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# FINANCIAL STATEMENTS

MARCH 2018

**SMART CORPORATION**  
**EXECUTIVE SUMMARY**  
**FOR THE MONTH ENDING MARCH 31, 2018**  
(in thousands)

**INCOME STATEMENT**

	Year to Date			Annual	
	Actual	Budget	Variance	Forecast	Budget
<b>INCOME</b>					
Investment Income	\$ 346	\$ -	\$ 346	\$ 346	\$ -
Unrealized Gains (Losses)	(1,070)	-	(1,070)	(1,070)	-
Realized Gains (Losses)	(247)	-	(247)	(247)	-
Equity Inv Gains (Losses)	-	-	-	-	-
Charitable Contributions	-	-	-	-	-
<b>TOTAL INCOME</b>	<b>(971)</b>	<b>-</b>	<b>(971)</b>	<b>(971)</b>	<b>-</b>
<b>EXPENSE</b>					
Consulting & Professional Fees	0	-	(0)	0	-
Professional Fee - Fiera Capital	3	2	(2)	13	8
Professional Fee - Logan	27	29	2	115	115
Professional Fee-Asset Strategy	19	27	8	106	106
Professional Fee - BNY	7	8	1	33	33
Professional Fee - M&T	2	2	0	9	9
Professional Fee - USBC	109	115	6	475	475
Other	16	26	10	81	82
<b>ADMINISTRATIVE EXPENSE</b>	<b>184</b>	<b>209</b>	<b>25</b>	<b>833</b>	<b>828</b>
Earnings Allocation to Providers	-	-	-	-	-
Depreciation	34	22	(11)	135	123
<b>TOTAL EXPENSE</b>	<b>218</b>	<b>231</b>	<b>13</b>	<b>968</b>	<b>952</b>
<b>NET INCOME</b>	<b>\$ (1,188)</b>	<b>\$ (231)</b>	<b>\$ (957)</b>	<b>\$ (1,938)</b>	<b>\$ (952)</b>

**SCHOLARSHIP LIABILITY/INVESTMENT ACTIVITY**

	Balance 2/28/18	Deposits	Disbursements	Balance 3/31/18
<b>SCHOLARSHIP LIABILITY</b>	\$ 63,115	\$ 589	\$ (135)	\$ 63,569

	Balance 2/28/18	Deposits/ Withdrawals	Disbursements Gains(Losses)	Balance 3/31/18	% of Portfolio
<b>CASH &amp; INVESTMENTS</b>					
<b>CASH (1)</b>	\$ 1,120	259	(243)	\$ 1,136	
<b>INVESTMENTS</b>	69,475	330	176	\$ 69,981	
<b>TOTAL CASH/INVESTMENTS</b>	\$ 70,595	\$ 589	\$ (67)	\$ 71,117	

\* Approximately 15% Equities and 85% Fixed Income

<b>RETURN ON INVESTMENTS</b>	<b>Golub LP *</b>	<b>BNY Mellon</b>	<b>Wilmington</b>	<b>Total / YTD Mths</b>	<b>Avg Balance 3/31/18</b>
Average Investment Base Year to Date	600	46,894	22,648	70,142	\$ 70,142
Investment Income to Date					\$ (971)
<b>Average Return on Investment</b>					<b>-1.38%</b>
Earnings Net of Expenses					\$ (1,188)
<b>Avg Return on Investment net of Investment expenses</b>					<b>-1.62%</b>
<b>Average Return on Investment net of Investment expenses excluding unrealized gains/losses</b>					<b>-0.10%</b>

\* The earnings can be recalled 5 years from date of distribution. The investment principle 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, 2018  
Amounts in Whole Units

