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DBJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES

**FINANCIAL STATEMENTS and
SUPPLEMENTARY INFORMATION
for the years ended December 31, 2022 and 2021**

**Weworski & Associates
Certified Public Accountants**

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
for the years ended December 31, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members of
DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
Laramie, Wyoming

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of DBJJDM Enterprises, LLC dba WyoTech and Subsidiaries (collectively referred to as the “Company”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income, members’ equity and cash flows for the years 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 DBJJDM Enterprises, LLC dba WyoTech and Subsidiaries as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 the Company'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 GAAS and *Government 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 GAAS and *Government 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 the Company'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 the Company'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on the Company's related party transactions, the Title IV 90/10 revenue percentage, as required by 34 C.F.R. Section 668.28, and the financial responsibility supplemental schedule, as required by 34 C.F.R. Section 668.172 and 34 C.F.R. Appendix A to Subpart L of Part 668, 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2023 on our consideration of the Company'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 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 the Company's 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 the Company's internal control over financial reporting and compliance.

Weworski + Associates

San Diego, California
May 4, 2023

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2022 and 2021

ASSETS

	2022	2021
<u>Current assets:</u>		
Cash and cash equivalents	\$ 5,407,515	\$ 5,784,705
Restricted cash	-	495,000
Accounts receivable, net of allowance for doubtful accounts of \$460,000 and \$344,000, respectively	4,527,093	3,626,766
Due from related parties	270,632	-
Prepaid expenses and other current assets	115,877	50,862
Current portion of notes receivable	231,770	231,770
Total current assets	10,552,887	10,189,103
Property and equipment, net	16,655,655	17,689,018
<u>Other assets:</u>		
Notes receivable, net of current portion	23,218,800	23,218,800
Operating lease right-of-use assets, net	2,302,355	-
Deposits	13,050	-
Total other assets	25,534,205	23,218,800
Total assets	\$ 52,742,747	\$ 51,096,921

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

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS, Continued
December 31, 2022 and 2021

LIABILITIES AND MEMBERS' EQUITY

	2022	2021
<u>Current liabilities:</u>		
Accounts payable	\$ 472,675	\$ 429,008
Accrued expenses	850,214	553,626
Student deposits and refunds payable	1,300,188	1,193,099
Deferred revenue	7,249,374	5,556,868
Current portion of operating lease liability	778,641	-
Current portion of notes payable	999,133	669,678
	11,650,225	8,402,279
Operating lease liabilities, net of current portion	14,116,108	-
Notes payable, net of current portion	15,581,904	16,304,540
Deferred rent	-	182,513
Lease liability - related party	-	12,561,471
	41,348,237	37,450,803
<u>Members' equity:</u>		
Class A Preferred units, 6,950,000 issued and outstanding	6,950,000	6,950,000
Class AA Preferred units, 3,060,457 and 6,500,000 issued and outstanding, respectively	3,060,457	6,500,000
Class B Common units, 50,000 issued and outstanding	50,000	50,000
Class C Management units, 2,500 issued and outstanding	-	-
Retained earnings	1,334,053	146,118
	11,394,510	13,646,118
Total liabilities and members' equity	\$ 52,742,747	\$ 51,096,921

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

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
for the years ended December 31, 2022 and 2021

	2022	2021
<u>Revenue:</u>		
Tuition and fee income, net	\$ 24,325,367	\$ 18,089,982
Auxiliary	2,777,865	2,063,145
Total revenue	27,103,232	20,153,127
<u>Operating expenses:</u>		
Selling	1,455,533	1,836,863
Rent and occupancy	1,869,684	1,133,175
Depreciation	2,171,164	1,961,805
General and administrative	18,930,019	14,033,256
Total operating expenses	24,426,400	18,965,099
Income from operations	2,676,832	1,188,028
<u>Other income (expense):</u>		
Other income	-	1,434,444
Rent income	167,486	-
Interest income	306,745	23,483
Interest expense	(628,199)	(257,654)
Other expense	(107,855)	-
Gain on sale of assets	7,500	143,298
Total other income (expense)	(254,323)	1,343,571
Net income	\$ 2,422,509	\$ 2,531,599

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

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
for the years ended December 31, 2022 and 2021

	Class A Preferred Units	Class AA Preferred Units	Class B Common Units	Class C Management Units	Retained Earnings (Accumulated Deficit)	Total
Balance at December 31, 2020	\$ 6,950,000	\$ 6,500,000	\$ 50,000	\$ -	\$ (2,385,481)	\$ 11,114,519
Net income	-	-	-	-	2,531,599	2,531,599
Balance at December 31, 2021	<u>\$ 6,950,000</u>	<u>\$ 6,500,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 146,118</u>	<u>\$ 13,646,118</u>
Repurchase of Class AA Units	-	(3,439,543)	-	-	-	(3,439,543)
Preferred distributions	-	-	-	-	(227,500)	(227,500)
Distributions	-	-	-	-	(1,007,074)	(1,007,074)
Net income	-	-	-	-	2,422,509	2,422,509
Balance at December 31, 2022	<u>\$ 6,950,000</u>	<u>\$ 3,060,457</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 1,334,053</u>	<u>\$ 11,394,510</u>

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

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended December 31, 2022 and 2021

	2022	2021
<u>Cash flows from operating activities:</u>		
Cash received - tuition, fees, auxiliary and lease	\$ 27,886,500	\$ 34,154,728
Cash paid to suppliers and employees	(22,028,636)	(16,348,013)
Other income	-	1,434,444
Rent income	167,486	-
Other expense	(107,855)	-
Interest income received	306,745	23,483
Interest expense paid	(628,199)	(257,654)
	5,596,041	19,006,988
<u>Cash flows from investing activities:</u>		
Purchases of property and equipment	(1,137,801)	(9,265,882)
Proceeds from sale of property and equipment	7,500	212,042
	(1,130,301)	(9,053,840)
<u>Cash flows from financing activities:</u>		
Advances to related parties	(270,632)	-
Principal proceeds from notes receivable	-	3,000
Issuance of notes receivable	-	(23,218,800)
Principal proceeds from debt	276,480	7,920,000
Principal payments on debt	(669,661)	(18,062)
Repurchase of Class AA Units	(3,439,543)	-
Preferred distributions	(227,500)	-
Distributions	(1,007,074)	-
	(5,337,930)	(15,313,862)
Net cash used in financing activities	(5,337,930)	(15,313,862)
Net decrease in cash	(872,190)	(5,360,714)
<u>Cash, cash equivalents and restricted cash, Beginning</u>	6,279,705	11,640,419
<u>Cash and cash equivalents, Ending</u>	\$ 5,407,515	\$ 6,279,705

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

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued
for the years ended December 31, 2022 and 2021

Reconciliation of net income to net cash
provided by operating activities:

Net income	\$ 2,422,509	\$ 2,531,599
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,171,164	1,961,805
Gain on sale of assets	(7,500)	(143,298)
Changes in assets and liabilities:		
Accounts receivable, net	(900,327)	(850,534)
Prepaid expenses and other current assets	(65,015)	283,912
Deposits	(13,050)	21,826
Operating right-of-use assets and liabilities	(151,590)	-
Accounts payable	43,667	75,421
Accrued expenses	296,588	174,654
Student deposits and refunds payable	107,089	809,941
Deferred revenue	1,692,506	1,614,787
Deferred rent	-	(34,596)
Lease liability - related party	-	12,561,471
	<u>3,173,532</u>	<u>16,475,389</u>
Total adjustments		
Net cash provided by operating activities	<u>\$ 5,596,041</u>	<u>\$ 19,006,988</u>

Reconciliation of cash, cash equivalents and restricted cash at
end of the year:

Cash and cash equivalents	\$ 5,407,515	\$ 5,784,705
Restricted cash	-	495,000
	<u>5,407,515</u>	<u>6,279,705</u>
Cash, cash equivalents and restricted cash at the end of the year	<u>\$ 5,407,515</u>	<u>\$ 6,279,705</u>

Supplemental disclosure of non-cash transactions:

For the year ended December 31, 2021, the Company entered into a note payable agreement for land, building and improvements totaling \$4,000,000, as described in Notes 2 and 5.

