

PHONE 800-514-BOWL  
FAX 817-385-8260  
SMART@BOWL.com



# FINANCIAL STATEMENTS

SEPTEMBER 2019

# SMART CORPORATION

## EXECUTIVE SUMMARY

**FOR THE MONTH ENDING SEPTEMBER 30, 2019**

(in thousands)

### INCOME STATEMENT

	Year to Date			Annual	
	Actual	Budget	Variance	Forecast	Budget
<b>INCOME</b>					
Investment Income	\$ 1,294	-	\$ 1,294	\$ 1,294	-
Unrealized Gains (Losses)	5,573	-	5,573	5,573	-
Realized Gains (Losses)	1,737	-	1,737	1,737	-
Equity Inv Gains (Losses)	57	-	57	57	-
Charitable Contributions	-	-	-	-	-
<b>TOTAL INCOME</b>	<b>8,660</b>	<b>-</b>	<b>8,660</b>	<b>8,660</b>	<b>-</b>
<b>EXPENSE</b>					
Consulting & Professional Fees	0	30	30	0	30
Professional Fee - Western Asset	24	-	(24)	32	-
Professional Fee - Fiera Capital	-	6	6	-	8
Professional Fee - Logan	74	86	12	98	115
Professional Fee-Asset Strategy	72	80	8	96	106
Professional Fee - BNY	29	25	(4)	39	33
Professional Fee - M&T	7	7	0	8	9
Professional Fee - USBC	387	387	(0)	516	516
Other	85	73	(12)	110	86
<b>ADMINISTRATIVE EXPENSE</b>	<b>677</b>	<b>693</b>	<b>16</b>	<b>900</b>	<b>903</b>
Earnings Allocation to Providers	1,750	-	(1,750)	1,750	-
Depreciation	101	90	(11)	135	123
<b>TOTAL EXPENSE</b>	<b>2,528</b>	<b>783</b>	<b>(1,745)</b>	<b>2,785</b>	<b>1,026</b>
<b>NET INCOME</b>	<b>\$ 6,132</b>	<b>\$ (783)</b>	<b>\$ 6,915</b>	<b>\$ 5,876</b>	<b>\$ (1,026)</b>

### SCHOLARSHIP LIABILITY/INVESTMENT ACTIVITY

	Balance 8/31/19	Deposits	Disbursements	Balance 9/30/19
<b>SCHOLARSHIP LIABILITY</b>	\$ 73,928	\$ 557	\$ (325)	\$ 74,161

	Balance 8/31/19	Deposits/ Withdrawals	Disbursements Gains(Losses)	Balance 9/30/19	% of Portfolio
<b>CASH &amp; INVESTMENTS</b>					
<b>CASH (1)</b>	\$ 553	557	(398)	\$ 712	
<b>INVESTMENTS</b>	83,701	-	140	83,841	
* Approximately 15% Equities and 85% Fixed Income					
<b>TOTAL CASH/INVESTMENTS</b>	<b>\$ 84,254</b>	<b>\$ 557</b>	<b>\$ (258)</b>	<b>\$ 84,553</b>	

<b>RETURN ON INVESTMENTS</b>	<b>Golub LP *</b>	<b>BNY Mellon</b>	<b>Wilmington</b>	<b>Total / YTD Mths</b>	<b>Avg Balance 9/30/2019</b>
Average Investment Base Year to Date	1,151	53,662	24,488	79,302	\$ 79,302
Investment Income to Date					\$ 8,660
<b>Average Return on Investment</b>					<b>10.92%</b>
Earnings Net of Investment Expenses					\$ 8,455
<b>Avg Return on Investment net of Investment expenses</b>					<b>10.66%</b>
<b>Average Return on Investment net of Investment expenses excluding unrealized gains/losses</b>					<b>3.63%</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 Nine Months Ending September 30, 2019  
Amounts in Whole Units