	MARCH			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	\$500	(\$500)	\$2,000	\$2,000	\$0	\$0	\$2,000
6300 Food and Beverage Costs	0	75	(75)	0	75	(75)	300	300	0	0	300
6800 Legal Fees	1,467	2,500	(1,033)	1,467	2,500	(1,033)	10,000	10,000	0	8,999	10,000
6810 Audit Fees	5,500	7,500	(2,000)	5,500	7,500	(2,000)	10,300	10,300	0	12,000	10,300
6820 Consulting and Professional Fee	0	0	0	37	0	37	0	37	37	40	37
6820 Professional Fee-Fiera Capt	1,178	1,178	0	3,495	1,975	1,520	7,900	13,395	5,495 A	8,825	13,395
6820 Professional Fee-Logan	8,995	8,995	0	26,984	28,637	(1,654)	114,550	114,549	0	107,463	114,549
6820 Professional Fee-Asset Strategy	7,452	7,452	0	18,868	26,601	(7,733)	106,405	106,405	0	101,339	106,405
6820 Professional Fee-BNY	7,282	8,332	(1,050)	7,282	8,333	(1,051)	33,331	33,331	0	30,493	33,331
6820 Professional Fee-M&T	2,233	2,500	(267)	2,233	2,367	(135)	9,469	9,202	(267)	10,288	9,469
6820 Professional Fee-USBC	36,250	38,618	(2,368)	109,186	115,046	(5,860)	475,000	475,000	0	475,000	475,000
6900 Bank and Credit Card Fees	3,171	3,333	(163)	8,329	10,000	(1,671)	40,000	39,837	(163)	15,962	40,000
6930 Office Supplies Cost	0	100	(100)	0	300	(300)	1,200	1,200	0	252	1,100
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	1,250	(1,250)	0	1,750	(1,750)	6,500	6,500	0	2,412	6,500
7010 Meals and Entertainment Costs	0	300	(300)	0	700	(700)	2,200	2,200	0	318	2,200
7020 Lodging	0	600	(600)	0	1,400	(1,400)	4,350	4,350	0	430	4,350
7300 Insurance Expense	398	398	0	1,195	1,172	22	4,689	4,778	89	4,673	4,778
7620 Miscellaneous Expense	8,725	0	8,725	(349)	0	(349)	0	(349)	(349)	(1,198)	(9,074)
7800 License Fees	0	0	0	0	0	0	10	10	0	10	10
<b>Total Expenses</b>	<b>82,650</b>	<b>83,631</b>	<b>(981)</b>	<b>184,260</b>	<b>208,857</b>	<b>(24,597)</b>	<b>828,204</b>	<b>833,081</b>	<b>4,877</b>	<b>777,436</b>	<b>824,686</b>
<b>Operating Income/(loss)</b>	<b>(82,650)</b>	<b>(83,631)</b>	<b>981</b>	<b>(184,260)</b>	<b>(208,857)</b>	<b>24,597</b>	<b>(828,204)</b>	<b>(833,081)</b>	<b>(4,877)</b>	<b>(777,436)</b>	<b>(824,686)</b>
<b>Non-Operating Income/Expense</b>											
5010 Investment Income from Interest	118,270	0	118,270	346,382	0	346,382	0	346,382	346,382	1,312,347	228,112
5020 Investment Realized Gains (Loss)	5,401	0	5,401	(247,108)	0	(247,108)	0	(247,108)	(247,108)	942,365	(252,509)
5030 Investment Unrealized Gains (Loss)	62,026	0	62,026	(1,069,829)	0	(1,069,829)	0	(1,069,829)	(1,069,829)	3,173,263	(1,131,855)
5040 Gain (Loss) on Equity Investment	0	0	0	0	0	0	0	0	0	27,976	0
7630 Earnings Allocations to Providers	0	0	0	0	0	0	0	1,750,000	1,750,000	1,000,000	0
9000 Depreciation and Amortization Expense	11,211	11,211	0	33,634	22,422	11,212	123,321	134,533	11,212 B	134,536	134,533
<b>Total Non-Operating Inc/Exp</b>	<b>174,486</b>	<b>(11,211)</b>	<b>185,697</b>	<b>(1,004,188)</b>	<b>(22,422)</b>	<b>(981,766)</b>	<b>(123,321)</b>	<b>(2,855,087)</b>	<b>(2,731,766)</b>	<b>4,321,415</b>	<b>(1,290,784)</b>
<b>Net Income</b>	<b>91,836</b>	<b>(94,842)</b>	<b>186,678</b>	<b>(1,188,448)</b>	<b>(231,279)</b>	<b>(957,170)</b>	<b>(951,525)</b>	<b>(3,688,168)</b>	<b>(2,736,643)</b>	<b>3,543,979</b>	<b>(2,115,470)</b>