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

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
for the years ended December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies

The following items comprise the significant accounting policies of the Company. The policies reflect industry practices and conform to accounting principles generally accepted in the United States of America.

Company's Activities

DBJJDM Enterprises, LLC dba WyoTech and Subsidiaries are collectively referred to as the “Company” throughout this report.

DBJJDM Enterprises, LLC dba WyoTech (WyoTech) is a Wyoming limited liability company organized on February 28, 2018 for the purpose of acquiring certain assets and liabilities assumed of an educational institution operating in Laramie, Wyoming. WyoTech’s primary focus is providing training programs that prepare students to be technicians in the automotive and diesel industries. The Company is accredited by the Accrediting Commission of Career Schools and Colleges (ACCSC).

LoveTrades, LLC (LoveTrades), a Wyoming company, is a wholly-owned subsidiary of WyoTech organized in August 2020. LoveTrades operates in Laramie, Wyoming and is a platform designed to generate interest in the trades. LoveTrades uses a behavioral assessment tool which connects youth (target audience of 8th -12th grade) with career pathways and success stories for those whose core behaviors match their own. LoveTrades seeks to promote the trades to youth, parents, teachers, coaches, mentors, and policy makers.

Yellow Cat, LLC (Yellow Cat), a Wyoming company, is a wholly-owned subsidiary of WyoTech organized in October 2020. Yellow Cat operates in Laramie, Wyoming and provides a resource for organizations which seek help connecting employees (current and incoming new-hires) to their organizational culture. Yellow Cat uses the same behavioral assessment tool to help organizations identify culture and use that information as a benchmark for incoming employees. Additionally, Yellow Cat provides consulting for organizations who wish to help adjust their culture.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of DBJJDM Enterprises, LLC dba WyoTech LLC its subsidiaries, LoveTrades, LLC, and Yellow Cat, LLC. All intercompany transactions and balances have been eliminated in consolidation.

Basis of Accounting

The accounting records and the accompanying financial statements have been maintained and prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies, Continued

Variable Interest Entities

According to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810 *Consolidation*, variable interest entities (VIEs) are required to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have sufficient powers, obligations, or rights or if the entity does not have sufficient equity at risk to finance its activities without additional subordinated financial support from other parties. In October 2018, the FASB issued Accounting Standards Update (ASU) ASU 2018-17, *Consolidation (Topic 810)* which provides a private company (reporting entity) the option to elect not to apply VIE guidance to legal entities under common control if both the parent and the legal entity being evaluated for consolidation are not public business entities.

WyoTech QALICB, LLC

WyoTech QALICB, LLC (QALICB), formed in October 2021, is registered in Laramie, Wyoming, and owned by three members. Two of the members who collectively own 95% of QALICB own all outstanding Class A, AA, and B Units of WyoTech. QALICB was established to facilitate the land acquisition and construction of a building for additional educational facilities adjacent to WyoTech through accessing the New Market Tax Credit (NMTC) program, as described in Note 9. The Company has elected not to consolidate QALICB in accordance with ASU 2018-17, as described above. The Company does not believe there to be any exposure due its agreements with QALICB.

WyoTech Holdings Too, LLC

WyoTech Holdings Too, LLC (Holdings Too), formed in May 2022, is a limited liability company registered in Laramie, Wyoming, and owned by two members of the Company. Holdings Too was established to acquire land and building for use as training facilities. In July 2022, the Company (lessee) entered into a 10-year lease with Holdings Too (lessor). The Company has elected not to consolidate Holdings Too in accordance with ASU 2018-17, as described above. The Company does not believe there to be any exposure due its agreements with Holdings Too.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Restricted Cash

In July 2018, the Company posted a letter of credit in favor of the U.S. Department of Education (the Department) in the amount of \$495,000, as required by the Department in connection with the Company's acquisition of the net assets of a Title IV eligible educational institution. The letter of credit was scheduled to expire in July 2022 and was secured by cash on deposit with the issuing financial institution; such cash has been presented as restricted cash as of December 31, 2021 and included within current assets on the accompanying balance sheet. In April 2022, the Company received notification from the Department that the letter of credit requirement had been released.

Accounts Receivable, Student Deposits and Allowance for Doubtful Accounts

Accounts receivable are recorded at the amounts originally billed less payments received. Cash received in excess of tuition earned is recorded as student deposits on the accompanying consolidated balance sheets. An allowance for estimated uncollectible accounts receivable is recorded based on past experience. The Company reviews its past due balances and accounts deemed uncollectible are written-off.

Property and Equipment

Property and equipment, carried at cost, are depreciated over the estimated useful lives of the related assets. Depreciation is computed on a straight-line method for financial statement purposes and accelerated methods for income tax purposes. Normal repairs and maintenance are expensed as incurred. Expenditures that materially extend the useful life of an asset are capitalized. The cost and related accumulated depreciation of assets sold or otherwise disposed of are eliminated and any resulting gain or loss on disposition is included in other income.

Furniture and equipment	5 - 7 years
Vehicles	5 years
Building and improvements	15 - 39 years
Land	Non-depreciable

Debt Issuance Costs

Debt issuance costs represent amounts incurred to obtain financing and are amortized on a straight-line basis over the term of the related financing agreement, and are presented as a reduction from the carrying amount of debt.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies, Continued

Right-of-Use Leases

On January 1, 2022, the Company implemented FASB ASU 2016-02, *Leases* (Topic 842) which requires the recognition of assets and liabilities by lessees for those leases classified as operating and finance leases under GAAP. The transition was implemented under the modified retrospective transition method, which resulted in no cumulative-effect adjustment to retained earnings. The guidance requires that a lessee should recognize on the balance sheet a liability to make lease payments and a right-to-use asset representing the Company's right to use the underlying assets for the term of the lease. At lease inception, the Company determines the lease term. The guidance allows a lessee who enters into a lease with a term of 12 months or less to make an accounting policy election by class of underlying assets not to recognize assets and liabilities. The Company determines if an arrangement is a lease at inception and evaluates the lease agreement to determine whether the lease is a finance or operating lease. Right-of-use (“ROU”) assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Company uses the interest rate identified in the lease agreement to determine the present value of lease payments over the lease term. When the interest rate is not stated in the lease agreement, the Company uses the risk-free rate based on information available at the commencement date to determine the present value.

As part of the adoption of FASB ASU 2016-02, the Company elected to not recognize ROU assets or lease liabilities for leases with a term of 12 months or less, as permitted by the short-term lease practical expedient. In addition, the Company also applied the package of practical expedients that permit entities to not reassess (i) whether expired or existing contracts contain a lease under the new standard, (ii) the lease classification for expired or existing leases, or (iii) whether previously capitalized initial direct costs would qualify for capitalization under the new standard. The Company also applied the practical expedient that permits a lessee to account for lease and non-lease components in a contract as a single lease component. Furthermore, the Company used hindsight during transition. See Note 6 for more information about the Company’s lease-related obligations.