	SEPTEMBER			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	\$0	\$0	\$0	\$1,500	(\$1,500)	\$2,000	\$0	(\$2,000)	\$0	\$0
6300 Food and Beverage Costs	0	0	0	1,150	225	925	300	1,225	925	0	1,225
6800 Legal Fees	0	2,416	(2,416)	85	7,500	(7,416)	10,000	5,085	(4,916)	8,468	10,000
6810 Audit Fees	0	0	0	4,750	10,300	(5,550)	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	2,675	2,675	0	23,812	0	23,812	0	31,838	31,838	B 11,566	31,838
6820 Professional Fee-Fiera Capt	0	0	0	0	5,925	(5,925)	7,900	0	(7,900)	B 14,798	0
6820 Professional Fee-Logan	8,273	8,273	0	73,533	85,912	(12,379)	114,550	98,352	(16,197)	B 100,903	98,352
6820 Professional Fee-Asset Strategy	8,109	8,109	0	72,053	79,804	(7,751)	106,405	96,380	(10,025)	B 87,146	96,380
6820 Professional Fee-BNY	10,252	9,140	1,112	29,020	24,998	4,021	33,331	38,860	5,528	B 32,619	37,328
6820 Professional Fee-M&T	2,498	1,500	998	6,773	7,102	(328)	9,469	8,273	(1,196)	B 9,790	7,275
6820 Professional Fee-USBC	43,000	43,000	0	387,000	386,802	198	515,736	516,000	264	475,000	516,000
6900 Bank and Credit Card Fees	4,457	5,500	(1,043)	58,426	18,000	40,426	24,000	68,426	44,426	C 52,432	69,469
6930 Office Supplies Cost	0	100	(100)	(1)	900	(901)	1,200	299	(901)	142	399
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	1,400	(1,400)	2,100	5,250	(3,150)	6,500	3,296	(3,204)	2,455	5,250
7010 Meals and Entertainment Costs	0	515	(515)	798	1,900	(1,102)	2,200	798	(1,402)	537	1,613
7020 Lodging	0	345	(345)	2,805	3,750	(945)	4,350	2,805	(1,545)	3,388	3,750
7110 Marketing and Promotions Expense	0	0	0	8,362	20,000	(11,638)	20,000	8,362	(11,638)	D 0	8,362
7300 Insurance Expense	421	421	0	3,792	3,517	275	4,689	5,056	367	6,067	5,056
7620 Miscellaneous Expense	180	0	180	2,530	0	2,530	0	2,530	2,530	(36,054)	2,350
7800 License Fees	0	0	0	0	10	(10)	10	0	(10)	0	0
<b>Total Expenses</b>	<b>79,866</b>	<b>83,394</b>	<b>(3,529)</b>	<b>677,065</b>	<b>693,395</b>	<b>(16,331)</b>	<b>902,940</b>	<b>899,812</b>	<b>(3,128)</b>	<b>785,732</b>	<b>906,875</b>
<b>Operating Income/(loss)</b>	<b>(79,866)</b>	<b>(83,394)</b>	<b>3,529</b>	<b>(677,065)</b>	<b>(693,395)</b>	<b>16,331</b>	<b>(902,940)</b>	<b>(899,812)</b>	<b>3,128</b>	<b>(785,732)</b>	<b>(906,875)</b>
<b>Non-Operating Income/Expense</b>											
5010 Investment Income from Interest	137,951	0	137,951	1,293,703	0	1,293,703	0	1,293,703	1,293,703	1,508,018	1,155,753
5020 Investment Realized Gains (Loss)	(55,924)	0	(55,924)	1,737,045	0	1,737,045	0	1,737,045	1,737,045	289,011	1,792,970
5030 Investment Unrealized Gains (Loss)	70,886	0	70,886	5,572,663	0	5,572,663	0	5,572,663	5,572,663	(3,875,386)	5,501,777
5040 Gain (Loss) on Equity Investment	0	0	0	56,773	0	56,773	0	56,773	56,773	57,063	56,773
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	100,902	89,688	11,214	123,321	134,536	11,215	E 134,536	134,536
<b>Total Non-Operating Inc/Exp</b>	<b>141,701</b>	<b>(11,211)</b>	<b>152,912</b>	<b>6,809,283</b>	<b>(89,688)</b>	<b>6,898,971</b>	<b>(123,321)</b>	<b>6,775,649</b>	<b>6,898,970</b>	<b>(3,905,831)</b>	<b>6,622,736</b>
<b>Net Income</b>	<b>61,835</b>	<b>(94,606)</b>	<b>156,441</b>	<b>6,132,218</b>	<b>(783,083)</b>	<b>6,915,301</b>	<b>(1,026,261)</b>	<b>5,875,837</b>	<b>6,902,098</b>	<b>(4,691,563)</b>	<b>5,715,862</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 Fiera 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 Nine Months Ending September 30, 2019  
Amounts in Whole Units

