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EDUVISION, INC. dba ARIZONA COLLEGE AND SUBSIDIARIES

FINANCIAL STATEMENTS and SUPPLEMENTARY INFORMATION
for the years ended March 31, 2024 and 2023

Weworski & Associates
Certified Public Accountants

EDUVISION, INC. dba ARIZONA COLLEGE AND SUBSIDIARIES
for the years ended March 31, 2024 and 2023

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WEWORSKI
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder of
EDUVISION, INC. dba ARIZONA COLLEGE AND SUBSIDIARIES
Phoenix, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Eduvision, Inc. dba Arizona College and Subsidiaries (the Company), which comprise the consolidated balance sheets as of March 31, 2024 and 2023, and the related consolidated statements of income, stockholder's 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 Eduvision, Inc. dba Arizona College and Subsidiaries as of March 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in conformity 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* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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.

4660 La Jolla Village Drive, Suite 750 • San Diego, California 92122 • (858) 546-1505 • FAX (858) 546-1405

Auditors' 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 auditors' 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 audit was 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, calculation of the 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. In addition, the accompanying supplemental consolidating balance sheet and consolidating statement of income is presented for purposes of additional analysis and is not a required part of the basic 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 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 June 26, 2024 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

San Diego, California
June 26, 2024

EDUVISION, INC. dba ARIZONA COLLEGE AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 2024 and 2023

ASSETS

	2024	2023
Current assets:		
Cash and cash equivalents	$ 9,967,622	$ 17,351,965
Accounts receivable, net of allowance for doubtful accounts of $17,930,475 and $9,687,671, respectively	46,858,317	25,787,931
Other receivables	34,320	5,347
Due from related parties	172,442	23,644
Prepaid expenses and other current assets	5,848,884	4,367,391
Total current assets	62,881,585	47,536,278
Property and equipment, net	51,538,951	43,950,729
Other assets:		
Notes receivable, net of allowance for doubtful accounts of $369,544 and $1,401,249, respectively	914,955	2,723,895
Operating lease right-of-use assets, net	67,488,876	60,317,543
Financing lease right-of-use assets, net	33,942	163,878
Deposits	3,026,598	2,102,915
Deferred tax asset	2,945,062	567,008
Intangibles, net	54,922	302,585
Goodwill	3,279,114	3,279,114
Total other assets	77,743,469	69,456,938
Total assets	$ 192,164,005	$ 160,943,945

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

EDUVISION, INC. dba ARIZONA COLLEGE AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS, Continued
March 31, 2024 and 2023

LIABILITIES AND STOCKHOLDER'S EQUITY

	2024	2023
Current liabilities:		
Accounts payable	$ 2,429,823	$ 4,643,748
Accrued expenses	7,127,707	5,632,059
Student deposits and refunds payable	2,329,623	2,658,676
Income taxes payable	1,108,626	163,372
Current portion of related party debt	1,500,000	2,000,000
Current portion of operating lease liabilities	10,203,630	8,080,678
Current portion of financing lease liabilities	41,570	151,817
Deferred revenue	13,442,004	11,807,479
Total current liabilities	38,182,983	35,137,829
Related party debt, net of current portion	500,000	2,500,000
Operating lease liabilities, net of current portion	94,016,836	84,111,176
Financing lease liabilities, net of current portion	-	39,453
Total liabilities	132,699,819	121,788,458
Equity:		
Controlling interest in equity:		
Series A preferred stock, no par value, 1,000 shares authorized; no shares issued and outstanding	-	-
Common stock, $1 par value, 100,000 shares authorized; 49,450 issued and outstanding	49,450	49,450
Additional paid-in capital	16,683,121	16,683,121
Retained earnings	8,032,307	2,683,950
Total controlling interest in equity	24,764,878	19,416,521
Noncontrolling interest in equity	34,699,308	19,738,966
Total equity	59,464,186	39,155,487
Total liabilities and equity	$ 192,164,005	$ 160,943,945

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

EDUVISION, INC. dba ARIZONA COLLEGE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
for the years ended March 31, 2024 and 2023

	2024	2023
Revenue:		
Tuition and related income, net	$ 192,588,125	$ 142,388,243
Expenses:		
Instructional	54,164,162	37,898,324
Selling and promotional	30,554,948	24,796,352
Rent and occupancy	15,952,009	12,895,815
Depreciation and amortization	10,016,795	7,575,034
General and administrative	70,700,251	53,586,869
Total expenses	181,388,165	136,752,394
Income from operations	11,199,960	5,635,849
Other income (expense):		
Interest income	817,275	472,530
Interest expense	(220,190)	(591,037)
Loss on disposal of assets	-	(250,000)
Total other income (expense)	597,085	(368,507)
Income before provision for income taxes and noncontrolling interest	11,797,045	5,267,342
Provision for income taxes	(1,438,346)	(931,989)
Net income before noncontrolling interest	10,358,699	4,335,353
Less: noncontrolling interest in net income	(5,010,342)	(2,294,753)
Net income	$ 5,348,357	$ 2,040,600

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

EDUVISION, INC. dba ARIZONA COLLEGE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY
for the years ended March 31, 2024 and 2023

