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ADVANCED WELDING INSTITUTE, LLC
REPORT ON THE AUDIT
OF THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016

ADVANCED WELDING INSTITUTE, LLC

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INDEPENDENT AUDITORS' REPORT

To the Member
Advanced Welding Institute, LLC

Report on the Financial Statements

We have audited the accompanying financial statements of Advanced Welding Institute, LLC, which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of income and member's equity and statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advanced Welding Institute, LLC as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2018 on our consideration of Advanced Welding Institute, LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Advanced Welding Institute, LLC's internal control over financial reporting and compliance.

Knutte & Associates, P.C.

Darien, Illinois
January 31, 2018

ADVANCED WELDING INSTITUTE, LLC
BALANCE SHEETS
DECEMBER 31, 2017 AND 2016

ASSETS

	2017	2016
CURRENT ASSETS		
Cash	$ 176,545	$ 120,644
Accounts Receivable (Net of Allowance for Doubtful Accounts of $800 and $7,000, Respectively)	17,529	100,985
Prepaid Supplies	47,885	33,230
Prepaid Expenses	20,914	19,303
TOTAL CURRENT ASSETS	262,873	274,162
FIXED ASSETS		
Furniture and Equipment	726,563	660,978
Vehicles	167,505	167,505
Leasehold Improvements	73,865	73,865
	967,933	902,348
Less -- Accumulated Depreciation and Amortization	547,702	486,137
TOTAL FIXED ASSETS	420,231	416,211
TOTAL ASSETS	$ 683,104	$ 690,373

LIABILITIES AND MEMBER'S EQUITY

	2017	2016
CURRENT LIABILITIES		
Accounts Payable	$ 22,320	$ 32,395
Notes Payable	7,071	12,835
Deferred Tuition	197,464	225,500
Accrued Expenses	17,135	13,578
TOTAL CURRENT LIABILITIES	243,990	284,308
LONG-TERM LIABILITIES		
Notes Payable	18,217	25,288
TOTAL LONG-TERM LIABILITIES	18,217	25,288
TOTAL LIABILITIES	262,207	309,596
MEMBER'S EQUITY	420,897	380,777
TOTAL LIABILITIES AND MEMBER'S EQUITY	$ 683,104	$ 690,373

See The Accompanying Notes To The Financial Statements.

ADVANCED WELDING INSTITUTE, LLC
STATEMENTS OF INCOME AND MEMBER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
REVENUE		
Tuition and Fees, Net of Refunds	$ 1,416,226	$ 1,263,373
TOTAL REVENUE	1,416,226	1,263,373
OPERATING EXPENSES		
Educational Services	480,776	452,699
General and Administrative	369,228	355,278
Marketing and Admissions	137,694	143,688
Occupancy	163,928	128,749
Depreciation and Amortization	61,565	59,533
TOTAL OPERATING EXPENSES	1,213,191	1,139,947
INCOME FROM OPERATIONS	203,035	123,426
OTHER INCOME (EXPENSES)		
Interest Income	304	270
Interest Expense	(1,829)	(5,578)
Loss on Disposal of Fixed Assets	0	(1,246)
TOTAL OTHER EXPENSES	(1,525)	(6,554)
NET INCOME	201,510	116,872
MEMBER'S EQUITY,		
BEGINNING OF YEAR	380,777	388,020
LESS -- DISTRIBUTIONS	(161,390)	(124,115)
END OF YEAR	$ 420,897	$ 380,777

See The Accompanying Notes To The Financial Statements.

ADVANCED WELDING INSTITUTE, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Students	$ 1,464,600	$ 1,227,175
Interest Received	304	270
Paid to Suppliers and Employees	(1,167,364)	(1,083,668)
Interest Paid	(1,829)	(5,578)
Income Taxes Paid	0	0
NET CASH PROVIDED BY OPERATING ACTIVITIES	295,711	138,199
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for the Purchases of Property	(65,585)	(19,905)
NET CASH USED IN INVESTING ACTIVITIES	(65,585)	(19,905)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from Related Parties	6,161	98,037
Repayments to Related Parties	(6,161)	(77,479)
Principal Payments on Long-Term Debt	(12,835)	(27,224)
Advances on Line of Credit	0	49,795
Repayments on Line of Credit	0	(75,342)
Distributions to Member	(161,390)	(124,115)
NET CASH USED IN FINANCING ACTIVITIES	(174,225)	(156,328)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	55,901	(38,034)
CASH AND CASH EQUIVALENTS,		
BEGINNING OF YEAR	120,644	158,678
END OF YEAR	$ 176,545	$ 120,644

See The Accompanying Notes To The Financial Statements.

