

Beneficient Fiduciary Financial, L.L.C.
Management Report

December 1, 2022

INDEX

Kansas TEFPI Economic Growth Trust & Beneficient Heartland Foundation Combined Statement of Financial Condition	3
Beneficient Fiduciary Financial Asset & Distribution Statutory Allocation between KDOC & BHF	6

**KANSAS TEFFI ECONOMIC GROWTH TRUST AND SUBSIDIARY
&
BENEFICIENT HEARTLAND FOUNDATION, INC. AND SUBSIDIARY**

COMBINED STATEMENT OF FINANCIAL POSITION

September 30, 2022



Helping you get from where you *a*re to where you want to *B*

Accountant's Disclaimer Report

To Management
Kansas TEFFI Economic Growth Trust and Subsidiary
Beneficient Heartland Foundation, Inc. and Subsidiary
325 North St. Paul Street
Dallas, TX 75201

The accompanying combined statement of financial position of the Kansas TEFFI Economic Growth Trust and Subsidiary, and Beneficient Heartland Foundation, Inc. and Subsidiary as of September 30, 2022 omits substantially all disclosures. The combined statement of financial position was not subjected to an audit, review, or compilation engagement by us and we do not express an opinion, a conclusion, nor provide any assurance on it.

Swindoll, Janzen, Hawk & Loyd, LLC

Wichita, Kansas
November 14, 2022

Hutchinson Office
200 N. Main
Hutchinson, KS 67504
620.662.3358

McPherson Office
123 S. Main
McPherson, KS 67460
620.241.1826

Newton Office
3179 N. Main Ste. A
North Newton, KS 67117
316.282.9905

Wichita Office
220 W. Douglas, Ste. 300
Wichita, KS 67202
316.265.5600

www.sjhl.com

**KANSAS TEFFI ECONOMIC GROWTH TRUST AND SUBSIDIARY &
BENEFICIENT HEARTLAND FOUNDATION, INC AND SUBSIDIARY**

COMBINED STATEMENT OF FINANCIAL POSITION

September 30, 2022

ASSETS

Cash and cash equivalents	\$	1,083,055
Investment in real estate		1,540,429
Other asset Cash and cash equivalents		
Beneficial interest in Funding Trusts - unallocated		1,122,451
Beneficial interest in Funding Trusts for benefit of others:		
Kansas Department of Commerce		197,452
Beneficient Heartland Foundation, Inc.		12,872,302
		<hr/>
	\$	<u>16,815,689</u>

LIABILITIES

Note payable - real estate purchase, related party	\$	1,388,845
		<hr/>
TOTAL LIABILITIES		<u>1,388,845</u>

NET ASSETS

Net assets without donor restrictions		2,357,090
Net assets with donor restrictions		13,069,754
		<hr/>
TOTAL NET ASSETS		<u>15,426,844</u>
		<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>16,815,689</u>

SIGNIFICANT ACCOUNTING POLICY

Principles of Combination

The accompanying combined statement of financial position includes the consolidated statement of financial position of Kansas TEFFI Economic Growth Trust and its wholly owned subsidiary Hesston Neighborhoods, LLC as well as the consolidated statement of financial position of Beneficient Heartland Foundation, Inc. and its wholly owned subsidiary BHF Management, LLC. A combined statement of financial position is presented to show combined financial position to be more useful to certain users of the financial statement. All significant intercompany balances and transactions have been eliminated in combination.

Beneficiary Fiduciary Financial

Asset & Distribution Statutory Allocation between KDOC & BHF

Lifetime to Date - September 30, 2022

Funding Period	KDOC - Cash	KDOC - BI	KDOC - Total	BHF - Cash	BHF - BI	BHF - Total	Total
Initial 9million	1,500,000	-	1,500,000	-	7,547,232	7,547,232	9,047,232
Year Ended 2021	1,221,359	-	1,221,359	-	4,953,660	4,953,660	6,175,019
Year Ended 2022	-	188,578	188,578	-	20,953	20,953	209,531
Total	\$ 2,721,359	\$ 188,578	\$ 2,909,937	\$ -	\$ 12,521,845	\$ 12,521,845	\$ 15,431,781

Note: In addition to the funding required by the TEFPI Act, Beneficiary Fiduciary Financial has contributed an additional \$1,122,451 in beneficial interest value as of September 30, 2022 to the Kansas TEFPI Economic Growth Trust.

Beneficient Fiduciary Financial

Asset & Distribution Statutory Allocation between KDOC & BHF

Intial 9 million per Legislation

Per **Sec 25(b)(3)** Beneficient Company is required to distribute, cause to be distributed or otherwise facilitate a distribution of cash, beneficial interests or other assets having an aggregate value of **\$9,000,000**. Below is the initial \$9,000,000 runing through the waterfall as defined by **sec 11(f)(1) & 11(f)(2)**. After the waterfall it is futher defined as to the funding sources of the distributed cash, beneficial interest or other assets.