Revenue Recognition

The Company recognizes revenue in accordance with FASB ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The Company identifies a contract for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance and the collectability of consideration is probable. The Company evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. The Company’s contracts include promises for educational services and course materials which are distinct performance obligations.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies, Continued

Revenue Recognition, Continued

Tuition revenue is primarily derived from postsecondary education services provided to students. Generally, tuition and other fees are paid upfront and recorded in contract liabilities in advance of the date when education services are provided to the student. A tuition receivable is recorded for the portion of tuition not paid in advance. In some instances, installment billing is available to students which reduces the amount of cash consideration received in advance of performing the service. The contractual terms and conditions associated with installment billing indicate that the student is liable for the total contract price; therefore, mitigating the Company's exposure to losses associated with nonpayment. The Company determined the installment billing does not represent a significant financing component.

Tuition revenue is recognized ratably over the instruction period. The Company generally uses the time elapsed method, an input measure, as it best depicts the simultaneous consumption and delivery of tuition services. Revenue associated with distinct course materials is recognized at the point of time when control transfers to the student, generally when the materials are delivered to the student.

The Company's refund policy may permit students who do not complete a course to be eligible for a refund for the portion of the course they did not attend. Refunds generally result in a reduction of deferred revenue during the period that the student drops or withdraws from a class.

The transaction price is stated in the contract and known at the time of contract inception, as such there is variable consideration for situations when a student drops from a program based on the Company's refund policy and additional charges if a student requires additional hours to complete the program beyond the contracted end date. The Company believes that its experience with these situations is of little predictive value because the future performance of students is dependent on each individual and the amount of variable consideration is highly susceptible to factors outside of the Company's influence. Accordingly, no variable consideration has been included in the transaction price or recognized as income until the constraint has been eliminated. Revenue is allocated to each performance obligation based on its standalone selling price. Any discounts within the contract are allocated across all performance obligations unless observable evidence exists that the discount relates to a specific performance obligation or obligations in the contract. The Company generally determines standalone selling prices based on prices charged to students. The Company excludes from revenue taxes assessed by a governmental authority as these are agency transactions collected on their behalf from the customer.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies, Continued

Revenue Recognition, Continued

Significant judgments include the allocation of the contract price across performance obligations, the methodology for earning tuition ratably over the instruction period, estimates for the amount of variable consideration included in the transaction price as well as the determination of the impact of the constraints preventing the variable consideration from being recognized in revenue.

The Company recognizes auxiliary revenue derived from room and board on a straight-line basis over the term of instruction.

Contract Assets and Liabilities

The Company has contract assets and contract liabilities associated with the recognition of revenue. Contract assets consists of accounts receivable. Contract liabilities consist of unearned tuition which is the unearned portion of tuition for which the student is contracted. The beginning and ending balances for which the student is contracted are as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Contract assets:			
Accounts receivable	\$4,527,093	\$3,626,766	\$2,776,232
Contract liabilities:			
Student deposits and refunds payable	\$1,300,188	\$1,193,099	\$ 383,158
Deferred revenue	\$7,249,374	\$5,556,868	\$3,942,081

Advertising Costs

Advertising costs are expensed as incurred and are included in selling expense on the accompanying consolidated statements of income.

Income Taxes

Wyotech operates as a limited liability company. As such, revenues and expenses of the Company are passed through to the members and reported on the individuals' income tax returns. As a limited liability company, the Company will not be required to pay federal or state income taxes but may be subject to certain state fees. LoveTrades and Yellow Cat are both single member limited liability companies and disregarded entities for tax reporting purposes.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies, Continued

Income Taxes, Continued

U.S. GAAP requires management to evaluate tax positions taken by the Company and recognize a tax liability if the Company has taken an uncertain position that more likely than not would be sustained upon examination by the IRS. Management has analyzed the Company's tax positions and believes there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The Company's income tax filings are subject to audit by various taxing authorities. As of December 31, 2022, the earliest tax year still subject to examination is 2019 for federal and state purposes. The Company believes their estimates are appropriate based on current facts and circumstances.

Equity Based Compensation

The Company grants Phantom Equity Units to certain key employees as part of a Phantom Equity Plan, as described in Note 7. The Company recognizes expense for Phantom Equity Units in accordance with the FASB ASC 718 *Compensation - Stock Compensation*, as described in Note 7.

Concentration of Credit Risk

A significant portion of revenues and ending accounts receivable at December 31, 2022 and 2021 are a direct result of the Company's participation in the Financial Student Aid (FSA) programs, which represent a primary funding source of student tuition. The FSA programs are subject to political budgetary considerations. There is no assurance that funding will be maintained at current levels. The FSA programs are subject to significant regulatory requirements. Any regulatory violation could have a material effect on the Company.

The Company maintains its cash and cash equivalents in financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. The Company performs ongoing evaluations of these institutions to limit concentration risk exposure.

DBJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies, Continued

Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Depending on the nature of the asset or liability, various techniques and assumptions can be used to estimate fair value. The definition of the fair value hierarchy is as follows:

Level 1 - Quoted prices in active markets for identical assets and liabilities.

Level 2 - Observable inputs other than quoted prices in active markets for similar assets and liabilities.

Level 3 - Inputs for which significant valuation assumptions are unobservable in a market and therefore value is based on the best available data, some of which is internally developed and considers risk premiums that market participants would require.

The Company's financial instruments primarily consist of cash and cash equivalents, restricted cash, accounts receivable, notes receivable, right-of-use assets and liabilities, accounts payable, accrued expenses, student deposits and refunds payable, notes payable, deferred revenue and lease liability. The carrying values of the Company's financial instruments approximate fair value.

New Accounting Pronouncements

In March 2023, the FASB issued ASU 2023-01, *Leases* (Topic 842). The amendments in ASU 2023-01 provides guidance in GAAP for non-public entities in determining whether a related party arrangement between entities under common control (a common control arrangement) is classified as a lease (a common control lease) and the amortization of leasehold improvements associated with common control leases. The guidance allows private companies and not-for-profit entities to use the written terms and conditions of a common control arrangement to determine if a lease exists, and if so, the classification of an accounting for that lease. Topic 842 requires leasehold improvements to be amortized over the shorter of the remaining lease term and the useful life of the improvements. The amendment in ASU 2023-01 allows the lessee of a common control lease to amortize leasehold improvements over its useful life as long as the lessee controls the use of the underlying asset, regardless of the lease term, unless the lessor obtained the right to control the underlying asset through a lease with a non-related party. If the lessee no longer controls the use of the underlying asset, leasehold improvements are accounted for as a transfer between related parties through an adjustment to equity. The provisions of ASU 2023-01 are effective for the fiscal periods beginning after December 15, 2023, including interim periods within those fiscal years. Early

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 1: Summary of Significant Accounting Policies, Continued

New Accounting Pronouncements, Continued

application is permitted. The Company has not yet elected this accounting guidance.

