



TEFFI *State of Kansas
Technology Enabled
Fiduciary Financial Institutions*

Joint Committee on Fiduciary
Financial Institutions Oversight

Beneficient Fiduciary Financial, L.L.C.

DISCUSSION TOPICS



Introduction (Jeff King)



BFF – Select Operating Achievements and Economic Growth Zone Funding (Derek Fletcher)



TEFFI Pilot Program – Key Milestones and Legislative Proposals (Alan Deines)



Grocery Store Update and Go Public Opportunity for Beneficient (Brad Heppner)



BFF REPRESENTATIVES

1. Brad Heppner CEO & Chairman of the Board

2. Derek Fletcher President & Chief Fiduciary Officer

3. Alan Deines Managing Director & Co-Head of Fiduciary Financial Institutions

4. Keith Martens Managing Director & Co-Head of Fiduciary Financial Institutions

5. Emily Bowersock Hill Director and Audit Committee member

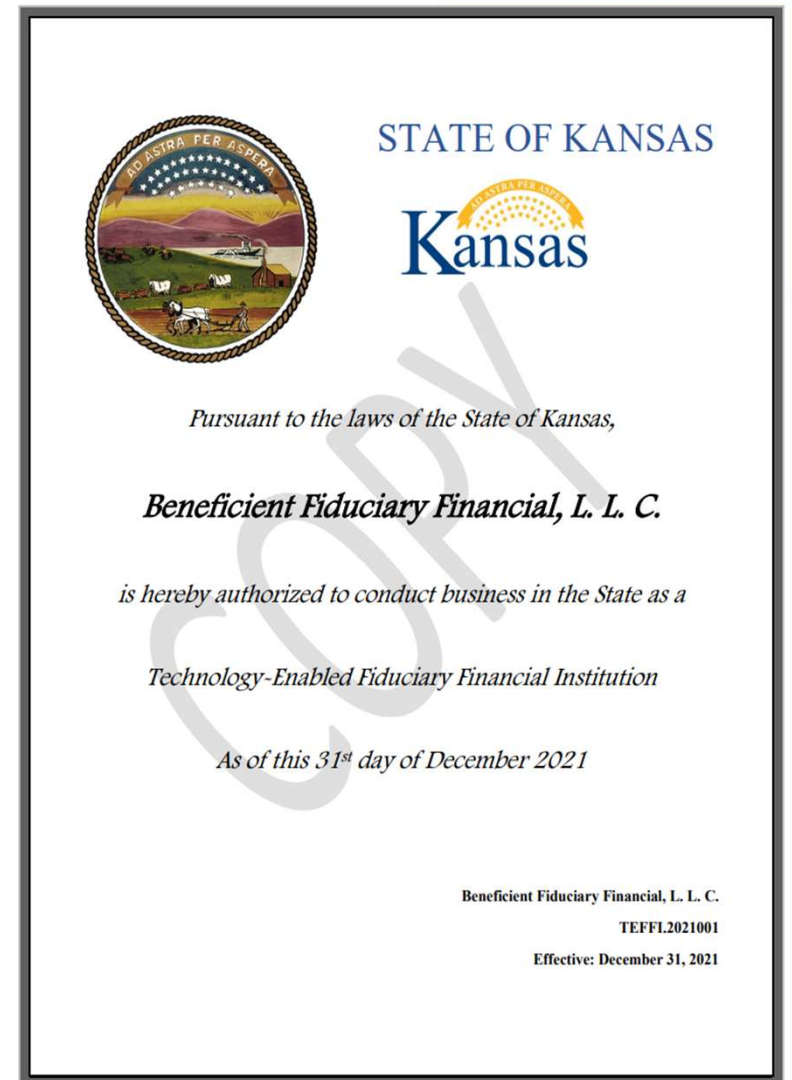
6. Jeff King Crossroads Legal Solutions



BFF - AUTHORITY TO TRANSACT BUSINESS

The OSBC authorized BFF to conduct business on December 31, 2021

Senate Bill 337 converted BFF's conditional charter into a full fiduciary financial institution charter effective December 31, 2021.





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Select Operating Achievements and
Economic Growth Zone Funding

Beneficient Fiduciary Financial, L.L.C.