Sec 25(b)(3) One Time \$9,000,000 Distribution - Allocation of Beneficial Interest:	Waterfall in Percentages		Waterfall in US Dollars		Totals
	Sec 11(f)(1)	Sec 11(f)(2)	Sec 11(f)(1)	Sec 11(f)(2)	
	Dept of <u>Commerce</u>	Ben N-F-P <u>Structure</u>	Dept of <u>Commerce</u>	Ben N-F-P <u>Structure</u>	
Allocation of Distribution:					
Tier I: From \$0 to \$500,000	90%	10%	450,000	50,000	500,000
Tier II: From \$500,001 to \$1,000,000	50%	50%	250,000	250,000	500,000
Tier III: Thereafter	10%	90%	800,000	7,200,000	8,000,000
Distribution			1,500,000	7,500,000	9,000,000

	Cash - KDOC	BI - BHF	Total
Legacy Funding Trust-3	81,359	990,144	1,071,503
Legacy Funding Trust-4	1,148,976	1,313,492	2,462,468
Legacy Funding Trust-5	175,432	547,752	723,185
Legacy Funding Trust-6	69,729	1,450,212	1,519,941
Legacy Funding Trust-7	-	79,038	79,038
Legacy Funding Trust-8	-	101,381	101,381
Legacy Funding Trust-9	-	263,475	263,475
Legacy Funding Trust-12	14,633	59,289	73,922
Legacy Funding Trust-14	9,872	147,087	156,958
Legacy Funding Trust-15	-	80,895	80,895
Legacy Funding Trust-16	-	1,297,394	1,297,394
Funding Trust EP00117	-	1,217,073	1,217,073
Total	1,500,000	7,547,232	9,047,232

Beneficient Fiduciary Financial

Asset & Distribution Statutory Allocation between KDOC & BHF

Year Ended - December 31, 2021

Per **Sec 11(f)** A fiduciary financial institution that engages in fidfin transactions shall distribute, cause to be distributed or otherwise facilitate the distribtuion of the required distribution amount as provided by this section. For purposes of this section, "required distribution amount" means cash, beneficial interest or other assets with a value equal to 2.5% of such fiduciary financial institution's fidfin transaction originated during the calendar year. Below is the 2021 transaction runing through the waterfall as defined by **sec 11(f)(1) & 11(f)(2)**. Below the waterfall the transaction associated to the 2021 calendar year are defined with the origination amount. After the waterfall it is futher defined as to the funding sources of the distributed cash, beneficial interest or other assets.

Loan and Qualified Distribution:

TEFFI Loan (FT# 117, 12/7/21).....	246,829,327
Allocation	2.50%
2.5% Qualified Distribution	<u>6,170,733</u>

Allocation of Beneficial Interest from Loan Originations in 2021:

	Waterfall in Percentages		Waterfall in US Dollars		Totals
	Sec 11(f)(1)	Sec 11(f)(2)	Sec 11(f)(1)	Sec 11(f)(2)	
	Dept of <u>Commerce</u>	Ben N-F-P <u>Structure</u>	Dept of <u>Commerce</u>	Ben N-F-P <u>Structure</u>	
Tier I: From \$0 to \$500,000	90%	10%	450,000	50,000	500,000
Tier II: From \$500,001 to \$1,000,000	50%	50%	250,000	250,000	500,000
Tier III: Thereafter	10%	90%	517,073	4,653,660	5,170,733
Allocation			<u>1,217,073</u>	<u>4,953,660</u>	<u>6,170,733</u>

	<u>Cash - KDOC</u>	<u>BI - BHF</u>	Total
Legacy Funding Trust-1	380,664	-	380,664
Legacy Funding Trust-2	337,512	-	337,512
Legacy Funding Trust-7	165,456	-	165,456
Legacy Funding Trust-8	164,273	-	164,273
Legacy Funding Trust-9	170,225	-	170,225
Legacy Funding Trust-14	3,229	-	3,229
Funding Trust EP00117	-	4,953,660	4,953,660
Total	<u>1,221,359</u>	<u>4,953,660</u>	<u>6,175,019</u>

Beneficient Fiduciary Financial

Asset & Distribution Statutory Allocation between KDOC & BHF

Year to Date - September 30, 2022

Per **Sec 11(f)** A fiduciary financial institution that engages in fidfin transactions shall distribute, cause to be distributed or otherwise facilitate the distribution of the required distribution amount as provided by this section. For purposes of this section, "required distribution amount" means cash, beneficial interest or other assets with a value equal to 2.5% of such fiduciary financial institution's fidfin transaction originated during the calendar year. Below is the 2022 transactions running through the waterfall as defined by **sec 11(f)(1) & 11(f)(2)**. Below the waterfall the transactions associated to the 2022 calendar year are defined with the origination amount. After the waterfall it is further defined as to the funding sources of the distributed cash, beneficial interest or other assets.

Loan and Qualified Distribution:

TEFFI Loan (FT# 118, 4/15/22)	7,005,600
TEFFI Loan (FT# 119, 5/2/22)	1,375,633
Total as of 9/30/22.....	8,381,233
Allocation	2.50%
2.5% Qualified Distribution	209,531

Allocation of Beneficial Interest from Loan Originations in 2022

	Waterfall in Percentages		Waterfall in US Dollars		Totals
	Sec 11(f)(1)	Sec 11(f)(2)	Sec 11(f)(1)	Sec 11(f)(2)	
	Dept of <u>Commerce</u>	Ben N-F-P <u>Structure</u>	Dept of <u>Commerce</u>	Ben N-F-P <u>Structure</u>	
Tier I: From \$0 to \$500,000	90%	10%	188,578	20,953	209,531
Tier II: From \$500,001 to \$1,000,000	50%	50%	-	-	-
Tier III: Thereafter	10%	90%	-	-	-
Allocation			188,578	20,953	209,531
			<u>BI - KDOC</u>	<u>BI - BHF</u>	Total
Funding Trust EP00118			157,626	17,514	175,140
Funding Trust EP00119			30,952	3,439	34,391
Total			188,578	20,953	209,531