	Controlling Interest in Equity					
	Series A Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Noncontrolling Interest in Equity	Total
Balance at March 31, 2022	$ -	$ 49,450	$ 16,683,121	$ 643,350	$ 2,444,213	$ 19,820,134
Contributions to subsidiaries, net	-	-	-	-	15,000,000	15,000,000
Net income	-	-	-	2,040,600	2,294,753	4,335,353
Balance at March 31, 2023	-	49,450	16,683,121	2,683,950	19,738,966	39,155,487
Contributions to subsidiaries, net	-	-	-	-	9,950,000	9,950,000
Net income	-	-	-	5,348,357	5,010,342	10,358,699
Balance at March 31, 2024	$ -	$ 49,450	$ 16,683,121	$ 8,032,307	$ 34,699,308	$ 59,464,186

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

EDUVISION, INC. dba ARIZONA COLLEGE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years ended March 31, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Cash received - tuition and fees	$ 159,863,910	$ 127,550,455
Cash paid to suppliers and employees	(162,144,286)	(121,904,473)
Interest income received	817,275	472,530
Interest expense paid	(220,190)	(591,037)
Income taxes paid	(2,871,146)	(344,208)
Net cash provided by (used in) operating activities	(4,554,437)	5,183,267
Cash flows from investing activities:		
Purchases of property and equipment	(9,981,408)	(11,558,914)
Cash flows from financing activities:		
Advances (repayments) to related parties, net	(148,798)	(9,233,941)
Proceeds from issuance of debt	-	495,513
Principal payments on debt	-	(286,335)
Proceeds from issuance of related party debt	-	5,000,000
Principal payments on related party debt	(2,500,000)	(500,000)
Principal payments on financing lease liabilities	(149,700)	(246,548)
Contributions to subsidiaries, net	9,950,000	15,000,000
Net cash provided by financing activities	7,151,502	10,228,689
Net increase (decrease) in cash	(7,384,343)	3,853,042
Cash and cash equivalents, Beginning	17,351,965	13,498,923
Cash and cash equivalents, Ending	$ 9,967,622	$ 17,351,965

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

EDUVISION, INC. dba ARIZONA COLLEGE AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued
for the years ended March 31, 2024 and 2023

	2024	2023
Reconciliation of net income including noncontrolling interest to net cash provided by (used in) operating activities:		
Net income including noncontrolling interest	$ 10,358,699	$ 4,335,353
Adjustments to net income including noncontrolling interest to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,016,795	7,575,034
Amortization of debt issuance costs	-	56,423
Deferred taxes	(2,378,054)	611,558
Gain on disposal of assets	-	250,000
Changes in assets and liabilities:		
Accounts receivable, net	(21,070,386)	(11,453,448)
Other receivables	(28,973)	(2,831)
Prepaid expenses and other current assets	(1,481,493)	(1,408,322)
Income tax refund receivable	-	217,540
Notes receivable, net	1,808,940	470,952
Deposits	(923,683)	91,216
Operating right-of-use assets and liabilities	(2,388,731)	(1,210,274)
Accounts payable	(2,213,925)	830,611
Accrued expenses	1,495,648	1,361,422
Student deposits and refunds payable	(329,053)	798,394
Income taxes payable	945,254	(241,317)
Deferred revenue	1,634,525	2,900,956
Total adjustments	(14,913,136)	847,914
Net cash provided by (used in) operating activities	$ (4,554,437)	$ 5,183,267

Supplemental disclosure of non-cash transactions:

During the years ended March 31, 2024 and 2023, the Company received tenant improvement allowances totaling $7,246,010 and $11,109,772, respectively.

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

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

Eduvision, Inc. dba Arizona College and Subsidiaries are collectively referred to as the "Company" throughout this report.

Eduvision, Inc. dba Arizona College (AC) was incorporated under the laws of the state of Missouri on February 16, 1990. The Company operates a postsecondary occupational school offering instruction in nursing and allied health programs comprising administration, dental and medical assisting, health information specialization, massage therapy, pharmacy technician, and phlebotomy with multiple campus locations. The Company is accredited by the Accrediting Bureau of Health Education Schools (ABHES).

Arizona College of Nursing, LLC (ACN) was formed under the laws of the state of Arizona. Effective July 1, 2021, ACN began operating a postsecondary nursing school with multiple campus locations. ACN is accredited by the Accrediting Bureau of Health Education Schools (ABHES).

Arizona College of Allied Health, LLC (ACAH) was formed under the laws of the state of Delaware. Effective July 1, 2021, ACAH began operating a postsecondary occupational school offering instruction in allied health administration, dental and medical assisting, health information specialization, massage therapy, pharmacy technician and phlebotomy with multiple campus locations. ACAH is accredited by the Accrediting Bureau of Health Education Schools (ABHES).

Sentinel Peak Colleges, LLC (SPC), a Delaware limited liability company located in Phoenix, Arizona, is the parent/holding company of SPC Intermediary, LLC (SPCI), a Delaware limited liability company located in Phoenix, Arizona. SPCI owns AC and its subsidiaries ACN and ACAH.

Principles of Consolidation and Noncontrolling Interest

The accompanying financial statements include the accounts of AC, ACN, and ACAH. All inter-company balances have been eliminated in consolidation.

Noncontrolling interest represents the share of ACN and ACAH directly owned by SPCI.

Note 1: Summary of Significant Accounting Policies, Continued

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.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted 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.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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 has been recorded based on management's assessment of collectability of the accounts. The Company reviews its past due balances and accounts deemed uncollectible are written-off.