BFF OPERATING RESULTS THROUGH SEPTEMBER 30, 2022

	December 31, 2021 – September 30, 2022
Closed FidFin Transactions (approximately)	\$255 million
Projected FidFin Closings for the first year of operations	\$250 million

Economic Growth Zone Contributions	December 31, 2021 – September 30, 2022
Department of Commerce	\$2,918,811
Economic Growth Zones	\$15,229,393
Total	\$18,148,204



BFF's Technology Platform Receives SOC 2, Type 1 Report and AT&T Netbond Certification



SOC 2SM Type 1 Report on Security, Availability, and Processing Integrity

Report on The Beneficient Company Group, L.P.'s Description of its Ben AltAccessTM Alternative Asset Liquidity Services and Suitability of the Design of its Controls

As of August 31, 2022



Certification Date: May 16, 2022

AT&T Services, Inc. ("AT&T"), a leading provider of security and infrastructure services headquartered in Dallas, Texas, has conducted an assessment for The Beneficient Company Group, L.P., and is pleased to verify that the Ben[®] AltAccess[™] application specifically named herein, its supporting infrastructure, and the governing policies, processes, and procedures have been certified under the AT&T NetBond[®] Certification Program. The Beneficient Company Group, L.P. is therefore authorized to use the "AT&T NetBond[®] Certified" logo as stated in the attached Exhibit and through May 31, 2023. Should The Beneficient Company Group, L.P. wish to be certified beyond the specified term, it will need to engage AT&T Cybersecurity Consulting for a re-certification examination.

The scope of our assessment includes components of the Ben[®] AltAccess[™] application, which in turn includes the facilities, policies, procedures, and processes supporting the application infrastructure. Specifically, our assessment includes:

- A National Institute of Standards and Technology (NIST)-Based Gap Assessment to assess the implementation of the security controls to identify risks associated with governance and secure development programmatic deficiencies
- A web application vulnerability and penetration test of the Ben[®] AltAccess[™] application designed identify vulnerabilities and to simulate an attack from an external adversary with little or no knowledge of Ben[®] AltAccess[™] application
- Ongoing periodic vulnerability scans of Ben[®] AltAccess[™] application, associated APIs and supporting infrastructure to evaluate and report potential risks that are associated with issues that may exist.
- Ongoing web application and associated API shielding to identify and quickly mitigate vulnerabilities as they are identified

Our assessment was conducted in accordance with AT&T Cybersecurity Consulting's Security Certification Methodology, which incorporates widely available requirements from information security regulations and industry standards, including but not limited to, the following:

- NIST 800-218: *Secure Software Development Framework (SSDF) Version 1.1: Recommendations for Mitigating the Risk of Software Vulnerabilities*
- NIST Cybersecurity Framework Version 1.1: *Framework for Improving Critical Infrastructure Cybersecurity*
- NIST 800-53 Rev.5: *Security and Privacy Controls for Information Systems and Organizations*