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: Budget for Depreciation and Amortization Expense is understated

SMART Scholarship Funding Corp  
Balance Sheet  
For the Three Months Ending March 31, 2018  
Amounts in Whole Units

	March YTD				Annual		
	2018	Last Year	Var \$	Var %	Last Year	Var \$	Var %
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and cash equivalents	\$1,135,724	\$1,613,919	(\$478,195)	(30.%)	\$966,568	\$169,156	18.%
Investments	69,980,938	63,379,367	6,601,570	10.%	70,270,189	(289,252)	(0.%)
Accounts Receivable	3,333	113	3,220	2846.%	364,966	(361,632)	(99.%)
Prepaid Expenses	3,360	1,402	1,958	140.%	0	3,360	0.%
<b>Total Current Assets</b>	<b>71,123,355</b>	<b>64,994,802</b>	<b>6,128,553</b>	<b>9.%</b>	<b>71,601,723</b>	<b>(478,368)</b>	<b>(1.%)</b>
<b>Long Term Assets</b>							
PP&E	910,467	910,467	0	0.%	910,467	0	0.%
Less Accum. Depreciation	(675,028)	(540,492)	(134,536)	25.%	(641,394)	(33,634)	5.%
<b>Total Long Term Assets</b>	<b>235,439</b>	<b>369,975</b>	<b>(134,536)</b>	<b>(36.%)</b>	<b>269,073</b>	<b>(33,634)</b>	<b>(13.%)</b>
<b>Total Assets</b>	<b>\$71,358,794</b>	<b>\$65,364,777</b>	<b>\$5,994,017</b>	<b>9.%</b>	<b>\$71,870,796</b>	<b>(\$512,003)</b>	<b>(1.%)</b>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Accounts Payable	61,358	53,047	(8,310)	(16.%)	57,030	(4,328)	(8.%)
Scholarship Providers	63,568,551	58,748,054	(4,820,497)	(8.%)	62,896,434	(672,118)	(1.%)
<b>Total Current Liabilities</b>	<b>63,629,909</b>	<b>58,801,101</b>	<b>4,828,807</b>	<b>8.%</b>	<b>62,953,463</b>	<b>676,446</b>	<b>1.%</b>
<b>Total Liabilities</b>	<b>63,629,909</b>	<b>58,801,101</b>	<b>4,828,807</b>	<b>8.%</b>	<b>62,953,463</b>	<b>676,446</b>	<b>1.%</b>
<b>NET ASSETS</b>							
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	(1,188,448)	1,190,326	2,378,774	200.%	3,543,979	4,732,428	134.%
<b>Total Net Assets</b>	<b>7,728,885</b>	<b>6,563,675</b>	<b>1,165,209</b>	<b>18.%</b>	<b>8,917,333</b>	<b>(1,188,448)</b>	<b>(13.%)</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$71,358,794</b>	<b>\$65,364,777</b>	<b>\$5,994,017</b>	<b>9.%</b>	<b>\$71,870,796</b>	<b>(\$512,003)</b>	<b>(1.%)</b>

SMART Scholarship Funding Corp  
Statement of Cash Flow  
For the Two Months Ending March 31, 2018

Beginning Cash Balance	71,236,757
Change in Net Assets	(1,188,448)
Plus Non-Cash Items:	
Depreciation and Amortization	33,634
Loss/(Gain) Sale of Assets	-
Cash Flow from Operating Activities	
(Increase) Decrease in Accounts Receivable	9,979,577
(Increase) Decrease in Inventory	-
(Increase) Decrease in Prepaid Expenses & Other	(3,360)
Increase (Decrease) Accounts Payable	4,328
Increase (Decrease) Accrued Liabilities	(8,945,827)
Increase (Decrease) in Deferred Revenue	-
(Increase) Decrease in Long Term Assets	-
(Increase) Decrease Temp Restricted Funds	-
Total Adjustments	<u>1,034,718</u>
Net Cash from Operating Activities	<u>(120,096)</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	(120,096)
Ending Cash Balance	<u>71,116,662</u>
Balance per GL	<u><u>71,116,662</u></u>