Note 2: Related Party Transactions

Member Transactions

In February 2021, the Company entered into a \$4,000,000 note payable agreement for with a member residing in La Grange, Wyoming, as described in Note 5. During the years ended December 31, 2022 and 2021, the Company paid interest of \$140,000 and \$128,000, respectively, on the note which is included in interest expense on the accompanying consolidated statements of income. As of December 31, 2022 and 2021, the Company has an outstanding balance of \$4,000,000 included in notes payable on the accompanying consolidated balance sheets.

In December 2022, the Company repurchased 3,439,543 units of Class AA Preferred Units for \$3,439,543, as described in Note 7.

During the year ended December 31, 2022, the Company paid preferred distributions of \$227,500 to the Class AA Preferred member, as described in Note 7. In addition, the Company paid distributions of \$1,007,074 to the Class A Preferred members.

QALICB

In December 2021, QALICB (lessee) entered into a 75-year lease with WyoTech (lessor) for use of educational facilities in Laramie, Wyoming. As part of the lease, QALICB paid the full amount totaling \$12,561,471. Lease income will be recognized annually over the term of the lease. As of December 31, 2022 and 2021, the Company has included \$12,393,985 and \$12,561,471, respectively, of unearned rental income in the operating lease liabilities on the accompanying consolidated balance sheets. During the year ended December 31, 2022, the Company earned \$167,486 of rent income as included on the accompanying consolidated statements of income.

As part of the purchases of property, construction costs and transaction financing costs for the educational facilities, WyoTech has been named as a guarantor to QALICB's four loans totaling \$30,880,000 less issuance costs of \$1,520,000 with annual interest at 1%. The loans require interest only payments through December 2028 with the remaining principal and interest amortized over the remaining terms maturing in December 2051.

During 2022, the Company advanced \$210,509 to QALICB. As of December 31, 2022, the Company has a balance due from QALICB of \$210,509, included in due from related parties on the accompanying consolidated balance sheets.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 2: Related Party Transactions, Continued

Holdings Too

In July 2022, WyoTech (lessee) entered into a 10-year lease with Holdings Too (lessor) for use of training facilities in Laramie, Wyoming. During the year ended

December 31, 2022, the Company incurred \$55,000 of lease expense with Holdings Too, which is included in rent and occupancy on the accompanying consolidated statement of income.

During 2022, the Company advanced \$60,123 to Holdings Too. As of December 31, 2022, the Company has a balance due from Holdings Too of \$60,123, included in due from related parties on the accompanying consolidated balance sheets.

Note 3: Notes Receivable

In October 2020, WyoTech entered into a promissory note receivable of \$231,770 with an employee, secured by real estate held by the borrower. The note bears interest at 3.0% per annum and is payable upon demand. As of December 31, 2022 and 2021, the outstanding balance was \$231,770 and \$231,770, respectively. Management has determined accrued interest to not be material and presented the outstanding balance as current on the accompanying consolidated balance sheets.

In December 2021, as part of the NMTC transaction described in Note 9, WyoTech loaned \$23,218,800 to Twain Investment Fund 588, LLC (the Fund) with maturity in December 2046. The loan is reflected as a note receivable with an interest rate of 1.278% and requires annual interest only payments to be made through December 2028. Commencing January 2029, the note receivable requires annual interest and principal payments to be paid with all outstanding principal and interest due by December 2046. The note receivable is periodically evaluated for impairment based on relevant facts and circumstances. Management has determined that no allowance is necessary, and no impairment has occurred as of December 31, 2022 and 2021, respectfully.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 4: Property, Plant and Equipment

Property, plant and equipment consist of the following as of December 31:

	2022	2021
Land	\$ 473,985	\$ 865,537
Building and improvements	11,373,771	12,364,293
Furniture and equipment	12,677,194	10,372,493
Vehicles	78,399	33,649
Construction in progress	170,424	-
	24,773,773	23,635,972
Less: accumulated depreciation	(8,118,118)	(5,946,954)
	\$ 16,655,655	\$ 17,689,018

The following is additional information for property and equipment that is required to support the calculation of the composite score in the financial responsibility supplemental schedule in the accompanying supplemental information:

Pre-implementation property, plant and equipment:	
Property, plant and equipment as of December 31, 2021	\$ 4,534,763
Less: 2022 depreciation expense	(1,630,579)
Pre-implementation property, plant and equipment as of December 31, 2022	\$ 2,904,184
Post-implementation property, plant and equipment acquired with debt:	
Property, plant and equipment as of December 31, 2021	\$ 3,939,998
Add: 2022 purchases of property, plant and equipment	307,014
Less: 2022 depreciation expense	(128,528)
Post-implementation property, plant and equipment as of December 31, 2022	\$ 4,118,484
Post-implementation property, plant and equipment acquired without debt:	
Property, plant and equipment as of December 31, 2021	\$ 9,214,257
Add: 2022 purchases of property, plant and equipment	660,363
Less: 2022 depreciation expense	(412,057)
Post-implementation property, plant and equipment as of December 31, 2022	\$ 9,462,563
Construction in progress as of December 31, 2022	\$ 170,424

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 5: Notes Payable

Notes payable consists of the following as of December 31:

	2022	2021
1) Note agreement with the Wyoming Business Council, an instrumentality of the State of Wyoming, for \$5,000,000. The note has an interest rate of 2.5% and is secured by the Company's furniture and equipment. The note requires interest only payments through June 2022, at which time three annual payments of principal and interest of \$787,477 commence with one final balloon payment of approximately \$3,000,000 due upon maturity in June 2025.	\$ 4,337,523	\$ 5,000,000
2) Note agreement with Platte Valley Bank, secured by the Company's vehicles. The note payable requires monthly payments of \$1,665, including interest of 2.96%, beginning in October 2019 through October 2024.	35,605	54,218
3) Note agreement with a member of the Company of \$4,000,000 for purposes of financing land and buildings at 3.5%. The note requires monthly interest payments of \$11,667 through August 2025. Thereafter, monthly payments of principal and interest of \$66,715 are due through maturity in January 2031.	4,000,000	4,000,000

DBJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 5: Notes Payable, Continued

	2022	2021
4) Note agreement with First Interstate Bank for \$8,000,000 maturing in December 2028. The note has an interest rate of 4.35% and requires interest only payments for the first 12 months followed by principal and interest payments of \$49,979 with a balloon payment	8,000,000	8,000,000
5) Note agreement with First Interstate Bank of \$276,480 for the purchase of equipment, maturing in December 2027. The note payable requires monthly payments of \$5,342, including interest of 5.97%.	276,480	-
Total	16,649,608	17,054,218
Less: unamortized debt issuance costs	(68,571)	(80,000)
Total debt, net of unamortized debt issuance costs	16,581,037	16,974,218
Less: current portion	(999,133)	(669,678)
Long-term portion	\$ 15,581,904	\$ 16,304,540

Future maturities of notes payable described above are as follows:

<u>Year ending December 31,</u>		
2023		\$ 999,133
2024		1,026,695
2025		3,569,560
2026		1,027,127
2027		1,067,849
Thereafter		8,890,673
		\$ 16,581,037

Certain agreements with respect to the Company's borrowings contain financial and other covenants. Noncompliance with these requirements could ultimately result in acceleration of amounts owed. As of December 31, 2022, management believes that the Company is in compliance with all such requirements.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 5: Notes Payable, Continued

The following additional information for long-term debt is required to support the calculation of the composite score in the Supplementary Information Financial Responsibility Supplemental Schedule:

Pre-implementation Long-term debt:

Pre-implementation Long-term debt as of December 31, 2021	\$ 4,534,763
Pre-implementation Long-term debt as of December 31, 2022	\$ 2,904,184

Allowable Post-implementation Long-term debt:

Post-implementation Long-term debt as of December 31, 2021	\$ 3,939,998
Post-implementation Long-term debt as of December 31, 2022	\$ 4,090,508

Post-implementation long-term debt not for the purpose of property or equipment or liability greater than asset value:

Long-term debt as of December 31, 2021	\$ 8,499,457
Long-term debt as of December 31, 2022	\$ 9,586,345

Note 6: Right-of-Use Leases

The Company leases operating and administrative facilities under non-cancelable lease agreements expiring June 2032. As of December 31, 2022, the Company's operating lease weighted-average remaining lease term is 5.6 years with a weighted-average discount rate of 3.00%.