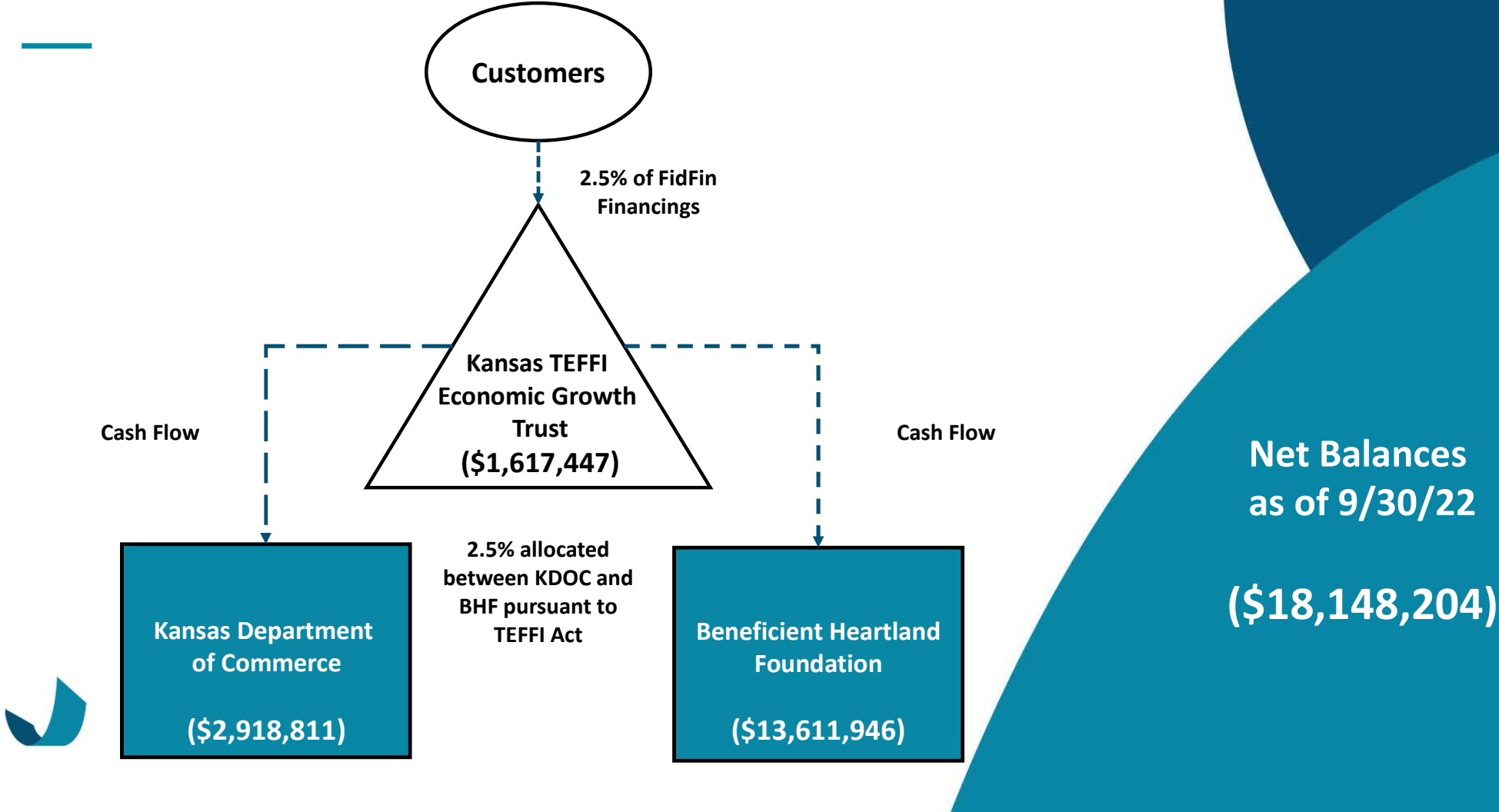
It is important to note that the certification focuses solely on the application as tested in a controlled environment. An environment such as Ben[®] AltAccess[™] is part of an overall secure infrastructure. Vulnerabilities and weaknesses in networks, operating systems, and security policies and processes could lead to potential compromise, and security controls are required at all layers of the organization to mitigate these risks. Certification under the AT&T NetBond[®] Certification Program does not guarantee, nor does AT&T warrant, (i) that Customer will receive favorable results in any audits by third parties, (ii) Customer will be safe from all information security risks or vulnerabilities, or (iii) that Customer is in compliance with any third-party compliance program or any regulatory compliance requirements.

As of the Certification Date above, The Beneficient Company Group, L.P. has met the requirements of the AT&T NetBond[®] Certification Program with respect to the specified components of the Ben[®] AltAccess[™] environment, infrastructure and supporting security policies and procedures. As such, The Beneficient Company Group, L.P. has demonstrated that, as of May 16, 2022 it has taken reasonable and appropriate steps to (i) identify and manage information security risks relating to the applications and supporting infrastructure, and (ii) utilize information security best practices in the area(s) assessed.

Respectfully submitted,

AT&T Cybersecurity Consulting

OVERVIEW OF ECONOMIC GROWTH ZONE FUNDING



KANSAS TEFFI ECONOMIC GROWTH TRUST

1. PURPOSE

- a. Administered exclusively for the benefit of economic growth zones and the Kansas Department of Commerce
- b. Facilitates timely closing of customer financings

2. FUND MANAGEMENT

- a. Manages in-kind asset funding of EGZ contributions
- b. Distributes cash flow to the Beneficient Heartland Foundation and KS Department of Commerce TEFFI Development and Expansion Fund
- c. Audited Financials as of 9/30/22



TECHNOLOGY-ENABLED FIDUCIARY FINANCIAL INSTITUTION DEVELOPMENT AND EXPANSION FUND

FUNDING

The TEFFI Development and Expansion Fund has been allocated \$2,909,937 of assets, representing \$2,712,485 of cash and \$197,452 of monetizing assets

BENEFITS TO EGZs

On August 24, 2022, Commerce announced the Strategic Economic Expansion and Development (SEED) program designed to award grants between \$5,000 and \$50,000 to economic growth zones for quality-of-life initiatives.



