of Assets	-
Cash Flow from Operating Activities	
(Increase) Decrease in Accounts Receivable	12,531,422
(Increase) Decrease in Inventory	-
(Increase) Decrease in Prepaid Expenses & Other	(1,274)
Increase (Decrease) Accounts Payable	27,432
Increase (Decrease) Accrued Liabilities	(7,387,423)
Increase (Decrease) in Deferred Revenue	-
(Increase) Decrease in Long Term Assets	-
(Increase) Decrease Temp Restricted Funds	-
Total Adjustments	<u>5,170,156</u>
Net Cash from Operating Activities	<u>9,989,086</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	9,989,086
Ending Cash Balance	<u>83,226,328</u>
Balance per GL	<u><u>83,226,328</u></u>

**SMART Corporation**  
**Report of Changes in Cash**  
**June 30, 2019**

	<b>TOTAL</b>	January 1	February 2	March 3	April 4	May 5	June 6
Beginning Cash Balance		\$ 970,666	\$ 821,185	\$ 1,016,547	\$ 1,445,882	\$ 1,867,821	\$ 1,249,426
Change in Cash							
Frost - Cash Inflow							
Scholarship Provider Deposits	3,708,807	502,041	420,410	643,621	771,069	1,371,666	1,644,544
Frost - Cash Outflow							
Operating Expenses	(118,994)	(16,850)	(29,000)	(31,940)	(7,869)	(33,335)	(35,703)
Scholarship Recipient Payments	(1,477,462)	(595,089)	(149,632)	(138,882)	(280,133)	(313,726)	(452,406)
Intercompany Payments	(233,592)	(39,583)	(46,417)	(43,465)	(61,127)	(43,000)	(44,700)
Cash Equivalents	-	-	-	-	-	-	-
Investment Transfers	(1,600,000)	-	-	-	-	(1,600,000)	(1,000,000)
<b>Total Change in Cash</b>	<b>278,760</b>	<b>(149,481)</b>	<b>195,362</b>	<b>429,335</b>	<b>421,940</b>	<b>(618,396)</b>	<b>111,735</b>
Ending Cash Balance		\$ 821,185	\$ 1,016,547	\$ 1,445,882	\$ 1,867,821	\$ 1,249,426	\$ 1,361,160

SMART Scholarship Funding Corp  
Income Statement Forecast  
For the Six Months Ending June 30, 2019  
Amounts in Whole Units

	ACTUALS						FORECAST						ACTUAL+FORECAST
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
<b>Income</b>													
5010 Investment Income from Interest	\$119,870	\$164,876	\$146,939	\$146,788	\$146,424	\$146,613	\$0	\$0	\$0	\$0	\$0	\$0	\$871,508
5020 Investment Realized Gains (Loss)	101,285	103,530	166,640	38,995	165,694	189,654	0	0	0	0	0	0	765,799
5030 Investment Unrealized Gains (Loss)	1,802,340	644,105	1,005,568	650,423	(531,970)	1,782,034	0	0	0	0	0	0	5,352,499
5040 Gain (Loss) on Equity Investment	11,388	(11,388)	0	31,230	0	0	0	0	0	0	0	0	31,230
<b>Total Income</b>	<b>2,034,883</b>	<b>901,123</b>	<b>1,319,146</b>	<b>867,436</b>	<b>(219,853)</b>	<b>2,118,301</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,021,036</b>
<b>Expenses</b>													
6300 Food and Beverage Costs	0	1,150	0	0	0	0	0	75	0	0	75	0	1,300
6800 Legal Fees	0	0	85	0	0	0	0	2,500	2,416	2,500	2,500	0	10,000
6810 Audit Fees	0	0	3,000	1,750	0	0	0	2,900	0	0	4,500	0	12,150
6820 Consulting and Professional Fee	60,949	61,483	71,585	61,052	62,266	73,257	61,491	61,491	71,991	61,491	61,491	71,991	780,539
6900 Bank and Credit Card Fees	3,159	3,930	5,515	7,026	8,441	10,037	4,500	4,500	4,000	4,000	3,000	3,000	61,108
6930 Office Supplies Cost	(1)	0	0	0	0	0	100	100	100	100	100	100	599
6950 Printing Costs	0	0	0	0	12	0	0	0	0	0	0	0	12
6970 Postage and Freight	0	0	29	0	0	0	0	0	0	0	0	0	29
7000 Travel Expenses	589	553	0	0	60	0	1,000	1,250	1,000	799	1,250	0	6,500
7010 Meals and Entertainment Costs	510	18	0	0	42	0	515	300	515	0	300	0	2,200
7020 Lodging	1,133	926	0	0	0	314	777	600	0	0	600	0	4,350
7110 Marketing and Promotions Expense	0	3,237	0	0	0	5,124	0	0	0	0	0	0	8,362
7300 Insurance Expense	398	398	468	421	421	421	421	421	421	421	421	421	5,056
7620 Miscellaneous Expense	0	0	0	2,350	0	0	0	0	0	0	0	0	2,350
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	134,536
<b>Total Expenses</b>	<b>77,948</b>	<b>82,906</b>	<b>91,893</b>	<b>83,810</b>	<b>1,832,453</b>	<b>100,364</b>	<b>80,016</b>	<b>85,349</b>	<b>91,655</b>	<b>80,523</b>	<b>85,449</b>	<b>86,724</b>	<b>2,779,090</b>
<b>Net Income/(loss)</b>	<b>1,956,935</b>	<b>818,217</b>	<b>1,227,254</b>	<b>783,626</b>	<b>(2,052,306)</b>	<b>2,017,937</b>	<b>(80,016)</b>	<b>(85,349)</b>	<b>(91,655)</b>	<b>(80,523)</b>	<b>(85,449)</b>	<b>(86,724)</b>	<b>4,241,946</b>