Notes Receivable

Notes receivable represents amounts owed to the Company for services rendered to students in connection with Meritize Financial, Inc. (Meritize), as described in Note 3. The loans under the agreement range in length between 36 to 120 months with interest rates ranging between 6% and 16% depending on credit score and length of term.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method. Normal repairs and maintenance are expensed as incurred. Expenditures that materially extend the useful life of an asset are capitalized. Estimated useful lives are as follows:

Furniture, fixtures and equipment	3 - 5 years
Leasehold improvements	2 - 13 years

Note 1: Summary of Significant Accounting Policies, Continued

Intangibles and Goodwill

Intangible assets represent costs incurred in the development of new programs and curriculum. Intangibles are capitalized and amortized using the straight-line method over the expected life in accordance with Accounting Standards Codification (ASC) 350 *Intangibles - Goodwill and Other*. It is the Company's policy to assess, on an ongoing basis, the recoverability of recorded intangible assets and the amortization periods to determine whether those lives remain appropriate given current events and circumstances.

Goodwill represents the excess of the purchase price over the fair market value of the net assets acquired, including identifiable intangible assets. Goodwill is deemed to have an indefinite life and is not amortized but is subject to an annual impairment test.

For the years ended March 31, 2024 and 2023, management has determined there has been no impairment to intangibles and goodwill.

Leases

On April 1, 2022, the Company implemented Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842) which requires the recognition of assets and liabilities by lessees for those leases classified as operating 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 rate identified in the lease or on information available at the commencement to determine the present value of lease payments over the lease term.

In transition, 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. In addition, the Company used hindsight during transition. See Note 8 for more information about the Company's lease-related obligations.

Note 1: Summary of Significant Accounting Policies, Continued

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.

Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. 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.

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.

Note 1: Summary of Significant Accounting Policies, Continued

Revenue Recognition, Continued

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.

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.

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:

	March 31, 2024	March 31, 2023	March 31, 2022
Contract assets:			
Accounts receivable	$ 46,858,317	$ 25,787,931	$ 14,334,483
Notes receivable	$ 914,955	$ 2,723,895	$ 3,194,847
Contract liabilities:			
Student deposits and refunds payable	$ 2,329,623	$ 2,658,676	$ 1,860,282
Deferred revenue	$ 13,442,004	$ 11,807,479	$ 8,906,523

Note 1: Summary of Significant Accounting Policies, Continued

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the years ended March 31, 2024 and 2023 totaled $19,005,840 and 15,806,467, respectively, and are included in selling and promotional expenses on the accompanying consolidated statements of income.

Self-Insurance

The Company provides a self-insurance plan to all its employees. The self-insurance plan provides employees with standard medical benefits and allows for stop-loss coverage to limit exposure. An accrual is established based on claims history and specific knowledge of claims outstanding. Although management believes it has the ability to reasonably estimate losses related to claims, it is possible that actual results could differ from recorded self-insurance liability. For the years ended March 31, 2024 and 2023, the Company recorded $5,252,877 and $4,389,474, respectively, of self-insurance expense which is included in general and administrative expenses on the accompanying statements of income. As of March 31, 2024 and 2023, the Company accrued healthcare costs of $413,900 and $357,114, respectively, which is included in accrued expenses on the accompanying consolidated balance sheets.

Income Taxes

AC uses the "liability method" of accounting for income taxes. Accordingly, deferred tax assets and liabilities are determined on the differences between the financial statement and tax basis of assets and liabilities, using enacted tax rates in effect for the year in which the differences are expected to reverse. Current income taxes are based on the year's taxable income for federal and state income tax reporting purposes.

ACH is Delaware limited liability companies for income tax purposes. ACN is an Arizona limited liability company. All earnings and losses are included in the members' personal income tax returns and are taxed based on the members' personal tax strategies.

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 Internal Revenue Service (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 in the financial statements.

The Company's income tax filings are subject to audit by various taxing authorities. As of March 31, 2024, the earliest tax year still subject to examination is 2020 for federal and 2019 for state purposes. The Company believes its estimates are appropriate based on current facts and circumstances.

Note 1: Summary of Significant Accounting Policies, Continued

CARES Act (Higher Education Emergency Relief Fund)

On March 27, 2020, the CARES Act was enacted in response to the COVID-19 pandemic. The CARES Act includes a Higher Education Emergency Relief Fund (HEERF) that provides more than $14 billion in emergency funding to higher education. Of those funds, more than $6 billion must go directly to students in the form of emergency financial aid grants (HEERF-student share) for expenses related to the disruption of campus operations due to the COVID-19 pandemic. Two additional bills were also enacted to provide supplemental HEERF funding and ensure learning continued for students during the COVID-19 pandemic: HEERF II through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) in December 2020, and HEERF III through the American Rescue Plan Act (ARPA) in March 2021. The Company was awarded a total of $3,076,161 under HEERF II and III funding, all of which was designated for student grants. As of March 31, 2023, the Company drew down and disbursed all student grant funds.

Concentration of Credit Risk

A substantial portion of revenues and ending accounts receivable at March 31, 2024 and 2023, are a direct result of the Company's participation in the Federal Student Aid (FSA) programs, which represent a primary 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 various 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. In March 2023, the Company moved all its funds in its money market accounts into IntraFi Cash Service (ICS) accounts, which are fully FDIC insured. As of March 31, 2024 and 2023, balances in ICS accounts totaled $6,414,765 and $14,352,801, respectively.

