



## Statement of Financial Condition (Unaudited) June 30, 2021

### **Executive Summary**

Net income for YTD June 2021 was \$1,032.5 thousand. This was \$756.0 thousand higher than budget. SunStream operates under a break-even strategy and we anticipate managing full year net income to zero by December 31, 2021.

Total YTD income of \$17,312.5 thousand was \$(218.6) thousand less than budget due to less than planned ad hoc consulting and project work. Total YTD operating expense of \$16,281.7 thousand was \$(972.8) thousand less than budget. Total operating expenses were favorable primarily due to slower than anticipated on-boarding of planned contactors related to Program PLANT, and reduced travel, training and insurance conference expenses driven by the pandemic.

In January 2021, SunStream collected the outstanding \$7.5 million of stock receivable from its owners. There is no remaining stock receivable as SunStream has now collected the entire \$22.0 million in stock issued at inception on April 1, 2020. Since collecting the stock receivable, cash and receivables continue to be our primary assets. We anticipate the draw-down of cash throughout 2021 to fund Program PLANT. In addition, we expect to begin to draw on our line of credit with AgriBank to fund this initiative by the end of 2021.

In May 2021, Steve Jensen resigned as President and CEO of SunStream Business Services. The SunStream Board of Directors named Cole Orndorff, Vice President of Technology Delivery, as interim CEO to serve until the SunStream board conducts a search and placement of a permanent CEO.

The following pages display our unaudited financial statements and analysis for YTD June 2021.

<b>SunStream Business Services</b>			
<b>Income Statement</b>			
<b>(whole dollars)</b>			
	<b>YTD June 2021</b>		
	Actual	Budget	Actual vs Budget
Vendor Services Income	\$ 17,312,472	\$ 17,531,055	\$ (218,583)
Interest Income	1,716	-	1,716
<b>Total Income</b>	<b>\$ 17,314,188</b>	<b>\$ 17,531,055</b>	<b>\$ (216,867)</b>
Salaries & Benefits	\$ 7,923,425	\$ 7,959,593	\$ (36,168)
Purchased Services	2,628,232	3,167,260	(539,028)
Depreciation and Maintenance	3,635,399	3,731,730	(96,331)
Cost of Space	493,237	540,326	(47,089)
Other Operating Expenses	1,601,443	1,855,662	(254,219)
<b>Total Operating Expenses</b>	<b>\$ 16,281,736</b>	<b>\$ 17,254,571</b>	<b>\$ (972,835)</b>
<b>Pretax Income</b>	<b>\$ 1,032,452</b>	<b>\$ 276,484</b>	<b>\$ 755,968</b>
Provision for Income Taxes	-	-	-
<b>Net Income</b>	<b>\$ 1,032,452</b>	<b>\$ 276,484</b>	<b>\$ 755,968</b>

#### Income Statement - YTD June 2021

- **Net income** of \$1,032.5 thousand was \$756.0 thousand higher than budget. The positive variance is primarily due to the timing of operating expenses noted below, offset by lower revenue.
- **Total Income** of \$17,312.5 thousand was \$(218.6) thousand less than budget primarily due to less ad hoc consulting and project work.
- **Total Operating Expenses** of \$16,281.7 thousand was \$(972.8) thousand less than budget due to the following:
  - o **Salaries and Benefits expense** was materially flat to budget primarily due to a one-time bonus paid to all employees offset by vacancy.
  - o **Purchased Services expense** was \$(539.0) thousand lower than budget due to slower than anticipated on-boarding of planned contractors.
  - o **Other Operating Expense** was \$(254.2) thousand lower than budget primarily due to reduced travel and training expense in addition to reduced insurance conference expense. These favorable variances were driven by the COVID pandemic.