During 2021, the Company acquired land and buildings for which it had two sublease agreements from the previous owner. As a result of the acquisition, the sublease agreements terminated and the Company received payment of \$1,434,444 for the buyout of the leases from the previous owner. The amount has been presented in other income on the accompanying consolidated statements of income for the year ended December 31, 2021.

In December 2021, QALICB (lessee) entered into a 75 year lease with WyoTech (lessor) for use of educational facilities in Laramie, Wyoming, as part of the NMTC transaction described in Notes 2 and 9. As part of the lease, QALICB prepaid the full amount of the lease. As of December 31, 2022 and 2021, the Company has a related party lease liability of \$12,393,985 and \$12,561,471, respectively. Lease income and expense of \$167,500 will be recognized annually by QALICB and WyoTech over the term of the lease.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 6: Right-of-Use Leases, Continued

Future maturities of lease liabilities, which exist at December 31, 2022, by year and in aggregate, are as follows:

<u>Year ending December 31,</u>	<u>Operating</u>
2023	\$ 840,939
2024	578,055
2025	325,370
2026	347,935
2027	111,000
Thereafter	<u>499,500</u>
Total lease payments 2,702,799	
Less: imputed interest <u>(202,035)</u>	
Present value of lease payments 2,500,764	
Less: current portion <u>(778,641)</u>	
Long term portion <u>\$ 1,722,123</u>	

Total lease expense for the year ended December 31, 2022, was \$444,177 and is included in rent and occupancy expenses on the accompanying consolidated statements of income. Short-term lease expense for the year ended December 31, 2022, was \$62,954 and is included in rent and occupancy expenses on the accompanying consolidated statements of income. Rent expense for the year ended December 31, 2021 was \$128,390 and is included in rent and occupancy expense on the accompanying consolidated statements of income.

Note 7: Members' Equity

The Company is authorized to issue the following classes of ownership units; Class A Preferred Units (voting), Class AA Preferred Unites (voting), Class B Common Units (voting), Class C Units (non-voting) and Phantom Equity Units (non-voting).

Class A Preferred Units

The Company has Class A Preferred Units which entitle holders to a preferred distribution of 2.5%, determined annually, compounding on the amount of capital contributed until such time the distribution is made. In December 2022, WyoTech amended the operating agreement and eliminated any and all previous preferred distributions associated with Class A Units. As of December 31, 2022 and 2021, WyoTech has 6,950,000 Class A Preferred Units issued and outstanding.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 7: Members' Equity, Continued

Class AA Preferred Units

The Company has Class AA Preferred Units which entitle holders to a preferred distribution of 3.5%, determined annually, compounding on the amount of capital contributed until such time the distribution is made. During 2022, The Company repurchased 3,439,543 units of Class AA Preferred Units for \$1 per unit. For the year ended December 31, 2022, WyoTech paid preferred distributions of \$227,500. As of December 31, 2022 and 2021, total accumulated and unpaid Class AA preferred distributions totaled \$114,000. As of December 31, 2022 and 2021, The Company has 3,060,457 and 6,950,000 Class AA Preferred Units, respectively, issued and outstanding.

Class B Common Units

As of December 31, 2022 and 2021, the Company has issued 50,000 Class B Common Units.

Class C Management Units

As of December 31, 2022 and 2021, the Company has issued 2,500 Class C Management Units.

In the event of any liquidation, dissolution or winding up of the Company's affairs, the order of preference to recover their investment and unpaid dividends prior to any distribution of Company assets is Class A Preferred Units, Class AA Preferred Units, Class B Common Unit, Class C Unit and Phantom Equity Unit holders.

Phantom Equity Plan

In January 2019, the Company adopted a Phantom Equity Plan authorizing the issuance of up to 10,000 Phantom Equity Units. Under the plan, equity-based compensation shall be based upon the award of Phantom Equity Units, the value of which is related to the performance and ultimate sale of the Company. Phantom Equity Units vest over a 4-year period according to the award agreement. In accordance with ASC 718 *Compensation - Stock Compensation*, the Company has not recognized any expense related to the Phantom Equity Units as the triggering event or sale of the Company has not yet occurred. At the time the triggering event does occur, the Company will recognize the required expense associated with these units.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 7: Members' Equity, Continued

A summary of the activity related to Phantom Equity Units granted under the Company's Phantom Equity Plan consists of the following as of December 31:

	2022	2021
Outstanding at beginning of year	6,875	9,063
Granted	-	-
Forfeited	-	(2,188)
Outstanding at end of year	6,875	6,875

For the years ended December 31, 2022 and 2021, the Company did not recognize any expense for the Phantom Equity Plan.

Note 8: 401(k) Plan

The Company sponsors a defined contribution 401(k) and profit-sharing plan for all employees meeting age and length of service requirements. The Company makes matching contributions to the Plan based on a percentage of employee salary specified in the provisions of the Plan. For the years ended December 31, 2022 and 2021, the Company made matching contributions totaling \$109,784 and \$82,119, respectively.

Note 9: New Market Tax Credit Transaction

During the year ended December 31, 2021, WyoTech sponsored the financing of the planned expansion of educational facilities in Laramie, Wyoming, under the NMTC program. NMTC financing allows organizations to receive low-interest loans or investment capital from certified community development entities (CDE) which allow third-party investors to receive federal income tax credits based on the amount of total investment in projects in certain low-income communities that qualify for participation in the program.

As an inducement to such third-party tax credit investors and CDEs to invest in the project, WyoTech committed \$23,218,800 via a loan to the Fund in December 2021, as described in Note 3. The loan of \$23,218,800 is reflected as note receivable and presented as long term on the accompanying consolidated balance sheets as of December 31, 2022 and 2021, respectively. U.S. Bancorp Community Development Corporation (USBCDC) invested \$12,870,000 in the Fund. The Fund is a wholly owned subsidiary of USBCDC.

The Fund invested in two CDEs controlled by the Montana Community Development Corporation (MCDC) and Midwest Minnesota Community Development Corporation (MMCDC) which made loans to QALICB in December 2021, as described in Note 2. The loans are secured by the assets and property of QALICB, which consists of cash, land, buildings and equipment financed by the loans under the program. Each CDE is 99.99% owned by the Fund and is .01% owned and managed by MCDC and MMCDC, respectively.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 9: New Market Tax Credit Transaction, Continued

As a result of the NMTC transaction and in addition to those identified above, WyoTech and QALICB entered into a ground lease for the facility that began at the end of December 2021, as described in Notes 2 and 6.