BENEFICIENT HEARTLAND FOUNDATION

1. KANSAS NONPROFIT CORPORATION

- a. Must commit to use funds exclusively for the benefit of economic growth zones or post-secondary educational institutions in the State of Kansas
- b. Must provide annual report to Kansas Department of Commerce
- c. Focused on funding community-led initiatives
- d. Audited Financials as of 9/30/22

2. GOVERNANCE

- a. Community Involvement – 9 of the 13 Board of Directors are community leaders (mayor, superintendent of schools, president of chamber of commerce, president of local college, etc.)
- b. Remaining 4 directors are Beneficient representatives





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TEFFI Pilot Program – Key Milestones

Beneficient Fiduciary Financial, L.L.C.

DELIVERY OF AUDITED FINANCIAL STATEMENTS

On October 26, 2022, BFF delivered the following audits and related financial data to the OSBC:

- Audited Financial Statement for BFF as of 12/31/2021 and the three months ended 3/31/22
- Agreed Upon Procedure Report – reconciling BFF’s GAAP financials to non-GAAP contractual reporting pursuant to K.S.A. §9-2307
- Consolidated Audited Financial Statements for The Beneficient Company Group for the following periods: 2019, 2020, 2021 and March 31, 2022
- Agreed Upon Procedure Report – reconciling GAAP financials to contractual reporting, adjusting for non-cash and one-time extraordinary expenses

This week, BFF intends to deliver the following audits to the OSBC:

- Consolidated Audited Financial Statements for The Beneficient Company Group for the periods ending 6/30/22 and 9/30/22



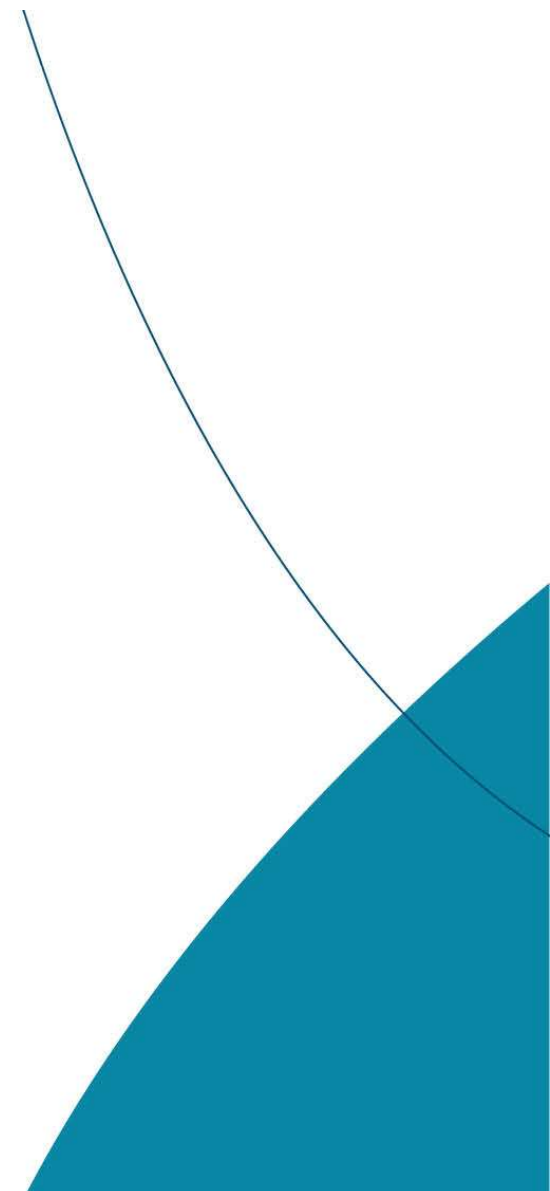
OSBC EXAMINATIONS

IT Examination:

- April 25, 2022 – OSBC Data Request
- May 31, 2022 - Exam Commenced
- June 27, 2022 - Exam Completed
- Successful Result

BSA/AML/OFAC Examination:

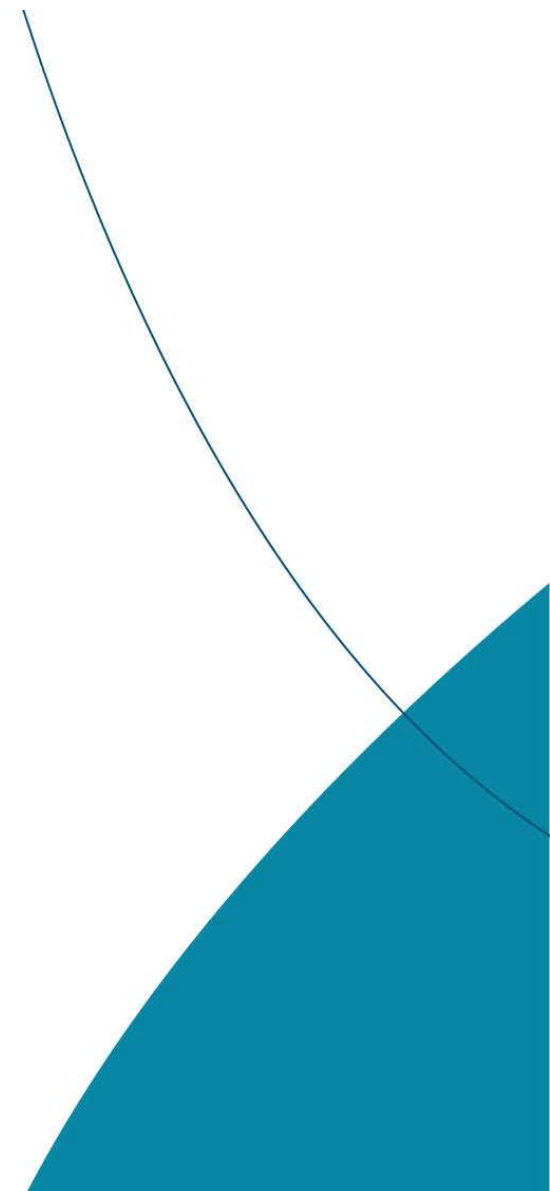
- August 25, 2022-OSBC Data Request
- September 26, 2022 - Exam Commenced
- October 20, 2022 - Exam Completed
- Successful Result



OSBC EXAMINATIONS

Compliance Examination:

- October 18, 2022 - First Document Request
- November 16, 2022 - Second Document Request
- November 17, 2022 - Third Document Request
- December 19, 2022 – Exam Commences, on site – Hesston, KS
- January 3, 2023 (Tentative) OSBC on site in Dallas, TX



PROPOSED LEGISLATION



BFF does not have any proposed legislative changes to the TEFPI-oriented provisions of the Act.



However, BFF recommends a small modification to the definition of “charitable beneficiaries” under KSA §9-2301(b)(4) and KSA §79-32,283 to include one or more charitable organizations designated as beneficiaries of a fidfin trust which are either:

(i) charities, contributions to which are allowable as a deduction pursuant to section 170 of the federal internal revenue code or (ii) one or more a Kansas nonprofit corporations regardless of their federal income tax treatment.





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Grocery Store Update and Go-Public
Opportunity for Beneficient

Beneficient Fiduciary Financial, L.L.C.

Grocery Store Initiative



**Foundation Task Force
Assembled with Weekly
Planning Sessions**

**Site Identified
and Announced**

**Memorandum of Understanding
Signed with Grocery Store Operator**



BENEFICIENT'S GO-PUBLIC OPPORTUNITY

1. PROCESS

- Ben and Avalon Acquisition Inc. (a publicly listed company) have entered into a business combination agreement (announced on 9/21/22).
- Upon final closing of the business combination, Ben will become a publicly-traded company.
- Ben is finalizing the S-4 registration statement to be filed with the SEC for review and approval.