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, accounts receivable, notes receivable, right-of-use assets and liabilities, accounts payable, accrued expenses, deferred revenue, and debt. The carrying values of the Company's financial instruments approximate fair value.

Financial Statement Presentation

Certain amounts in the 2023 financial statements have been reclassified to conform to the 2024 presentation.

Note 2: Related Party Transactions

During October 2022, the Company entered into a loan agreement with SPC for $5,000,000 maturing April 2025, as described in Note 7. For the years ended March 31, 2024 and 2023, the Company incurred and paid interest expense totaling $196,268 and $142,725, respectively.

For the years ended March 31, 2024 and 2023, the Company incurred and paid $30,000 in management fees to SPC. In addition, for the years ended March 31, 2024 and 2023, the Company made payments of $12,240,156 and $603,310 on behalf of SPC and received payments of $11,621,999 and $624,485 from SPC. Of the payments made to SPC for the years ended March 31, 2024 and 2023, $196,268 and $142,725, respectively, were related to interest expense on the related party loan. As of March 31, 2024 and 2023, the net balance due from SPC was $624,457 and $6,300, respectively, which is included in due from related parties on the accompanying consolidated balance sheets.

Note 2: Related Party Transactions, Continued

For the year ended March 31, 2024, the Company made payments on behalf of a sister company SPC Subsidiary I, LLC dba Texas County Technical College (SPC1) located in Houston, Missouri, totaling $107,895 and received payments of $577,254. For the year ended March 31, 2023, the Company made payments on behalf of a sister company SPC Subsidiary I, LLC dba Texas County Technical College (SPC1) totaling $107,836 and received payments of $100,000. As of March 31, 2024 and 2023, the balance (owed)/due from SPC1 was ($452,015) and $17,344, respectively, which is included in due from related parties on the accompanying consolidated balance sheets.

Note 3: Accounts Receivable and Notes Receivable

The Company has an institutional loan program as well as agreements for the administration and servicing of tuition payment contracts, as defined, with Meritize. Contracts are defined as retail installment contracts, tuition financing agreements, or other similar instruments.

The allowance for doubtful accounts is maintained to reflect the Company's best estimate of probable losses resulting from the inability or failure of its students to make required payments. The adequacy of the allowance for doubtful accounts is based on historical bad debt experience and the student status. Generally, a student receivable is written-off after the student has no longer been making payments for one year and the Company determines the balance will not be collected.

Although the Company analyzes past due receivables, it is not practical to provide the aging of the non-current receivable balances as a result of the methodology used by the Company. The Company evaluates the collectability of the earned portion of the receivable balances based on student status and not the age of the receivable balances.

For the year ended March 31, 2024, the following are the changes in the allowance for doubtful accounts for accounts receivable:

	Balance at Beginning of Year	Charged to Statement of Income	Deductions	Balance at Year End
Accounts receivable	$ 9,687,671	$14,739,268	$(6,496,464)	$17,930,475
Notes receivable	$ 1,401,249	$ 1,120,618	$(2,152,323)	$ 369,544

Note 3: Accounts Receivable and Notes Receivable, Continued

For the year ended March 31, 2023, the following are the changes in the allowance for doubtful accounts for accounts receivable:

	Balance at Beginning of Year	Charged to Statement of Income	Deductions	Balance at Year End
Accounts receivable	$ 6,170,147	$ 7,551,811	$(4,034,287)	$ 9,687,671
Notes receivable	$ 802,778	$ 1,220,000	$ (621,529)	$ 1,401,249

For the years ended March 31, 2024 and 2023, bad debt expense of $15,859,886 and $8,771,811, respectively, was included in general and administrative expense on the accompanying consolidated statements of income.

Meritize

In September 2017, the Company entered into a risk share agreement with Meritize for the purpose of making available loans to qualified students enrolled in the nursing program. Under the agreement, Meritize remits a percentage of the principal amount of each loan to the Company upon origination based on a student's assessed credit tier. The remaining portion of loan funds are deposited into an escrow account to guarantee repayment of the loans known as the 'risk share'. The Company is not a guarantor and Meritize does not have recourse except for the risk share portion. Payment of the risk share amount in the escrow account fulfills all of the Company's obligations under this agreement with respect to defaulted loans. Once the risk share amount held in escrow is exhausted and drawn down to zero, any outstanding claims will go unpaid, and additional losses resulting from incremental defaults will be incurred by Meritize.

In February 2018, the Company and Meritize amended the risk share agreement changing certain terms and renaming it as the Career Success Fund Agreement. Under the amended agreement, the risk share portion was separated into 'Base Allocation' and 'Employment Allocation' with varying percentages based on credit tiers. The Company is assessed a 5% fee of the Base Allocation portion of the loan. Future collections of the Base Allocation are dependent on loan performance. If a student secures employment within six months of completing the program, 100% of the Employment Allocation will be returned to the Company. For non-graduating or non-employed students, the Employment Allocation will be re-allocated to the Base Allocation with the same refundability criteria.

Notes receivable due to the Company under the Meritze risk share agreement do not earn interest, and therefore, are discounted to the net present value of estimated future cash flows using a discount rate based on the estimated implicit interest rate, generally ranging from 6% to 16%. As of March 31, 2024 and 2023, management expects collections to begin in excess of one year and has presented the entire notes receivable balance of $914,955 and $2,723,895, respectively, as long-term on the accompanying consolidated balance sheets.