In connection with the NMTC transaction, at the end of the seven year tax credit investment period, and for the following six months (Put Option Period), USBCDC has an option, but not an obligation, to sell to WyoTech USBCDC's interest in the Fund for a put exercise price of \$1,000. If the put is not exercised, then WyoTech has the right and option, at any time during the six month period following the Put Option Period, to elect to purchase USBCDC's interest in the Fund, at an amount equal to the fair market value at the time of exercise. This right may also be exercised upon the occurrence of a NMTC recapture event, which is a disallowance of any NMTCs attributable to any Qualified Equity Investment (QEI) in the Community Development Entity, the proceeds of which were or will be used to fund the loans or related fees, but only to the extent such recapture or disallowance is the direct or indirect result of certain events as disclosed in the Recapture and Environmental Indemnity Agreement. No amounts have been recorded in the accompanying financial statements related to these put and call options. Management believes it has complied with all terms and conditions required under the agreements related to the NMTC transaction.

Note 10: Commitments and Contingencies

Regulatory Matters

In order for students to participate in Title IV federal financial aid programs, the Company is required to maintain certain standards of financial responsibility and administrative capability. In addition, the Company has accreditation with ACCSC and must comply with the rules and regulations of the accrediting body. As a result, the Company may be subject to audits, investigations, claims of noncompliance or lawsuits by government agencies, regulatory bodies, or third parties. While there can be no assurance that such matters will not occur and if they do occur will not have a material adverse effect on these financial statements, management believes that the Company has complied with all regulatory requirements as of the date of these financial statements.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS, Continued
for the years ended December 31, 2022 and 2021

Note 10: Commitments and Contingencies, Continued

Borrowers Defense to Repayment

On October 28, 2016, the U.S. Department of Education (the Department) published its new regulations with an effective date of July 1, 2017. The new regulations allow a borrower to assert a defense to repayment on the basis of a substantial misrepresentation, any other misrepresentation in cases where certain other factors are present, a breach of contract or a favorable nondefault contested judgment against a school for its act or omission relating to the making of the borrower's loan or the provision of educational services for which the loan was provided. In addition, the financial responsibility standards contained in the new regulations establish the conditions or events that trigger the requirement for an institution to provide the Department with financial protection in the form of a letter of credit or other security against potential institutional liabilities. Triggering conditions or events include, among others, certain state, federal or accrediting agency actions or investigations. The new regulations also prohibit schools from requiring that students agree to settle future disputes through arbitration. Management believes no misrepresentations have occurred nor has any agency actions or investigations occurred as of the date of these financial statements.

Composite Score

The Department requires institutions to meet standards of financial responsibility. The Department deems an institution financially responsible when the composite score is at least 1.5. For the year ended December 31, 2022 and 2021, the Company had a composite score of 1.8 and 2.4, respectively.

Litigation

The Company is a party to occasional lawsuits, investigations and claims. Management does not believe the Company is currently a party to any pending or threatened litigation arising from services currently or formerly performed by the Company. To the extent that there may be pending or threatened litigation that management is unaware of, they do not believe there to be any possible claims that could have a material adverse effect on their business, results of operations or financial condition.

Note 11: Subsequent Events

During 2023, the Company issued 1,875 units under the Phantom Equity Plan.

Subsequent events were evaluated through May 4, 2023, which is the date the financial statements were available to be issued.

Supplementary Information

DBJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION
(Information Required by the U.S. Department of Education)
for the years ended December 31, 2022 and 2021

Related Party Transactions

The Company participates in Federal programs authorized by Title IV programs 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.

Member Transactions

In February 2021, the Company entered into a \$4,000,000 note payable agreement for with a member residing in La Grange, Wyoming, as described in Note 5. During the years ended December 31, 2022 and 2021, the Company paid interest of \$140,000 and \$128,000, respectively, on the note which is included in interest expense on the accompanying consolidated statements of income. As of December 31, 2022 and 2021, the Company has an outstanding balance of \$4,000,000 included in notes payable on the accompanying consolidated balance sheets.

In December 2022, the Company repurchased 3,439,543 units of Class AA Preferred Units for \$3,439,543, as described in Note 7.

During the year ended December 31, 2022, the Company paid preferred distributions of \$227,500 to the Class AA Preferred member, as described in Note 7. In addition, the Company paid distributions of \$1,007,074 to the Class A Preferred members.

QALICB

In December 2021, QALICB (lessee) entered into a 75-year lease with WyoTech (lessor) for use of educational facilities in Laramie, Wyoming. As part of the lease, QALICB paid the full amount totaling \$12,561,471. Lease income will be recognized annually over the term of the lease. As of December 31, 2022 and 2021, the Company has included \$12,393,985 and \$12,561,471, respectively, of unearned rental income in the operating lease liabilities on the accompanying consolidated balance sheets. During the year ended December 31, 2022, the Company earned \$167,486 of rent income as included on the accompanying consolidated statements of income.

As part of the purchases of property, construction costs and transaction financing costs for the educational facilities, WyoTech has been named as a guarantor to QALICB's four loans totaling \$30,880,000 less issuance costs of \$1,520,000 with annual interest at 1%. The loans require interest only payments through December 2028 with the remaining principal and interest amortized over the remaining terms maturing in December 2051.

During 2022, the Company advanced \$210,509 to QALICB. As of December 31, 2022, the Company has a balance due from QALICB of \$210,509, included in due from related parties on the accompanying consolidated balance sheets.

The financial statements and accompanying notes should be read in
connection with this supplementary information.

DBJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION, Continued
(Information Required by the U.S. Department of Education)
for the years ended December 31, 2022 and 2021

Related Party Transactions, Continued

Holdings Too

In July 2022, WyoTech (lessee) entered into a 10-year lease with Holdings Too (lessor) for use of training facilities in Laramie, Wyoming. During the year ended December 31, 2022, the Company incurred \$55,000 of lease expense with Holdings Too, which is included in rent and occupancy on the accompanying consolidated statement of income.

During 2022, the Company advanced \$60,123 to Holdings Too. As of December 31, 2022, the Company has a balance due from Holdings Too of \$60,123, included in due from related parties on the accompanying consolidated balance sheets.

Title IV 90/10 Revenue Percentage

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.

For the year ended December 31, 2022, the Company's Title IV 90/10 revenue percentage was 61.14%, as calculated on page 31.

Financial Responsibility

The U.S. Department of Education issued regulations, effective July 1, 2020, regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV. These disclosures are not required by accounting principles generally accepted in the United States of America but are intended for use by the U.S. Department of Education and to ensure compliance with Federal Title IV regulations.

For the year ended December 31, 2022, the Company's composite score was 1.8, as calculated on page 37.

The information, presented on pages 29 through 37, is required by the U.S. Department of Education and presented for purposes of additional analysis and is not a required part of the basic financial statements.