ADVANCED WELDING INSTITUTE, LLC
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Income	$ 201,510	$ 116,872
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Allowance for Doubtful Accounts	(6,200)	(18,000)
Depreciation and Amortization	61,565	59,533
Loss on Disposal of Fixed Assets	0	1,246
Changes in Certain Assets and Liabilities		
Accounts Receivable	89,656	3,047
Prepaid Supplies	(14,655)	9,658
Prepaid Expenses	(1,611)	8,722
Accounts Payable	(10,075)	(29,497)
Deferred Tuition	(28,036)	(17,658)
Accrued Expenses	3,557	4,276
Total Adjustments	94,201	21,327
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 295,711	$ 138,199

See The Accompanying Notes To The Financial Statements.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Advanced Welding Institute, LLC (the "Company") was formed in the state of Vermont in 2003. The Company operates welding schools in South Burlington, Vermont and Eagle River, Wisconsin.

A) Basis of Accounting

The books of account are maintained on the accrual basis.

B) Cash and Cash Equivalents

For purposes of reporting cash flows, cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

C) Accounts Receivable and Deferred Tuition

The Company and its students enter into a contract for the Company to provide its training program for a fee. Accounts receivable are stated at net realizable value and represent the amount of the contract that has been billed and not yet paid. The Company earns tuition revenue as it provides education and training to the students measured in scheduled months. That portion of the Company's programs which it has not yet provided to the students is recorded in the financial statements as deferred tuition.

D) Allowance For Doubtful Accounts

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes the amount of its allowance for doubtful accounts based on a history of past write-offs and collections and current credit conditions. Students receivables are written-off as a charge against the allowance one year after students leave their respective programs of study. The allowance for doubtful accounts is $800 and $7,000 at December 31, 2017 and 2016, respectively.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E) Fixed Assets

Fixed assets are stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred, whereas renewals and betterments that extend the lives of property are capitalized. Depreciation of equipment and fixtures is computed using the straight-line method over varying useful lives. Leasehold improvements are amortized using the straight-line method over the lesser of the useful lives of the assets or the lease terms, which generally include options. Depreciation and amortization expense is $61,565 and $59,533 for the years ended December 31, 2017 and 2016, respectively.

F) Advertising Costs

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received. At December 31, 2017 and 2016, the Company has no costs associated with direct-response advertising. Advertising expense is $81,370 and $89,937 for the years ended December 31, 2017 and 2016, respectively.

G) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H) Income Taxes

The Company operates as a limited liability company taxed as a subchapter "S" corporation. As such, the net income for the Company flows through to the member and is taxed on his individual return. As a result, no current provision for income taxes is being made on these financial statements.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H) Income Taxes (Continued)

The Company files its tax return with the U.S. federal and various state and local tax jurisdictions. With few exceptions, the Company is no longer subject to examinations by major tax jurisdictions for the years prior to 2014.

NOTE 2 - RELATED PARTY TRANSACTIONS

The Company participates in Federal programs authorized by Title IV of the Higher Education Act of 1965, as amended (HEA), which are administered by the U.S. Department of Education. The Company must comply with the regulations promulgated under the HEA. Those regulations require that all related party transactions be disclosed, regardless of their materiality to the financial statements. Related party transactions for the years ended December 31, 2017 and 2016 are as follows:

Facility Lease - The Company leases its Eagle River facility from Eagle River Properties, LLC, a company owned by member Richard Irick, on a month to month basis. Rent expense is $57,600 and $22,000 for the years ended December 31, 2017 and 2016, respectively.

Guaranties - The line of credit held by the Company is secured by personal guaranties of member Richard Irick and Vermont Nondestructive Testing, Inc., a company owned by member Richard Irick. See Note 3 for details.

Disclosures of immaterial transactions is required by the U.S. Department of Education and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

NOTE 3 - LINE OF CREDIT

The Company has a $60,000 line of credit with Merchants Bank dated October 21, 2016. Advances bear interest at Prime plus one quarter percent. The balance on the line of credit is $0 at December 31, 2017 and 2016, respectively. The line of credit matures on January 31, 2018 and is secured by a personal guaranty of member Richard Irick and Vermont Nondestructive Testing, Inc., a company owned by Richard Irick.

NOTE 4 - NOTES PAYABLE

Notes payable at December 31, 2017 and 2016 consist of the following:

	2017	2016
$35,694 note payable to Wells Fargo dated September 30, 2015, payable in 72 monthly installments of $576 inclusive of interest at 4.99% through October 2021. Secured by a vehicle owned by the Company.	$ 24,059	$ 29,618
$21,490 note payable to Nissan Motors dated February 20, 2015, payable in 36 monthly installments of $635 inclusive of interest at 1.90% through February 2018. Secured by a vehicle owned by the Company.	1,229	8,505
Total Debt	25,288	38,123
Less -- Current Portion	7,071	12,835
Total Long-Term Debt	$ 18,217	$ 25,288

Future maturities of long-term debt are as follows:

For the year ended December 31, 2019	$ 6,141
2020	6,454
2021	5,622
	$ 18,217

NOTE 5 - LEASE COMMITMENTS

South Burlington - The Company leases this facility on a month to month basis. Rent expense under this lease is $62,400 for the years ended December 31, 2017 and 2016, respectively.

