

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

November 7, 2023

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Beneficient Fiduciary Financial, LLC
325 North St. Paul Street, Suite 4850
Dallas, TX 75201

We have performed the procedures enumerated below on the Asset & Distribution Statutory Allocation Between Kansas Department of Commerce ("KDOC") and Beneficient Heartland Foundation ("BHF") report of activity under the TEFFI Act from inception to December 31, 2022 ("TEFFI Legislation Report") of Beneficient Fiduciary Financial, LLC ("BFF"). BFF's management prepared and is responsible for the TEFFI Legislation Report (Schedule A).

BFF has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of validating the information contained within the TEFFI Legislation Report prepared for the KDOC. We understand this report is not required pursuant to law, regulation, or contract. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Procedure 1: Obtained a copy of the Asset & Distribution Statutory Allocation Between KDOC & BHF report of activity under the TEFFI Act from inception to December 31, 2022 ("TEFFI Legislation Report") (Schedule A).

Finding: No exceptions were found as a result of applying the procedure.

Procedure 2: Obtained the supporting information and documentation of the following fiduciary financial ("FidFin") transactions from BFF management (including FidFin general ledger activity, executed original documents, cash receipts and disbursements, bank statements, etc.):

- a. FidFin transactions originated from inception to December 31, 2021.

Finding: No exceptions were found as a result of applying the procedure.

- b. FidFin transactions originated during the calendar year ended December 31, 2022.

Finding: No exceptions were found as a result of applying the procedure.

Procedure 3: Performed the following procedures:

- a. Mathematically recalculated each of the four schedules included in the TEFFI Legislation Report (Schedule A) and traced totals from page 2 through 4 of the TEFFI Legislation Report to the "Asset & Distribution Statutory Allocation Between KDOC & BHF Lifetime to Date – December 31, 2022" summary schedule on page 1.

Finding: No exceptions were found as a result of applying the procedure.

- b. Traced the initial \$9 million distribution listed on page 2 of the TEFFI Legislation Report to respective supporting cash disbursements, general ledger activity, bank statements, assignment of beneficial interests and other executed origination documents and compared to the requirements of section 25(b)(3) of House Bill No. 2074 of the TEFFI Act.

Finding: No exceptions were found as a result of applying the procedure.

- c. Traced the allocation of qualified distributions from loan originations that occurred during calendar year 2021 and 2022 as listed in the TEFFI Legislation Report to supporting loan documents (executed origination documents) and recalculated the 2.5% qualified distributions required under the TEFFI Act. Traced the 2.5% qualified distributions listed in the TEFFI Legislation Report to supporting documentation: cash disbursements, bank statements, and/or beneficial interest allocations.

Finding: No exceptions were found as a result of applying the procedure.

- d. Compared waterfall percentages reported in the TEFFI Legislation Report as they relate to the KDOC and BHF to the requirements under the TEFFI Act and recalculated the allocation of the distributions to the respective beneficiary and/or charity.

Finding: No exceptions were found as a result of applying the procedure.

We were engaged by BFF to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the TEFFI Legislation Report. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of BFF and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Swindoll, Janzen, Hawk, & Loyd, LLC

Swindoll, Janzen, Hawk, & Loyd, LLC
Wichita, KS
July 17, 2023

SCHEDULE A

**Beneficiary Fiduciary Financial
Asset & Distribution Statutory Allocation between KDOC & BHF
Lifetime to Date - December 31, 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

Beneficiary Fiduciary Financial Asset & Distribution Statutory Allocation between KDOC & BHF Initial \$9 million per Legislation

Per **Sec 25(b)(3)** Beneficiary 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 running through the waterfall as defined by **sec 11(f)(1) & 11(f)(2)**. After the waterfall it is further 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) Dept of <u>Commerce</u>	Sec 11(f)(2) Ben N-F-P <u>Structure</u>	Sec 11(f)(1) Dept of <u>Commerce</u>	Sec 11(f)(2) 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

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

Beneficiary Fiduciary Financial Asset & Distribution Statutory Allocation between KDOC & BHF Inception to 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 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 2021 transaction running 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 further 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	6,170,733

**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			1,217,073	4,953,660	6,170,733

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

Note: KDOC's allocation of 2021 Beneficial Interest was paid in cash.

Beneficiary Fiduciary Financial Asset & Distribution Statutory Allocation between KDOC & BHF Year Ended - December 31, 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>	<u>Total</u>
Funding Trust EP00118 Loan			157,626	17,514	175,140
Funding Trust EP00119 Loan			30,952	3,439	34,391
Total			188,578	20,953	209,531