The financial statements and accompanying notes should be read in
connection with this supplementary information.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION, Continued
(Information Required by the U.S. Department of Education)
for the year ended December 31, 2022

TITLE IV 90/10 REVENUE PERCENTAGE

	Amount Disbursed	Adjusted Amount
Adjusted Student Title IV Revenue		
Subsidized loan	\$ 2,312,181	\$ 2,312,181
Unsubsidized loan	2,105,489	2,105,489
Plus loan	10,805,022	10,805,022
Federal Pell Grant	2,121,555	2,121,555
FSEOG	-	-
Student Title IV Revenue	17,344,247	17,344,247
Revenue adjustment		(150,245)
Title IV funds returned for a student under 34 C.F.R. §668.22		(378,170)
Adjusted Student Title IV Revenue		16,815,832
Student Non-Title IV Revenue		
Grant funds for the students from non-Federal public agencies or private sources independent of the school	-	
Fund provided for the student under a contractual arrangement with a Federal, State, or local government agency for the purpose of providing job training to low-income individuals	63,606	
Student payments on current charges	10,625,340	
Total Student Non-Title IV Revenue	10,688,946	
Revenue From Other Sources (Totals for the Fiscal Year)		
Activities conducted by the institution that are necessary for education and training (34 C.F.R. § 668.28 (a) (3) (ii))	-	
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))	-	
Total Revenue From Other Sources	-	
Total Non-Title IV Revenue (Student Non-Title IV Revenue + Revenue From Other Sources)		10,688,946
Total Revenue (Adjusted Student Title IV Revenue + Total Non- Title IV Revenue + Revenue From Other Sources)		\$ 27,504,778
Title IV 90/10 Revenue Percentage		61.14%

The financial statements and accompanying notes should be read in
connection with the supplementary information.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION, Continued
(Information Required by the U.S. Department of Education)
for the year ended December 31, 2022

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE

Lines		Primary Reserve Ratio:		
		Adjusted Equity:		
34	Balance Sheet - Total Equity	Total equity		11,394,510
5, 6, 12	Balance Sheet - All Related party receivable, net and Receivable from affiliate, net and Related party note	Secure and Unsecured related party receivables and/or other related party assets	270,632	
5, 12	Balance Sheet - Related party receivable, net and Receivable from affiliate, net and Related party note	Unsecured related party receivables and/or other related party assets		270,632
10	Balance Sheet - Property, Plant and Equipment, net	Property, plant and equipment, net - including construction in progress	16,655,655	
FS Note line 10A	Note of the Financial Statements - Balance Sheet - Property, Plant and Equipment, net - pre-implementation	Property, plant and equipment, net - pre-implementation less any construction in progress		2,904,184
FS Note line 10B	Note of the Financial Statements Balance Sheet - Property, Plant and Equipment, net - pre-implementation with outstanding debt for original purchase	Property, plant and equipment, net - post-implementation less any construction in progress with outstanding debt for original purchase with debt		4,118,484
FS Note line 10D	Note of the Financial Statements Balance sheet - Property, Plant and Equipment, net post-implementation without outstanding debt for original purchase	Property, plant and equipment, net - post-implementation less any construction in progress with outstanding debt for original purchase without debt		9,462,563
FS Note line 10C	Note of the Financial Statements Balance Sheet - Property, Plant, and Equipment - Construction in process	Construction in progress		170,424
11	Balance Sheet - Lease right-of-use asset	Lease right-of-use asset	2,302,355	
Excluded 11 Note Leases	Note of Financial Statements - Balance Sheet - Lease right-of-use asset pre-implementation	Lease right-of-use asset - pre-implementation		-
M11 Note Leases	Note of Financial Statements - Balance Sheet - Lease right-of-use asset pre-implementation	Lease right-of-use asset - post-implementation		2,302,355
13	Balance Sheet - Goodwill	Intangible assets		-
31	Balance Sheet - Post-employment and pension liability	Post-employment and defined pension plan liabilities		-
18, 22, 23, 27, 28	Balance Sheet - Notes payable and Line of Credit (both current and long-term) and Line of Credit for Construction in process	Long-term debt - for long-term purposes and Construction in process debt	16,581,037	
M18, 22, 23, 27, 28 Note Debt A	Balance Sheet - Notes payable and Line of Credit (both current and long-term) and Line of Credit for Construction in process	Long-term debt for long-term purposes pre-implementation		2,904,184
Debt Note B	Balance Sheet - Notes payable and Line of Credit (both current and long-term) for purchase of Property, Plant and Equipment	Qualified Long-term debt for long-term purposes post-implementation for purchase of Property, Plant and Equipment		4,090,508

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DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION, Continued
(Information Required by the U.S. Department of Education)
for the year ended December 31, 2022

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE, Continued

Debt Note C	Balance Sheet - Notes payable and Line of Credit for Construction in process	Line of Credit for Construction in process		-
20, 29	Balance Sheet - Lease right-of-use assets liability (both current and long-term)	Lease right-of-use asset liability	14,894,749	
Excluded 20, 29 Leases	Balance Sheet - Lease right-of-use assets liability (both current and long-term)	Pre-Implementation right-of-use leases		-
M20, 29 FS Note	Balance Sheet - Lease right-of-use assets liability (both current and long-term)	Post-Implementation right-of-use leases		14,894,749
44, 48, 50	Statement of (Loss) Income - Total Operating Expenses, Interest Expense, Other Expense, Loss on Impairment of Assets and Loss on Disposal of Assets	Total Expenses and Losses		25,162,454

Lines		Equity Ratio:		
		Modified Equity:		
34	Balance Sheet - Total Equity	Total equity		11,394,510
Excluded 20, 29 Leases	Balance Sheet - Lease right-of-use assets liability (both current and long-term)	Pre-Implementation right-of-use leases		-
Excluded 11 Note Leases	Note of Financial Statements - Balance Sheet - Lease right-of-use asset pre-implementation	Lease right-of-use asset - pre-implementation		-
13	Balance Sheet - Goodwill	Intangible assets		-
5, 6, 12	Balance Sheet - All Related party receivable, net and Receivable from affiliate, net and Related party note	Secure and Unsecured related party receivables and/or other related party assets	270,632	
5, 12	Balance Sheet - Related party receivable, net and Receivable from affiliate, net and Related party note	Unsecured related party receivables and/or other related party assets		270,632
		Modified Assets:		
16	Balance Sheet - Total assets	Total assets		52,742,747
Excluded 11 Note Leases	Note of Financial Statements - Balance Sheet - Lease right-of-use asset pre-implementation	Lease right-of-use asset - pre-implementation		-
13	Balance Sheet - Goodwill	Intangible assets		-
5, 6, 12	Balance Sheet - All Related party receivable, net and Receivable from affiliate, net and Related party note	Secure and Unsecured related party receivables and/or other related party assets	270,632	
5, 12	Balance Sheet - Related party receivable, net and Receivable from affiliate, net and Related party note	Unsecured related party receivables and/or other related party assets		270,632

Lines		Net Income Ratio:		
52	Statement of (Loss) Income - Net Income Before Income Taxes	Income Before Taxes		2,422,509
38, 46, 47, 49	Statement of (Loss) Income - Total Revenue, Interest income and Other miscellaneous income	Total Revenues and Gains		27,584,963

The financial statements and accompanying notes should be read in connection with the supplementary information.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION, Continued
(Information Required by the U.S. Department of Education)
for the year ended December 31, 2022