Eagle River - The Company leases this campus on a month to month basis from Vermont Nondestructive Testing, Inc., a company owned by member Rick Irick. Rent expense is $57,600 and $22,000 for the years ended December 31, 2017 and 2016, respectively.

NOTE 6 - RETIREMENT PLAN

The Company offers a SIMPLE IRA with a matching contribution up to three percent of the annual salary for all employees. The Company's contribution to the plan is $7,170 and $5,797 for the years ended December 31, 2017 and 2016, respectively.

NOTE 7 - OTHER DISCLOSURES

A) Attestation of Revenue Sources

The Company derives a substantial portion of its revenues from financial aid received by its students under programs authorized by Title IV of the HEA, which are administered by the U.S. Department of Education. To continue to participate in the programs, the Company must comply with the regulations promulgated under the HEA. The regulations restrict the proportion of cash receipts for tuition, fees, and other institutional charges from eligible programs to not be more than 90 percent from Title IV programs. The failure of the Company to meet the 90 percent limitation for two consecutive years will result in the loss of the Company's ability to participate in Title IV programs. If a school receives more than 90 percent of its revenue from Title IV programs during its fiscal year, the school becomes provisionally certified for the next two fiscal years. This information is required by the U.S. Department of Education and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

For the fiscal year ended December 31, 2017, the Company's cash basis calculation is:

Adjusted Student Title IV Revenue	**Amount Disbursed**	**Adjusted Amount**
Subsidized Loans	$ 110,505	$ 110,505
Unsubsidized Loans	96,384	96,384
PLUS Loans	173,839	173,839
Federal Pell Grant	95,988	95,988
Student Title IV Revenue	$ 476,716	476,716
Revenue Adjustment		(19,353)
Title IV funds returned for a student under 34 C.F.R. §668.22		(8,641)
Adjusted Student Title IV Revenue		448,722

NOTE 7 - OTHER DISCLOSURES (CONTINUED)

A) Attestation of Revenue Sources (Continued)

Student Non-Title IV Revenue			
Grant funds for the student from non-Federal public agencies or private sources independent of the institution	$ 42,045		
Funds provided for the student under a contractual arrangement with Federal, State, or local government agency for the purpose of providing job training to low-income individuals	80,369		
Funds used by student from savings plan for educational expenses established by or on behalf of the student that qualify for special tax treatment under the Internal Revenue Code	34,580		
School scholarships disbursed to the student	0		
Student payments on current charges	854,506		
Student Non-Title IV Revenue	$ 1,011,500		
Revenue from Other Sources			
Activities conducted by the school that are necessary for education and training (34 C.F.R. §668.28(a)(3)(ii))	$ 0		
Funds paid by a student, or on behalf of a student by a party other than the school for an education or training program that is not eligible (34 C.F.R. §668.28(a)(3)(iii))	0		
Allowable student payments plus allowable amounts from account receivable or institutional loan sales less any required payments under a recourse agreement	0		
Revenue from Other Sources	$ 0		
Total Non-Title IV Revenue		$ 1,011,500	
Total Revenue		$ 1,460,222	
Numerator	448,722		
Denominator	1,460,222	31%	

For the fiscal year ended December 31, 2016, the Company received $307,586 of revenues from Title IV programs out of $1,227,175 of eligible cash basis revenue totaling 25%.

NOTE 7 - OTHER DISCLOSURES (CONTINUED)

A) Attestation of Revenue Sources (Continued)

As more than ten percent of revenue is received outside the Student Financial Assistance Programs, the Company is in compliance with this eligibility requirement for the years ended December 31, 2017 and 2016, respectively.

B) Composite Score

In order to participate in the SFA Program, a school must demonstrate that it is financially responsible. One of the general standards for proprietary schools is the composite score standard in 34 CFR 668.171(b). The composite score combines different measures of fundamental elements of financial health to yield a single measure of a school's overall financial health.

The Company's composite scores are calculated as follows:

	2017	2016
Primary Reserve Ratio	0.128	0.014
Equity Ratio	1.200	1.200
Net Income Ratio	0.900	0.900
Sum of All Ratios	2.228	2.114
Composite Score	2.2	2.1

As the composite scores are between 1.5 and 3.0, the Company is considered financially responsible under this general standard for the years ended December 31, 2017 and 2016, respectively.

