



**HAWTHORN  
WAYMOUTH  
& CARROLL, L.L.P.**  
Certified Public Accountants

Louis C. McKnight, III, CPA  
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Brittany B. Thames, CPA  
Kevin M. Rodriguez, CPA

To the Members  
Accelerated Academy, LLC  
Baton Rouge, Louisiana

We have audited the financial statements of Accelerated Academy, LLC for the year ended December 31, 2022, and we will issue our report thereon dated February 25, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 6, 2023. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Accelerated Academy, LLC are described in Note 2 to the financial statements. As described in Note 2I, the Company changed accounting policies related to leases by adopting FASB Accounting Standards Codification No. 842, *Leases*, in 2022. 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 estimate affecting the financial statements was:

Management's estimate of the allowance for doubtful accounts is based on a level believed adequate by management to absorb estimated bad debts based upon a periodic review of the accounts by management. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

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.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a disagreement on 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 February 25, 2023.

### *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

This information is intended solely for the use of the Members and management of Accelerated Academy, LLC and is not intended to be, and should not be, used by anyone other than these specified parties.

*Hawthorn, Waymouth & Carroll, LLP.*

February 25, 2023

**Accelerated Academy, LLC  
Denham Springs, Louisiana  
December 31, 2022**

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## **Independent Auditor's Report**

To the Members  
of Accelerated Academy, LLC  
Denham Springs, Louisiana

### **Opinion**

We have audited the accompanying financial statements of Accelerated Academy, LLC (a Limited Liability Company), which comprise the balance sheet as of December 31, 2022, and the related statements of income and changes in members' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Accelerated Academy, LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Accelerated Academy, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Accelerated Academy, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Accelerated Academy, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Accelerated Academy, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Hawthorn, Waymouth & Carroll, L.L.P.*

February 25, 2023

**Accelerated Academy, LLC**  
**Balance Sheet**  
**December 31, 2022**

**Assets**

<b>Current Assets</b>	
Cash	\$ 499,639
Accounts receivable, net	98,724
Prepaid expenses	<u>365,150</u>
Total current assets	963,513
<b>Fixed Assets, net</b>	189,873
<b>Other Assets</b>	<u>2,000</u>
Total assets	<u>\$ 1,155,386</u>

**Liabilities and Members' Deficit**

<b>Current Liabilities</b>	
Accounts payable	\$ 64,408
Accrued liabilities	36,220
Tuition received in advance	<u>1,197,455</u>
Total current liabilities	1,298,083
<b>Members' Deficit</b>	<u>(142,697)</u>
Total liabilities and members' deficit	<u>\$ 1,155,386</u>

The accompanying notes are an integral part of these financial statements.

**Accelerated Academy, LLC**  
**Statement of Income and Changes in Members' Deficit**  
**Year Ended December 31, 2022**

<b>Revenue</b>	
Tuition and related fees	<u>\$ 5,972,209</u>
 <b>Operating Expenses</b>	
Advertising	286,359
Bad debts	81,709
Bank charges and fees	103,320
Class materials and supplies	255,344
Computer and software	83,717
Depreciation	86,680
Employee benefits	100,575
Insurance	18,836
Meals and entertainment	17,264
Miscellaneous	3,500
Office	84,457
Professional fees	180,939
Rent	993,380
Salaries and related taxes	2,251,750
Taxes and licenses	157,839
Travel and lodging	52,214
Utilities and telephone	17,265
Website	5,233
Total operating expenses	<u>4,780,381</u>
 <b>Other Income</b>	
Employee retention tax credit	541,209
Gain on forgiveness of debt	22,569
All other	5,468
Total other income	<u>569,246</u>
 <b>Net Income</b>	 1,761,074
 <b>Members' Equity, beginning balance</b>	 662,372
Contributions from members	132,992
Distributions to members	<u>(2,699,135)</u>
 <b>Members' Deficit, ending balance</b>	 <u>\$ (142,697)</u>

The accompanying notes are an integral part of these financial statements.



**Accelerated Academy, LLC**  
**Statement of Cash Flows**  
**Year Ended December 31, 2022**

<b>Cash Flows From Operating Activities</b>	
Net income	\$ 1,761,074
Adjustments to reconcile net income to net cash provided by operating activities:	
Bad debts	81,709
Depreciation	86,680
Gain on forgiveness of debt	(22,569)
(Increase) Decrease in assets:	
Accounts receivable	(123,332)
Prepaid expenses	(40,515)
Other assets	(1,450)
Increase (Decrease) in liabilities:	
Accounts payable	18,029
Accrued liabilities	4,265
Tuition received in advance	<u>186,421</u>
Net cash provided by operating activities	<u>1,950,312</u>
<b>Cash Flows From Investing Activities</b>	
Payments for leasehold improvements	(44,639)
Payments for asset in progress	(36,025)
Payments on note payable	<u>(2,191)</u>
Net cash used in investing activities	<u>(82,855)</u>
<b>Cash Flows From Financing Activities</b>	
Contributions from members	132,992
Distributions to members	<u>(2,699,135)</u>
Net cash used in financing activities	<u>(2,566,143)</u>
<b>Net Change in Cash</b>	(698,686)
<b>Cash, beginning of year</b>	<u>1,198,325</u>
<b>Cash, end of year</b>	<u><u>\$ 499,639</u></u>

The accompanying notes are an integral part of these financial statements.