Note 4: Property and Equipment

Property and equipment consists of the following:

	March 31, 2024	March 31, 2023
Furniture, fixtures and equipment	$ 27,451,777	$ 21,744,142
Leasehold improvements	50,205,605	38,692,638
	77,657,382	60,436,780
Less: accumulated depreciation	(26,118,431)	(16,486,051)
	$ 51,538,951	$ 43,950,729

Depreciation expense for the years ended March 31, 2024 and 2023 was $9,637,819 and $7,068,902, respectively, and is included in depreciation and amortization expense on the accompanying consolidated statements of income.

Note 5: Intangibles

Intangible assets represent course development costs that are recorded at cost and consist of the following:

	March 31, 2024	March 31, 2023
Course development costs	$ 469,200	$ 580,668
Less: accumulated amortization	(414,278)	(278,083)
	$ 54,922	$ 302,585

The estimated aggregate future amortization expense is as follows:

Year ending March 31,	
2025	$ 54,922
Thereafter	-
	$ 54,922

Amortization expense for the years ended March 31, 2024 and 2023 was $247,662 and $278,082, respectively, and is included in depreciation and amortization expense on the accompanying consolidated statements of income.

Note 6: Debt and Line of Credit

The Company had a $1,000,000 line of credit. Under the terms of the line of credit, the interest rate was at the Prime Rate minus 0.5%, with an interest rate floor of 4.0% (4.0% at March 31, 2023). During the year ended March 31, 2023, the Parent Company SPC assumed all $9,285,997 of debts and line of credits from its subsidiaries. For the year ended March 31, 2023, the Company did not draw on the line of credit.

Note 7: Related Party Debt

During October 2022, the Company entered into a $5,000,000 loan agreement with SPC maturing April 2025, with an interest rate of 5.94% per annum. The Company will pay $500,000 of principal to SPC every quarter beginning in January 2023. As of March 31, 2024, the loan has a balance of $2,000,000 of which $1,500,000 is presented as current on the accompanying consolidated balance sheets. As of March 31, 2023, the loan had a balance of $4,500,000 of which $2,000,000 is presented as current on the accompanying consolidated balance sheets.

Future maturities of related party debt described above are as follows:

Year ending March 31,	
2025	$ 1,500,000
2026	500,000
Thereafter	-
	$ 2,000,000

Note 8: Right-of-Use leases

The Company leases its teaching and administrative facilities under various non-cancelable operating leases expiring at various dates through December 2033. The leases require the Company to pay various operating expenses of the facilities in addition to base monthly lease payments. The leases contain rent abatements, stipulated increases in base rent and tenant improvement allowances.

As of March 31, 2024, the Company's weighted-average remaining lease term relating to its operating leases is 7.86 years with a weighted-average discount rate of 7.13%.

The Company also has finance leases for equipment which expire at various times through March 2025. As of March 31, 2024, the Company's finance lease weighted-average remaining lease term is 0.9 years with a weighted-average discount rate of 7.65%.

The Company has two additional operating leases for teaching and administrative facilities that are scheduled to commence at various dates during the year ending March 31, 2025. None of these leases have been recognized as ROU assets or lease liabilities as of March 31, 2024.

Note 8: Right-of-Use leases, Continued

Future maturities of operating and financing lease liabilities, which exist at March 31, 2024, by year and in aggregate, are as follows:

Year ending March 31,	Operating	Financing
2025	$ 16,900,802	$ 43,066
2026	16,814,468	-
2027	17,303,076	-
2028	17,562,857	-
2029	16,829,744	-
Thereafter	51,519,475	-
Total lease payments	136,930,422	43,066
Less: imputed interest	(32,709,956)	(1,496)
Present value of lease payments	104,220,466	41,570
Less: current portion	(10,203,630)	(41,570)
Long term portion	$ 94,016,836	$ -

Total lease expense for the years ended March 31, 2024 and 2023, was $14,405,137 and $11,600,530 and is included in rent and occupancy expenses on the accompanying consolidated statements of income. Amortization and interest expense of financing leases for the years ended March 31, 2024 and 2023 was $131,314 and $8,386, and $228,050 and $24,199, respectively, and is included in depreciation and amortization and interest expense on the accompanying consolidated statements of income.

Note 9: Preferred Stock

The certificate of incorporation of the Company, as amended and restated, authorizes the issuance of 1,000 shares of Series A Preferred stock. As of March 31, 2024 and 2023, the Company has 1,000 shares of Series A Preferred stock available to be issued.

Dividends on each outstanding share of Series A Preferred stock shall accrue daily at a rate of 15% of the base amount per annum. Any dividends paid with respect to shares of Series A Preferred stock shall be paid pro rata to the holders entitled thereto. Dividends shall accrue and be cumulative from the date of issuance of the Series A Preferred stock.

Redemption Right
The Company may at any time, upon notice to a holder of Series A Preferred stock, redeem all or any part of the outstanding shares of Series A Preferred stock by paying to the holder thereof an amount equal to the share price of such shares, plus any and all accrued and unpaid dividends on such shares.

Note 9: Preferred Stock, Continued

Voting Rights
The holders of Series A Preferred stock and Common stock shall vote together as a single class on all matters to be voted on by the holders of capital stock, except as otherwise provided in the bylaws of the Company.