This information is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

C) Gainful Employment

Effective July 1, 2015, the U.S. Department of Education (the "Department") has issued regulations requiring schools to demonstrate that its programs lead to gainful employment for its students. For each program offered by the school, the Department calculates debt to earnings rates using the debt and earnings of students who completed the program during a specified cohort period.

NOTE 7 - OTHER DISCLOSURES (CONTINUED)

C) Gainful Employment (Continued)

Scores are categorized as follows:

Pass	Programs whose graduates have annual loan payments less than or equal to 8% of total earnings ("Annual Rate") OR less than or equal to 20% of discretionary earnings ("Discretionary Rate").
Zone	Programs that have rates calculated but are neither passing nor failing.
Fail	Programs whose graduates have annual loan payments greater than 12% of total earnings AND greater than 30% of discretionary earnings.

As an alternative calculation during the transition period, transitional rates are computed using the median loan debt of students who completed the program in the most recently completed award year, rather than the specified cohort period. The Department then assesses each program's compliance using the lower of the standard or transitional rates.

A program becomes ineligible for Title IV funding if it fails two of any three consecutive award years for which rates were calculated or has a combination of zone and failing rates for four consecutive award years for which rates were calculated.

The Company's 2016 gainful employment debt-to-earnings rates for debt measure year (DMYR) 2015, the first year calculated by the Department, are as follows:

CIP	Program	Standard Rates		Transitional Rates		Result
		Annual	Discretionary	Annual	Discretionary	
48.0508	Welding	2.15	4.69	N/A	N/A	Pass

This information is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

NOTE 8 - ECONOMIC DEPENDENCY

During the years ended December 31, 2017 and 2016, the Company received a significant amount of its revenue from Title IV sources. Continuing participation in Title IV programs requires compliance with numerous federal regulations. Future noncompliance with these regulations, or a change in the laws governing these programs, would severely impact the operations of the Company.

NOTE 9 - SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2017, the date of the most recent balance sheet, have been evaluated for possible adjustments to the financial statements or disclosure is January 31, 2018, the date the financial statements were available to be issued.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AUDITS OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT

To the Member
Advanced Welding Institute, LLC

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Advanced Welding Institute, LLC, which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of income and member's equity and statements of cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2018.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered Advanced Welding Institute, LLC's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Advanced Welding Institute, LLC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Advanced Welding Institute, LLC's internal control over financial reporting.

A *deficiency in internal control over financial reporting* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combinations of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Advanced Welding Institute, LLC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such tests included compliance tests as set forth in the *Guide For Audits of Proprietary Schools and For Compliance Attestation Engagements of Third-Party Servicers Administering Title IV Programs*, issued by the U.S. Department of Education, Office of Inspector General (the Guide) including those relating to related parties and percentage of revenue derived from Title IV programs. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Advanced Welding Institute, LLC's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Knutte & Associates, P.C.

Darien, Illinois
January 31, 2018

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To the Member

In planning and performing our audit of the financial statements of Advanced Welding Institute, LLC as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered Advanced Welding Institute, LLC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 13, 2015, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Planned Scope, Timing of the Audit, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the Company and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Company or to acts by management or employees acting on behalf of the Company. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Advanced Welding Institute, LLC are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of the allowance for doubtful accounts is based on historical sales, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate for depreciation and amortization expense is based on management's estimate of the assets' useful lives. We evaluated the key factors and assumptions used to develop the depreciation and amortization expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements was were:

> The disclosure of Company's Deferred Tuition policy in Note 1, Related Party Transactions in Note 2, Attestation of Revenue Sources in Note 7 Part A, and the Composite Score in Note 7 Part B to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, all of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 31, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

During the course of the audit, we identified the following item as worthy of note:

- Payment Period Charges

  The Company is required to review for possible credit balances on student accounts based on per payment period charges. We recommend the school charge students tuition by payment period instead of up-front to avoid needing to maintain two separate ledger cards.

- Satisfactory Academic Progress (SAP)

  In the Company's SAP policy, it notes that students can be placed on financial aid warning. However, it does not note the specific procedures for student disbursements if a student is on financial aid warning. We recommend adding these procedures to the policy and reviewing the current policy requirements at 34 CFR 668.16 (e) to determine if it is complete.

- Completion, Graduation, Transfer-Out, and Job Placement Rates

  The Company currently discloses its completion, graduation, and transfer-out rates on its website. We recommend the Company add a statement that a paper copy of these rates is available on request.

- Annual Security Report

  We recommend the Company review 34 CFR 668.46(b) to ensure its annual security report contains all required policies, procedures, and disclosures.

This communication is intended solely for the information and use of management, the member, and others within the Company, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Knutte & Associates, P.C.

Darien, Illinois

January 31, 2018