**Accelerated Academy, LLC**  
**Notes to Financial Statements**  
**December 31, 2022**

**Note 1–Nature of Operations**

Effective June 15, 2022, Accelerated Dental Assisting Academy, LLC changed its name to Accelerated Academy, LLC. Accelerated Academy, LLC (the “Company”) is a Louisiana limited liability company, operating training facilities in several states to teach dental assistants. Substantially all of its revenue is derived from student tuition and related fees.

**Note 2–Summary of Significant Accounting Policies**

A. 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 the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for doubtful accounts.

B. Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. As of December 31, 2022, the Company had no cash equivalents.

C. Accounts Receivable

Accounts receivable are presented at net realizable value, net of allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income and is maintained at a level believed adequate by management to absorb estimated bad debts based upon a periodic review of the accounts by management. The Company charges off old receivables on a case-by-case basis. As of December 31, 2022, the Company had an allowance for doubtful accounts of \$341,547.

D. Fixed Assets

Fixed assets are stated at cost. Depreciation is computed using an accelerated method over the estimated useful lives of the assets, which are 5 years for furniture and equipment. Expenditures for major repairs and improvements that extend the useful lives of fixed assets are capitalized at cost. Expenditures for maintenance and minor repairs are charged to expense as incurred.

E. Revenue Recognition

The Company’s major source of revenue is student tuition and related fees and these transactions are recognized in accordance with FASB ASC 606 (Topic 606). Revenue is measured based on the amount of consideration specified in the contract with the student. Tuition pricing may vary by state, depending on each state's particular requirements, and based on the timing of when a student enrolls for a particular semester.

**Accelerated Academy, LLC**  
**Notes to Financial Statements**  
**December 31, 2022**

**Note 2--Summary of Significant Accounting Policies (Continued)**

**E. Revenue Recognition (Continued)**

Prospective students may sign up for any one of three semesters offered by the Company: Spring, Summer, or Fall. The duration of each semester is 10 weeks, with one class held each week. The semesters do not overlap the Company's fiscal year-end. At the time of enrollment, students are required to pay a \$200 deposit, of which \$100 is non-refundable and recognized into revenue in the period the student enrolls. Students have the option of paying the full amount of tuition up front or through an approved payment plan. Tuition payments received in advance of the semester commencement date are deferred in the period received and are reflected as Tuition Received in Advance on the accompanying balance sheet. The Company recognizes tuition and fee revenue over a period of time, ratably over each semester. If a student withdraws from the course before instruction begins, the Company retains the \$100 non-refundable fee and refunds the student any remaining payments made. If a student withdraws or is terminated after the course begins, refunds are made on a pro-rata basis less certain fees, based on the number of weeks that have lapsed. Refunds are not permitted after the seventh week of the course.

The Company offers a payment plan for those students who are unable to pay the full balance of tuition up front. A one-time financing fee is charged on the tuition balance, which varies based on the length of the financing arrangement. The Company recognizes the finance fee pro-ratably over the length of the semester, rather than over the length of the loan in accordance with U.S. GAAP, the difference of which is immaterial to the financial statements.

Because the Company's performance obligations relate to contracts with a duration of less than one year, the Company has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. There are no incremental costs of obtaining a contract and no significant financing components. Transaction prices are specific to a distinct performance obligation and do not consist of multiple transactions.

**F. Advertising**

Advertising costs are charged to operations when incurred and totaled \$286,359 for the year ended December 31, 2022. Advertising costs for courses subsequent to year end of \$64,737 were included in prepaid expenses as of December 31, 2022.

**G. Income Taxes**

From January 1, 2022 to June 30, 2022, the Company was taxed under Subchapter S of the Internal Revenue Code. On June 24, 2022, the Company was converted from a Louisiana limited liability company into a Louisiana corporation as a tax-free reorganization under the provisions of Section 368(a)(1)(F) of the Internal Revenue Code and changed its name to Accelerated Academy, Inc. On June 27, 2022, the sole owner of the Company contributed all of the issued and outstanding shares of stock of the Company to a holding company. Upon the contribution of such stock, the holding company filed an election to treat the Company as a qualified S-corporation subsidiary. On June 30, 2022, the Company was converted from a Louisiana corporation into a Louisiana limited liability company, and changed its name back to Accelerated Academy, LLC. Pursuant to the provisions of 26 CFR Section 301.7701-3, upon conversion to a limited liability company that is wholly owned by the holding company, the Company became a disregarded entity for tax purposes. On July 1, 2022, two individuals purchased membership interest in the Company, at which time the Company defaulted to a partnership. Accordingly, a provision for income taxes has not been established because the earnings or losses are included in the members' personal income tax returns.