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE, Continued

BALANCE SHEET

Line

	Current Assets	
1	Cash and cash equivalents	\$ 5,407,515
2	Accounts receivable, net	4,527,093
3	Inventory	-
4	Prepaid expenses	115,877
5	Related party receivable	270,632
6	Related party receivable, secured	-
7	Student loans receivable, net	-
8	Other current assets	231,770
9	Total Current Assets	10,552,887
10	Property, plant and equipment, net	16,655,655
11	Lease right-of-use assets, net	2,302,355
12	Receivable from affiliate, net	-
13	Goodwill	-
14	Deposits	13,050
15	Other assets	23,218,800
16	Total Assets	\$ 52,742,747
	Current Liabilities	
17	Accounts payable	\$ 472,675
18	Line of credit - short term CIP	-
19	Deferred revenue	7,249,374
20	Leases right-of-use assets liability	778,641
21	Line of credit - operation	-
22	Line of credit - for long term purposes	-
23	Current portion of debt	999,133
24	Other current liabilities	2,150,402
25	Total Current Liabilities	11,650,225
26	Line of credit - operating	-
27	Line of credit - for long term purposes	-
28	Debt	15,581,904
29	Lease right-of-use asset liabilities	14,116,108
30	Other liabilities	-
31	Post-employment and pension liability	-
32	Total Liabilities	41,348,237
	Equity	
33	Members' equity	11,394,510
34	Total Equity	11,394,510
35	Total Liabilities and Equity	\$ 52,742,747

The financial statements and accompanying notes should be read in connection with the supplementary information.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION, Continued
(Information Required by the U.S. Department of Education)
for the year ended December 31, 2022

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE, Continued

STATEMENT OF INCOME

Line		
	Revenue	
36	Tuition and fees, net	\$ 24,325,367
37	Clinic, bookstore and other revenue	2,777,865
38	Total Revenue	27,103,232
	Operating Expenses	
39	Instructional	-
40	Selling expenses	1,455,533
41	Rent and occupancy	1,869,684
42	General and administrative	18,930,019
43	Depreciation	2,171,164
44	Total Operating Expenses	24,426,400
45	Operating Income (Loss)	2,676,832
	Other Income (expense)	
46	Interest income	306,745
47	Other income	167,486
48	Other expense	(107,855)
49	Gain on sale of assets	7,500
50	Interest expense	(628,199)
51	Total Other Income (Expense)	(254,323)
52	Net Income (Loss) Before Income Taxes	2,422,509
53	Income taxes	-
54	Net Income (Loss)	\$ 2,422,509

Note for Line 11 - Lease right of use assets

A.	Lease right-of-use assets - pre-implementation	\$ -	Removed from assets
B.	Lease right-of-use assets - post implementation	2,302,355	
	Total	\$ 2,302,355	

The financial statements and accompanying notes should be read in connection with the supplementary information.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION, Continued
(Information Required by the U.S. Department of Education)
for the year ended December 31, 2022

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE, Continued

Note for Line 10 - Net Property, Plant and Equipment

A.	Pre-Implementation Property, Plant and Equipment		\$ 2,904,184
B.	Post-Implementation Property, Plant and Equipment		4,118,484
	Building and improvements	3,340,043	
	Land	473,985	
	Vehicles	-	
	Furniture, equipment and other	304,456	
	Computers	-	
C.	Construction in progress		170,424
D.	Post-Implementation Property, Plant and Equipment		9,462,563
	Total		\$ 16,655,655

- A. This is the ending balance on the last financial statement submission prior to the implementation of the regulations --
Less any depreciation or disposals
- B. This is the balance of assets purchased after the implementation of the regulations that was purchased by obtaining debt.
- C. Asset value of the Construction in progress
- D. Post-Implementation Property, Plant and Equipment with no outstanding debt.

Notes for Line 18, 22, 23, 27, 28 - Long-term debt for long term purposes

A.	Pre-Implementation Long-term Debt		\$ 2,904,184
B.	Allowable Post-Implementation Long-term Debt		4,090,508
	Building and improvements	3,526,015	
	Land	473,985	
	Vehicles	-	
	Furniture, equipment and other	276,480	
	Computers	-	
C.	Construction in progress - debt		-
D.	Long-term debt not for the purchase of Property, Plant and Equipment or liability greater than assets value		9,586,345
	Total		\$ 16,581,037

- A. This is the ending balance of the last financial statement submission prior to the implementation of the regulations --
Less any repayments
- B. This is the lessor of actual outstanding debt of each assets or the value of the asset.
- C. All debt associated with Construction in progress up to the asset value for construction on progress is included
- D. Long-term debt not for the purchase of Property, Plant and Equipment.

Note for Lines 20 and 29 - Lease right-of-use asset liability

A.	Lease right-of-use assets liability - pre-implementation	\$ -	Remove from liabilities
B.	Lease right-of-use assets liability - post-implementation	14,894,749	
	Total	\$ 14,894,749	

The financial statements and accompanying notes should be read in
connection with the supplementary information.

DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION, Continued
(Information Required by the U.S. Department of Education)
for the year ended December 31, 2022

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE, Continued

Calculating the Composite Score	Lines		
*Primary Reserve Ratio = Adjusted Equity	34 - 13 - (5 + 12) - (10 + M11) + 31		
	+ (M18 + M20 + M22 + M23 + M27		
	+ M28 + M29)	1,462,915	0.0581
/Total Expenses and Losses	44 + 48 + 50	25,162,454	
<hr/>			
*Equity Ratio = Modified Equity	34 - (5 + 12) - 13	11,123,878	
/Modified assets	16 - (5 + 12) - 13	52,472,115	0.2120
<hr/>			
Net Income Ratio = Income Before Taxes	52	2,422,509	
/Total Revenue and Gains	38 + 46 + 47 + 49	27,584,963	0.0878

***All pre-implementation right-of-use assets and liabilities are removed from total assets and total liabilities**

M# - Modified for the right-of-use liabilities pre-implementation and post implementation debt not directly related to purchase of assets.

Step 1: Calculate the strength factor score for each ratio by using the following algorithms

Primary Reserve strength factor score = 20 x the primary reserve ratio result

Equity strength factor score = 6 x the equity ratio result

Net Income strength factor score = 1 + (33.3 x net income ratio result)

If the strength factor score for any ratio is greater than or equal to 3, the strength factor score for the ratio is 3

If the strength factor score for any ratio is less than or equal to -1, the strength factor score for that ratio is -1

Step 2: Calculate the weighted score for each ratio and calculate the composite score by adding the three

Primary Reserve weighted score = 30% x the primary reserve strength factor

Equity weighted score = 40% x the equity strength factor score

Net income weighted score = 30% x the net income strength factor score

Composite Score = the sum of all weighted scores

Round the composite score to one digit after the decimal point to determine the final score

RATIO	Ratio	Strength Factor	Weight	Composite Score
Primary Reserve Ratio	0.0581	1.1628	30%	0.3488
Equity Ratio	0.2120	1.2720	40%	0.5088
Net Income Ratio	0.0878	3.0000	30%	0.9000
				1.7576
TOTAL Composite Score - Rounded				1.8

The financial statements and accompanying notes should be read in
connection with the supplementary information.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors and Members of
DBJJDM ENTERPRISES, LLC dba WYOTECH AND SUBSIDIARIES
Laramie, Wyoming

We have audited, in accordance with the 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, the financial statements of DBJJDM Enterprises, LLC dba WyoTech and Subsidiaries (the Company), which comprise the consolidated balance sheet as of December 31, 2022, and the related consolidated statements of income, members' equity and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated May 4, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company'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 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 that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's financial statements are free of 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 2016 edition of the *Guide For Audits of Proprietary Schools and For Compliance Attestation Engagements of Third-Party Servicers Administering Title IV Programs* (the Guide), issued by the U.S. Department of Education, Office of Inspector General including those relating to related parties and percentage of revenue derived from Title IV programs and financial responsibility. However, providing an opinion on compliance with those provisions was not an objective of our audit, 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* or the Guide.

Purpose of this Report

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

Weworski + Associates

San Diego, California
May 4, 2023