	September YTD				Annual		
	2019	Last Year	Var \$	Var %	Last Year	Var \$	Var %
<b>ASSETS</b>							
<b>Current Assets</b>							
Cash and cash equivalents	\$711,900	\$1,025,968	(\$314,068)	(31.%)	\$970,666	(\$258,766)	(27.%)
Investments	83,840,969	74,105,141	9,735,828	13.%	72,266,577	11,574,392	16.%
Accounts Receivable	746	9,548	(8,802)	(92.%)	0	746	0.%
Prepaid Expenses	75	1,219	(1,144)	(94.%)	0	75	0.%
<b>Total Current Assets</b>	<b>84,553,690</b>	<b>75,141,876</b>	<b>9,411,814</b>	<b>13.%</b>	<b>73,237,243</b>	<b>11,316,448</b>	<b>15.%</b>
<b>Long Term Assets</b>							
PP&E	910,467	910,467	0	0.%	910,467	0	0.%
Less Accum. Depreciation	(876,833)	(742,296)	(134,536)	18.%	(775,930)	(100,902)	13.%
<b>Total Long Term Assets</b>	<b>33,634</b>	<b>168,170</b>	<b>(134,536)</b>	<b>(80.%)</b>	<b>134,536</b>	<b>(100,902)</b>	<b>(75.%)</b>
<b>Total Assets</b>	<b>\$84,587,324</b>	<b>\$75,310,047</b>	<b>\$9,277,278</b>	<b>12.%</b>	<b>\$73,371,779</b>	<b>\$11,215,545</b>	<b>15.%</b>
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Accounts Payable	68,168	67,608	(560)	(1.%)	72,832	4,664	6.%
Scholarship Providers	74,161,168	68,721,874	(5,439,295)	(8.%)	56,524,263	(17,636,906)	(31.%)
Other Accrued Liabilities	0	0	0	0.%	12,548,913	12,548,913	100.%
<b>Total Current Liabilities</b>	<b>74,229,336</b>	<b>68,789,482</b>	<b>5,439,854</b>	<b>8.%</b>	<b>69,146,008</b>	<b>5,083,328</b>	<b>7.%</b>
<b>Total Liabilities</b>	<b>74,229,336</b>	<b>68,789,482</b>	<b>5,439,854</b>	<b>8.%</b>	<b>69,146,008</b>	<b>5,083,328</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.%
Change in Net Assets - Year to Date	6,132,218	(2,396,768)	(8,528,986)	356.%	(4,691,563)	(10,823,781)	231.%
<b>Total Net Assets</b>	<b>10,357,988</b>	<b>6,520,565</b>	<b>3,837,423</b>	<b>59.%</b>	<b>4,225,771</b>	<b>6,132,217</b>	<b>145.%</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$84,587,324</b>	<b>\$75,310,047</b>	<b>\$9,277,278</b>	<b>12.%</b>	<b>\$73,371,779</b>	<b>\$11,215,545</b>	<b>15.%</b>

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

Beginning Cash Balance	73,237,243
Change in Net Assets	6,132,218
Plus Non-Cash Items:	
Depreciation and Amortization	100,902
Loss/(Gain) Sale of Assets	-
Cash Flow from Operating Activities	
(Increase) Decrease in Accounts Receivable	12,228,945
(Increase) Decrease in Inventory	-
(Increase) Decrease in Prepaid Expenses & Other	(75)
Increase (Decrease) Accounts Payable	(4,664)
Increase (Decrease) Accrued Liabilities	(7,141,699)
Increase (Decrease) in Deferred Revenue	-
(Increase) Decrease in Long Term Assets	-
(Increase) Decrease Temp Restricted Funds	-
Total Adjustments	<u>5,082,507</u>
Net Cash from Operating Activities	<u>11,315,627</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	11,315,627
Ending Cash Balance	<u>84,552,869</u>
Balance per GL	<u><u>84,552,869</u></u>