BENEFICIENT'S GO-PUBLIC OPPORTUNITY

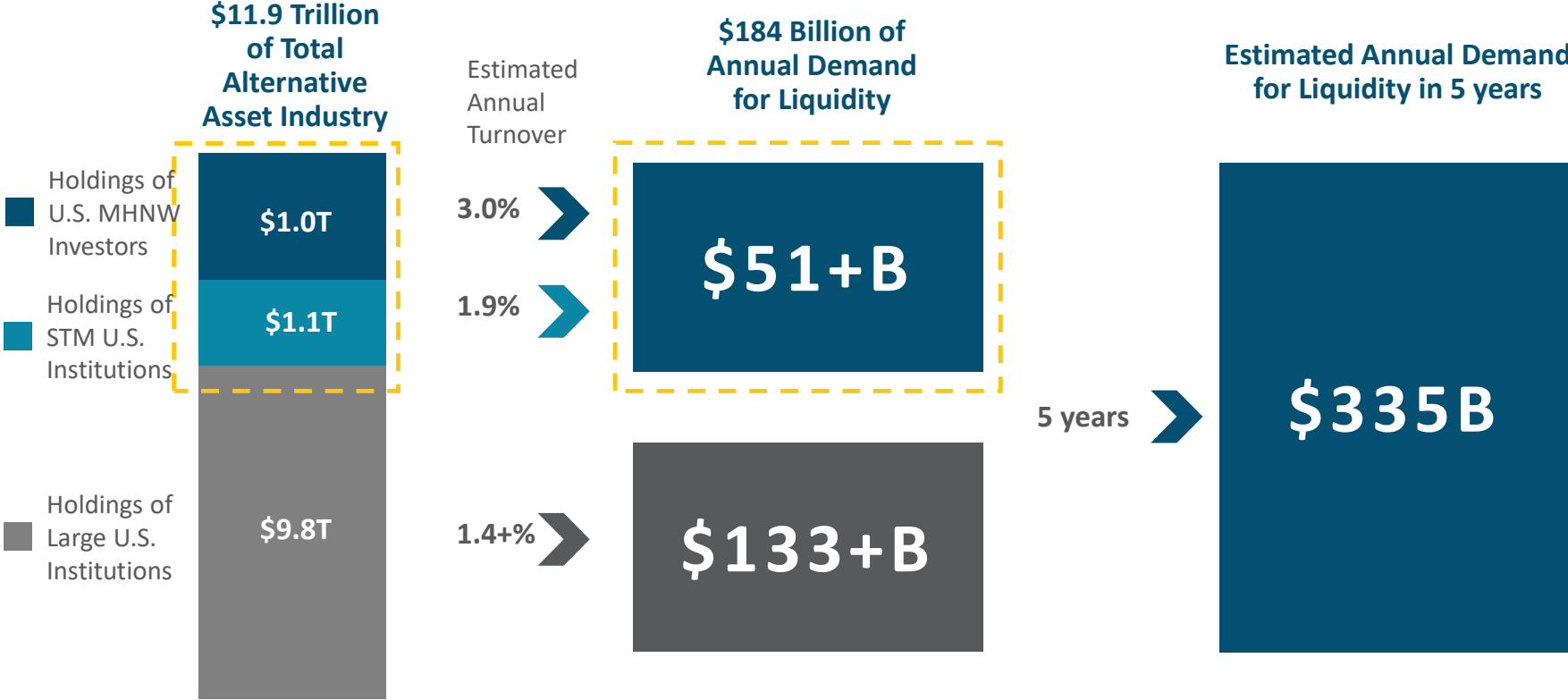
2. PURPOSE

- a. Access to the public markets reduces Ben's cost of capital – enabling BFF to offer more attractive advance rates to customers.
- b. Publicly-traded stock provides an additional form of currency customers can select in securing liquidity for their alternative assets.

3. POSITIVE IMPACT

- a. Lower cost of capital and higher advance rates should increase BFF's volume of fidfin transactions as more customers seek liquidity from their alternative asset investments.
- b. Greater number of fidfin transactions means greater funding for the economic growth zones and the TEFFI Development and Expansion Fund.
- c. Media coverage of Ben's public listing will enhance the visibility of the TEFFI Act, encouraging more firms to explore a TEFFI charter.

BFF'S TARGET MARKET



Sources: Preqin, Eurekahedge, Capgemini, Spectrem Group, Private Equity International, S&P Money Market Directories, Setter Capital, and Ben estimates.