**Accelerated Academy, LLC**  
**Notes to Financial Statements**  
**December 31, 2022**

**Note 2—Summary of Significant Accounting Policies (Continued)**

G. Income Taxes (Continued)

Management has concluded that the Company is a pass-through entity for federal and certain states and has determined that there are no uncertain tax positions that would require recognition in the financial statements. If the Company were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax would be reported as income taxes. Management’s conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors.

H. Recently Adopted Accounting Standards

On January 1, 2022, the Company adopted Accounting Standards Codification (“ASC”) 842, *Leases*, using a modified retrospective transition approach, which requires the new standard to be applied to all leases existing at the date of initial application. Under ASC 842, lessees are required to recognize a lease liability and right-of-use asset (“ROU asset”) for all leases with a term greater than twelve months and to disclose key information about leasing arrangements. Additionally, leases are classified as either financing or operating; the classification determines the pattern of expense recognition and classification within the statements of income. The Company used the standard’s effective date as the date of initial application. Consequently, the financial information was not presented and the disclosures required under the new standard are not provided for dates and periods prior to January 1, 2022. The new standard provides several optional practical expedients that can be adopted at transition. The Company elected the “package of practical expedients,” which allows the Company to not reassess the prior conclusions regarding lease identification, lease classification, and initial direct costs. The Company did not elect the use-of-hindsight or the practical expedient pertaining to land easements; the latter not being applicable. The new standard also provides practical expedients for an entity’s ongoing accounting. The Company has elected the practical expedient to not separate lease and non-lease components for all leases. The Company also elected the practical expedient not to apply the recognition requirements of ASC 842 to short-term leases, but to recognize the lease payments in net income on a straight-line basis over the term of the lease.

**Note 3—Fixed Assets**

Fixed assets are comprised of the following at December 31, 2022:

Software	\$ 251,857
Leasehold improvements	44,639
Less: Accumulated depreciation	<u>(142,648)</u>
	153,848
Asset in progress	<u>36,025</u>
Fixed assets, net	<u><u>\$ 189,873</u></u>

**Note 4—Retirement Plan**

The Company has a defined contribution plan covering substantially all of its employees. For the year ended December 31, 2022, the Company had total costs of \$98,734 associated with the plan. These costs are included in employee benefits on the statement of income and changes in members’ deficit.

**Accelerated Academy, LLC**  
**Notes to Financial Statements**  
**December 31, 2022**

**Note 5—Operating Leases**

Accelerated Academy, LLC leased its building from a company related through common ownership under a one-year operating lease. The lease did not include an option to purchase the underlying asset or extend the lease term, and therefore, was recognized as a short-term lease. The lease payments were \$4,000 per month and the lease matured December 31, 2022. For the year ended December 31, 2022, lease expense was \$48,000. These costs are included in rent on the statement of income and changes in members' deficit.

The Company has short-term leasing arrangements for its 10-week courses with various dental offices where classes are held. For the year ended December 31, 2022, this lease expense was \$945,380. These costs are included in rent on the statement of income and changes in members' deficit.

**Note 6—Employee Retention Tax Credit**

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides an employee retention credit ("CARES Employee Retention credit"), which is a refundable tax credit against certain employment taxes up to \$7,000 per employee for eligible employers. The tax credit is equal to 70% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2021. The Company qualified for the tax credit under the CARES Act and recorded \$541,209 related to the CARES Employee Retention credit in other income on the statement of income and changes in members' deficit for the year ended December 31, 2022.

**Note 7—Gain on Forgiveness of Debt**

The Company received a loan from a bank in the amount of \$286,200 under the Paycheck Protection Program established by the CARES Act. The loan was accounted for under FASB ASC 470. The Company applied for and was notified in 2021 that \$261,440 was forgiven. The Company made \$2,191 in payments on the loan in 2022 and was subsequently notified that the remaining balance of \$22,569 was forgiven. Upon forgiveness, the Company accounted for partial derecognition of the liability in accordance with FASB ASC 405-20. A gain was recorded on extinguishment of debt as other income on the statement of income and changes in members' deficit in the period of forgiveness.

**Note 8—Concentration of Credit Risk**

At various times during the year, cash on deposit with one banking institution exceeded the amount insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the institution on a regular basis, along with their balances in cash, to minimize this potential risk.

The Company finances tuition for many of its students and generally requires no collateral.

**Note 9—Subsequent Events**

Management has evaluated subsequent events through February 25, 2023, the date the financial statements were available to be issued. As a result, the Company noted no subsequent events that required adjustment to, or disclosure in, these financial statements.