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

	<b>TOTAL</b>	January 1	February 2	March 3	April 4	May 5	June 6	July 7	August 8	September 9
Beginning Cash Balance		\$ 970,666	\$ 821,185	\$ 1,016,547	\$ 1,445,882	\$ 1,867,821	\$ 1,249,426	\$ 1,361,160	\$ 1,575,402	\$ 552,913
Change in Cash										
Frost - Cash Inflow										
Scholarship Provider Deposits	8,266,654	502,041	420,410	643,621	771,069	1,371,666.01	1,644,544	1,502,236	\$ 853,652	\$ 557,414
Frost - Cash Outflow										
Operating Expenses	(215,193)	(16,850)	(29,000)	(31,940)	(7,869)	(33,335)	(35,703)	(16,421)	\$ (39,618)	\$ (4,457)
Scholarship Recipient Payments	(4,946,135)	(595,089)	(149,632)	(138,882)	(280,133)	(313,726)	(452,406)	(1,228,574)	\$ (1,436,724)	\$ (350,970)
Intercompany Payments	(414,092)	(39,583)	(46,417)	(43,465)	(61,127)	(43,000)	(44,700)	(43,000)	\$ (49,800)	\$ (43,000)
Cash Equivalents	-	-	-	-	-	-	-	-	\$ -	\$ -
Investment Transfers	(2,950,000)	-	-	-	-	(1,600,000)	(1,000,000)	-	\$ (350,000)	\$ -
<b>Total Change in Cash</b>	<b>(258,766)</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>	<b>214,241</b>	<b>(1,022,489)</b>	<b>158,987</b>
Ending Cash Balance		\$ 821,185	\$ 1,016,547	\$ 1,445,882	\$ 1,867,821	\$ 1,249,426	\$ 1,361,160	\$ 1,575,402	\$ 552,913	\$ 711,900

SMART Scholarship Funding Corp  
Income Statement Forecast  
For the Nine Months Ending September 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	\$139,135	\$145,110	\$137,951	\$0	\$0	\$0	\$1,293,703
5020 Investment Realized Gains (Loss)	101,285	103,530	166,640	38,995	165,694	189,654	243,208	783,963	(55,924)	0	0	0	1,737,045
5030 Investment Unrealized Gains (Loss)	1,802,340	644,105	1,005,568	650,423	(531,970)	1,782,034	(88,159)	237,437	70,886	0	0	0	5,572,663
5040 Gain (Loss) on Equity Investment	11,388	(11,388)	0	31,230	0	0	0	25,543	0	0	0	0	56,773
<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>294,183</b>	<b>1,192,054</b>	<b>152,912</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,660,185</b>
<b>Expenses</b>													
6300 Food and Beverage Costs	0	1,150	0	0	0	0	0	0	0	0	75	0	1,225
6800 Legal Fees	0	0	85	0	0	0	0	0	0	0	2,500	2,500	5,085
6810 Audit Fees	0	0	3,000	1,750	0	0	0	0	0	2,900	0	4,500	12,150
6820 Consulting and Professional Fee	60,949	61,483	71,585	61,052	62,266	73,257	63,170	63,660	74,807	62,357	62,457	72,697	789,741
6900 Bank and Credit Card Fees	3,159	3,930	5,515	7,026	8,441	10,037	8,596	7,265	4,457	4,000	3,000	3,000	68,426
6930 Office Supplies Cost	(1)	0	0	0	0	0	0	0	0	100	100	100	299
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	202	696	0	696	500	0	3,296
7010 Meals and Entertainment Costs	510	18	0	0	42	0	228	0	0	0	0	0	798
7020 Lodging	1,133	926	0	0	0	314	432	0	0	0	0	0	2,805
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	180	0	0	0	2,530
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>84,261</b>	<b>83,254</b>	<b>91,077</b>	<b>81,686</b>	<b>80,265</b>	<b>94,430</b>	<b>2,784,348</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>209,922</b>	<b>1,108,799</b>	<b>61,835</b>	<b>(81,686)</b>	<b>(80,265)</b>	<b>(94,430)</b>	<b>5,875,837</b>