**SMART Corporation**  
**Report of Changes in Cash**  
**March 31, 2018**

	<b>TOTAL</b>	January 1	February 2	March 3
Beginning Cash Balance		966,568	777,503	1,119,772
Change in Cash				
Frost - Cash Inflow				
Scholarship Provider Deposits	1,530,173	437,931	502,906	589,336
Bank Transfer from Wells Fargo	-	-		
Frost - Cash Outflow				
Operating Expenses	(63,173)	(38,271)	(2,760)	(22,141)
Scholarship Recipient Payments	(856,281)	(548,115)	(157,876)	(150,290)
Intercompany Payments	(111,564)	(40,610)	-	(70,954)
Cash Equivalents	-	-	-	-
Investment Transfers	(330,000)	-	-	(330,000)
<b>Total Change in Cash</b>	<b>169,156</b>	<b>(189,065)</b>	<b>342,269</b>	<b>15,952</b>
Ending Cash Balance		777,503	1,119,772	1,135,724

SMART Scholarship Funding Corp  
Income Statement Forecast  
For the Three Months Ending March 31, 2018  
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	\$113,594	\$114,519	\$118,270	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$346,382
5020 Investment Realized Gains (Loss)	(120,347)	(132,162)	5,401	0	0	0	0	0	0	0	0	0	(247,108)
5030 Investment Unrealized Gains (Loss)	345,037	(1,476,892)	62,026	0	0	0	0	0	0	0	0	0	(1,069,829)
<b>Total Income</b>	<b>338,283</b>	<b>(1,494,535)</b>	<b>185,697</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(970,554)</b>
<b>Expenses</b>													
6090 Training Expense	0	0	0	0	0	500	500	0	500	0	0	500	2,000
6300 Food and Beverage Costs	0	0	0	0	75	0	75	75	0	0	75	0	300
6800 Legal Fees	0	0	1,467	1,033	2,500	0	0	2,500	0	0	2,500	0	10,000
6810 Audit Fees	0	0	5,500	0	0	0	0	2,800	0	0	0	2,000	10,300
6820 Consulting and Professional Fee	51,697	52,998	63,389	60,822	58,940	71,769	62,878	60,187	69,117	64,238	63,193	72,691	751,920
6900 Bank and Credit Card Fees	2,398	2,760	3,171	3,333	3,333	3,333	3,333	3,333	3,333	3,333	3,906	4,269	39,837
6930 Office Supplies Cost	0	0	0	100	100	100	100	100	100	200	200	200	1,200
6950 Printing Costs	0	35	0	0	0	0	0	0	0	0	0	0	35
7000 Travel Expenses	0	0	0	1,750	1,250	1,000	0	1,250	0	0	1,250	0	6,500
7010 Meals and Entertainment Costs	0	0	0	700	800	100	0	300	0	0	300	0	2,200
7020 Lodging	0	0	0	1,400	1,600	150	0	600	0	0	600	0	4,350
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	0	0	0	0	0	0	0	0	(349)
7630 Earnings Allocations to Provide	0	0	0	0	1,750,000	0	0	0	0	0	0	0	1,750,000
7800 License Fees	0	0	0	10	0	0	0	0	0	0	0	0	10
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	134,533
<b>Total Expenses</b>	<b>66,010</b>	<b>58,022</b>	<b>93,861</b>	<b>80,758</b>	<b>1,830,208</b>	<b>88,562</b>	<b>78,496</b>	<b>82,755</b>	<b>84,659</b>	<b>79,381</b>	<b>83,633</b>	<b>91,269</b>	<b>2,717,614</b>
ALL ACCOUNTS	272,273	(1,552,557)	91,836	(80,758)	(1,830,208)	(88,562)	(78,496)	(82,755)	(84,659)	(79,381)	(83,633)	(91,269)	(3,688,168)