<b>SunStream Business Services</b>		
<b>Statement of Condition</b>		
<b>(whole Dollars)</b>		
	December 2020	June 2021
<b>Assets</b>		
Cash and Receivables	\$ 8,827,582	\$ 17,206,666
Prepaid Assets	3,447,237	3,196,884
Fixed Assets, net	5,176,838	4,680,171
Right of Use Assets, Net	4,574,972	4,188,559
Other Assets	84,472	(1,718)
<b>Total Assets</b>	<b>\$ 22,111,101</b>	<b>\$ 29,270,562</b>
<b>Liabilities</b>		
Accrued Employee benefits	1,853,878	1,349,000
Lease Liabilities, Net	4,614,529	4,250,825
Other Liabilities	636,186	131,778
<b>Total Liabilities</b>	<b>\$ 7,104,593</b>	<b>\$ 5,731,603</b>
<b>Shareholders' Equity</b>		
Common Stock	\$ 22,500,000	\$ 22,500,000
Common Stock Receivable	(7,500,000)	-
Unallocated Earnings	6,508	1,038,959
<b>Total Shareholders' Equity</b>	<b>\$ 15,006,508</b>	<b>\$ 23,538,959</b>
<b>Total Liabilities and Equity</b>	<b>\$ 22,111,101</b>	<b>\$ 29,270,562</b>

**Statement of Condition - December 31, 2020 through June 30, 2021**

- **Cash and receivables** increased \$8.0 million from 8.8 million in December 2020 to \$16.8 million January 2021. The increase was primarily due to the collection of \$7.5 million of stock receivable in January 2021.
- **Accrued Employee Benefits** decreased \$(1.1) million from \$2.1 million in February 2021 to \$1.0 million in March 2021 due to the annual short-term incentive (STI) payout.
- **Other Liabilities** decreased \$(0.5) million from \$0.6 million in December 2020 to \$0.1 million in March 2021 primarily due to expense accrued at yearend and paid during the first quarter of 2021.
- **Common stock receivable of \$7.5 million** was collected in January and paid in cash. There is no remaining stock receivable.

<b>Cash Flow Statement - YTD March 2021</b>	
<b>(whole dollars)</b>	
	<b>June YTD</b>
<b>Operating Activities:</b>	
Net Income	\$ 1,032,452
Depreciation of Furniture and Equipment	1,000,823
(Increase)/Decrease in Accounts Receivable	13,096
(Increase)/Decrease in Right of Use Assets	386,413
Increase/(Decrease) in Lease Liabilities	(363,704)
Increase/(Decrease) in Other Liabilities	(1,009,116)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,059,964</b>
<b>Investing Activities</b>	
(Increase)/Decrease in CIP	\$ (528,519)
(Increase)/Decrease in Furniture and Equipment	24,363
(Increase)/Decrease in Prepaid Assets	250,353
(Increase)/Decrease in Prepaid Pension	86,190
<b>Net Cash used for Investing Activities</b>	<b>\$ (167,613)</b>
<b>Financing Activities</b>	
Increase/(Decrease) in Capital Stock	\$ 7,500,000
Increase/(Decrease) in Other Capital	(171)
<b>Net Cash provided by Financing Activities</b>	<b>\$ 7,499,829</b>
Total Change in Cash	\$ 8,392,180
Cash, Beginning of Period	8,813,886
<b>Cash, End of Period</b>	<b>\$ 17,206,066</b>

### Statement of Cash Flows – YTD June 2021

SunStream maintained cash of over \$17.2 million through the second quarter of 2021 due to the collection of \$7.5 million of outstanding stock receivable. We anticipate cash to decrease throughout 2021 to fund Program PLANT. In addition, we expect to draw on our line of credit with AgriBank to further fund this initiative by the end of 2021.

- **Operating Activities** - include sources of \$1,032.5 thousand from net income and non-cash depreciation expense of \$1,000.8 thousand. The use of cash for other liabilities of \$(1,009.1) thousand is due to the payout of annual short-term incentives in March.
- **Investing Activities** - the use of cash for Construction in Progress (CIP) of \$(528.5) thousand is due to hours capitalized for both Enterprise Performance Measurement (EPM) replacement project and program PLANT.
- **Financing Activities** – the source of capital stock is from the collection of \$7.5 million of stock receivable in January 2021 and represents all of the outstanding stock receivable.