Note 10: Income Taxes

For the years ended March 31, 2024 and 2023, the components of the provision for income taxes consist of the following:

	March 31, 2024	March 31, 2023
Current		
Federal	$ 3,227,506	$ 313,408
State	588,894	7,023
Total	3,816,400	320,431
Deferred		
Federal	(2,060,714)	543,715
State	(317,340)	67,843
Total	(2,378,054)	611,558
Provision for income taxes	$ 1,438,346	$ 931,989

Note 10: Income Taxes, Continued

Deferred income taxes have been provided in recognition of timing differences in reporting items for income taxes and financial statement purposes. At March 31, 2024 and 2023, the components of these temporary differences and the deferred tax asset (liability) were as follows:

	March 31, 2024	March 31, 2023
Depreciation and amortization	$ (72,782)	$ 237,491
Right-of-use assets and liabilities	21,851	(10,185)
Accrued expenses	59,904	(446)
Investment in subsidiaries	(2,387,027)	384,597
Deferred rent	-	101
	$ (2,378,054)	$ 611,558

For the years ended March 31, 2024 and 2023, the Company has a deferred tax asset of $2,945,062 and $567,008 respectively, classified as long-term from the timing differences described above.

Note 11: 401(k) Retirement Plan

The Company has a defined contribution 401(k) plan for its employees. Employees who have completed 60 days of service are eligible to participate in the plan. The Company matches employee contributions for 100% of the employee's first 3%, then 50% of the next 2% of deferred compensation. The Company may also make discretionary contributions to the plan. For the years ended March 31, 2024 and 2023, the Company made matching contributions to the plan totaling $1,273,406 and $754,499, respectively.

Note 12: Commitments and Contingencies

Letter of Credit

The Company utilizes a $750,000 letter of credit as a deposit for the Company's New Jersey instructional facilities. No cash collateral account is required under the terms of the letter of credit agreement.

Note 12: Commitments and Contingencies, Continued

Regulatory

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 is accredited with ABHES and approved by other regulatory agencies and must comply with their rules and regulations. 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 the financial statements, management believes the Company has complied with all regulatory requirements as of the date of the financial statements.

Borrowers Defense to Repayment
The U.S. Department of Education (the Department) published its new regulations with an effective date of July 1, 2023. The BDTR 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.

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. The Department utilizes SPC's financial statements in determining the composite score, which was 1.6 for the year ended March 31, 2024.

Litigation

The Company is party to occasional lawsuits, investigations and claims. While the outcome of these matters is uncertain, there can be no assurances that the ultimate outcome of any of the matters discussed below will not materially affect the Company's results of operations or financial condition. When the Company becomes aware of a claim or potential claim, it assesses the likelihood of any loss or exposure. The Company records loss contingencies in its financial statements only for matters in which losses are probable and can be reasonably estimated. Where a range of loss can be reasonably estimated with no best estimate in the range, the Company records the minimum estimated liability.

Note 12: Commitments and Contingencies, Continued

If the loss is not probable or the amount of the loss cannot be reasonably estimated, the Company discloses the nature of the specific claim if the likelihood of a potential loss is reasonably possible and the amount involved is material. Below is a list of material legal proceedings to which the Company is a party:

Ella Caine et al vs Eduvision, Inc.

Multiple plaintiffs, consisting of former students, made various allegations and sued the Company for damages. The Complaint was received in July 2022. In December 2022, the court granted the Company's motion to move to arbitration. Since then, the Plaintiffs have not initiated arbitration proceedings. The Company believes the claim is without merit and continues to vigorously defend the matter.

In addition to the legal proceeding described above, the Company may be party to pending or threatening lawsuits related primarily to services currently or formerly performed by the Company.

Note 13: Subsequent Events

Subsequent events were evaluated through June 26, 2024, which is the date the financial statements were available to be issued.

Supplementary Information

Related Party Transactions

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

During October 2022, the Company entered into a loan agreement with SPC for $5,000,000 maturing April 2025, as described in Note 7. For the years ended March 31, 2024 and 2023, the Company incurred and paid interest expense totaling $196,268 and $142,725, respectively.

For the years ended March 31, 2024 and 2023, the Company incurred and paid $30,000 in management fees to SPC. In addition, for the years ended March 31, 2024 and 2023, the Company made payments of $12,240,156 and $603,310 on behalf of SPC and received payments of $11,621,999 and $624,485 from SPC. Of the payments made to SPC for the years ended March 31, 2024 and 2023, $196,268 and $142,725, respectively, were related to interest expense on the related party loan. As of March 31, 2024 and 2023, the net balance due from SPC was $624,457 and $6,300, respectively, which is included in due from related parties on the accompanying consolidated balance sheets.

For the year ended March 31, 2024, the Company made payments on behalf of a sister company SPC Subsidiary I, LLC dba Texas County Technical College (SPC1) located in Houston, Missouri, totaling $107,895 and received payments of $577,254. For the year ended March 31, 2023, the Company made payments on behalf of a sister company SPC Subsidiary I, LLC dba Texas County Technical College (SPC1) totaling $107,836 and received payments of $100,000. As of March 31, 2024 and 2023, the balance (owed)/due from SPC1 was ($452,015) and $17,344, respectively, which is included in due from related parties on the accompanying consolidated balance sheets.

90/10 Revenue Percentage

The Company derives a substantial portion of its revenues from Federal education assistance received directly by the school or by its students. To continue to participate in the programs authorized by Title IV of the HEA, the Company must comply with the regulations promulgated under the HEA. The regulations require a proprietary school to derive at least 10 percent of its cash basis revenues for each fiscal year from sources other than Federal funds. If a school receives more than 90 percent of its cash basis revenues from Federal funds during its fiscal year, the school becomes provisionally certified for the next two fiscal years. If a school fails to satisfy this 90/10 requirement for two consecutive years, the school will lose its ability to participate in Title IV programs.

For the year ended March 31, 2024, the Company's 90/10 revenue percentage was 74.85%, as calculated on page 29.

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. SPC's composite score is submitted to the Department on behalf of the Company, as described in Note 12. As such, the financial responsibility supplemental schedule is not applicable to these financial statements.

The information, presented on pages 27 through 29, 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.

EDUVISION, INC. dba ARIZONA COLLEGE AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION, Continued
(Information Required by the U.S. Department of Education)
for the year ended March 31, 2024

90/10 REVENUE CALCULATION

Eduvision, Inc. dba Arizona College
OPE ID NUMBER: 03115000

	Amount Disbursed	Adjusted Amount
Student Title IV Revenue		
Title IV Credit Balance Carried Over From Prior Year	$ 554,983	$ 554,983
Federal Direct Loans	81,319,368	81,319,368
Federal Pell Grant	30,943,177	30,943,177
FSEOG (subject to matching reduction)	460,508	337,848
Total Student Title IV Revenue	113,278,036	113,155,376
Student Title IV Revenue Adjustment		(1,128,701)
Total Adjusted Student Title IV Revenue	113,278,036	112,026,675
Other Federal Funds Paid Directly to Institution		
Other Federal Funds Credit Balance Carried Over From Prior Year	318,244	318,244
Federal Funds (GI Bill & Yellow Ribbon Ch 133)	7,578,106	7,578,106
Federal Funds (VA Nat'l Education & VRE Ch 131)	954,421	954,421
Federal Funds (WIOA)	272,150	272,150
Federal Funds (Fed Grant - Pohnpai Gov't)	13,534	13,534
Federal Funds (Fed Grant - FL Student Asst)	6,763	6,763
Federal Funds (Nurse Corps HRSA Scholarship)	356,379	356,379
Federal Funds (ONNSFA Scholarship)	20,350	20,350
Federal Funds (FL Bright Futures Scholarship)	33,921	33,921
Federal Funds (CARES)	1,000	1,000
Total Other Federal Funds Paid Directly to Institution	9,554,868	9,554,868
Other Federal Funds Paid Directly to Instutition Revenue Adjustment		(1,623,746)
Total Adjusted Other Federal Funds Paid Directly to Institution	9,554,868	7,931,122
Student Non-Federal Revenue		
Student Non-Federal Credit Balance Carried Over From Prior Year	1,486,072	1,486,072
Grant funds for the student from non-Federal public agencies or private sources independent of the institution:		
Tribal tuition payments	295,012	295,012
Funds 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	11,259	11,259
Funds used by a student from savings plans for educational expenses established by or on behalf of the student that qualify for special tax treatment under the Internal Revenue Code	80,330	80,330
Qualified scholarships disbursed to student	408,903	408,903
Student payments:		
Third Party Loans	18,211,372	18,211,372
Employer Pay	52,394	52,394
Student Cash	23,055,935	23,055,935
Total Student Non-Federal Revenue	43,601,277	43,601,277
Student Non-Federal Revenue Adjustment		(3,330,000)
Total Adjusted Student Non-Federal Revenue	43,601,277	40,271,277
Revenue from Other Sources		
Activities conducted by the institution that are necessary for education and training.	28,478	28,478
Total Revenue from Other Sources	28,478	28,478
Total Adjusted Federal Revenue		119,957,797
Total Adjusted Federal Revenue + Total Adjusted Student Non-Federal Revenue and Revenue from Other Sources		$ 160,257,552
90/10 Revenue Percentage		**74.85%**

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

EDUVISION, INC. dba ARIZONA COLLEGE AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION, Continued
(Consolidating Balance Sheet)
for the year ended March 31, 2024

ASSETS

	Eduvision, Inc dba Arizona College	Arizona College College of Nursing, LLC	Arizona College of Allied Health, LLC	Eliminations	Total
Current assets:					
Cash and cash equivalents	$ 2,061,304	$ 7,850,760	$ 55,558	$ -	$ 9,967,622
Accounts receivable, net	-	46,095,693	762,624	-	46,858,317
Other receivables	-	34,320	-	-	34,320
Due from related parties	624,457	68,919,421	10,750,846	(80,122,282)	172,442
Prepaid expenses and other current assets	1,019,139	4,544,693	285,052	-	5,848,884
Total current assets	3,704,900	127,444,887	11,854,080	(80,122,282)	62,881,585
Property and equipment, net	2,072,617	49,130,261	336,073	-	51,538,951
Other assets:					
Notes receivable, net	-	914,955	-	-	914,955
Operating lease right-of-use assets, net	595,323	66,223,277	670,276	-	67,488,876
Financing lease right-of-use assets, net	-	33,942	-	-	33,942
Deposits	286,026	2,678,921	61,651	-	3,026,598
Deferred tax asset	2,945,062	-	-	-	2,945,062
Intangibles, net	-	54,922	-	-	54,922
Goodwill	3,279,114	-	-	-	3,279,114
Investment in subsidiaries	41,079,250	-	-	(41,079,250)	-
Total other assets	48,184,775	69,906,017	731,927	(41,079,250)	77,743,469
Total assets	$ 53,962,292	$ 246,481,165	$ 12,922,080	$ (121,201,532)	$ 192,164,005

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

EDUVISION, INC. dba ARIZONA COLLEGE AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION, Continued
(Consolidating Balance Sheet)
for the year ended March 31, 2024

LIABILITIES AND STOCKHOLDER'S EQUITY

	Eduvision, Inc dba Arizona College	Arizona College College of Nursing, LLC	Arizona College of Allied Health, LLC	Eliminations	Total
Current liabilities:					
Accounts payable	$ 83,143	$ 2,259,940	$ 86,740	$ -	$ 2,429,823
Accrued expenses	6,099,502	962,948	65,257	-	7,127,707
Student deposits and refunds payable	-	2,199,587	130,036	-	2,329,623
Due to related parties	74,717,281	-	5,405,001	(80,122,282)	-
Income taxes payable	1,108,626	-	-	-	1,108,626
Current portion of related party debt	1,500,000	-	-	-	1,500,000
Current portion of operating lease liabilities	273,934	9,143,951	785,745	-	10,203,630
Current portion of financing lease liabilities	-	41,570	-	-	41,570
Deferred revenue	-	12,581,421	860,583	-	13,442,004
Total current liabilities	83,782,486	27,189,417	7,333,362	(80,122,282)	38,182,983
Related party debt, net of current portion	500,000	-	-	-	500,000
Operating lease liabilities, net of current portion	1,106,897	92,909,939	-	-	94,016,836
Total liabilities	85,389,383	120,099,356	7,333,362	(80,122,282)	132,699,819
Equity:					
Controlling interest in equity:					
Series A preferred stock	-	-	-	-	-
Common stock	49,450	-	-	-	49,450
Additional paid-in capital	16,683,121	38,980,891	2,098,359	(41,079,250)	16,683,121
Retained earnings (accumulated deficit)	(82,858,970)	87,400,918	3,490,359	-	8,032,307
Total controlling interest in equity	(66,126,399)	126,381,809	5,588,718	(41,079,250)	24,764,878
Noncontrolling interest in equity	34,699,308	-	-	-	34,699,308
Total equity	(31,427,091)	126,381,809	5,588,718	(41,079,250)	59,464,186
Total liabilities and equity	$ 53,962,292	$ 246,481,165	$ 12,922,080	$ (121,201,532)	$ 192,164,005

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

EDUVISION, INC. dba ARIZONA COLLEGE AND SUBSIDIARIES
SUPPLEMENTARY INFORMATION, Continued
(Consolidating Statement of Income)
for the year ended March 31, 2024

	Eduvision, Inc dba Arizona College	Arizona College College of Nursing, LLC	Arizona College of Allied Health, LLC	Eliminations	Total
Revenue:					
Tuition and related income, net	$ -	$ 180,080,552	$ 12,507,573	$ -	$ 192,588,125
Expenses:					
Instructional	-	51,266,662	2,897,500	-	54,164,162
Selling and promotional	506,930	26,204,806	3,843,212	-	30,554,948
Rent and occupancy	194,688	14,707,636	1,049,685	-	15,952,009
Depreciation and amortization	879,505	8,836,188	301,102	-	10,016,795
General and administrative	30,863,923	37,314,203	2,522,125	-	70,700,251
Total expenses	32,445,046	138,329,495	10,613,624	-	181,388,165
Income (loss) from operations	(32,445,046)	41,751,057	1,893,949	-	11,199,960
Other income (expense):					
Interest income	97,511	703,014	16,750	-	817,275
Interest expense	(205,448)	(14,742)	-	-	(220,190)
Total other income (expense)	(107,937)	688,272	16,750	-	597,085
Income before provision for income taxes and noncontrolling interest	(32,552,983)	42,439,329	1,910,699	-	11,797,045
Provision for income taxes:	(1,438,346)	-	-	-	(1,438,346)
Net income (loss) before noncontrolling interest income	(33,991,329)	42,439,329	1,910,699	-	10,358,699
Less: noncontrolling interest in net income	(5,010,342)	-	-	-	(5,010,342)
Net income (loss)	$ (39,001,671)	$ 42,439,329	$ 1,910,699	$ -	$ 5,348,357

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

WEWORSKI
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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 Stockholder of
EDUVISION, INC. dba ARIZONA COLLEGE AND SUBSIDIARIES
Phoenix, Arizona

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 Eduvision, Inc. dba Arizona College and Subsidiaries (the Company), which collectively comprise the consolidated balance sheet as of March 31, 2024, and the related consolidated statements of income, stockholder's equity and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated June 26, 2024.

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 the 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 or significant deficiencies may exist that have not been identified.

4660 La Jolla Village Drive, Suite 750 • San Diego, California 92122 • (858) 546-1505 • FAX (858) 546-1405

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 2023 edition of the *Guide for Financial Statement Audits of Proprietary Schools and for Compliance Attestation Examination Engagements of Proprietary Schools and Third-Party Servicers Administering Title IV Programs*, issued by the U.S. Department of Education, Office of Inspector General (the Guide) including those relating to related parties, percentages of revenue derived from Federal Student Aid 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.

Wendlin & Associates

San Diego, California
June 26, 2024