COGSWELL CAPITAL, LLC and SUBSIDIARY

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Consolidated Financial Statements

For the Year Ended June 30, 2023

with

Independent Auditors' Report

COGSWELL CAPITAL, LLC and SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND OTHER INFORMATION

To the Board of Directors and
Member of Cogswell Capital, LLC:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Cogswell Capital, LLC (a Delaware limited liability company) and Subsidiary, which comprise the consolidated balance sheet as of June 30, 2023, and the related consolidated statements of income, equity and cash flows for year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cogswell Capital, LLC and Subsidiary as of June 30, 2023, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, Cogswell Capital, LLC and Subsidiary changed the manner in which they account for leases during the year ended June 30, 2023.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cogswell Capital, LLC and Subsidiary's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements taken 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 consolidated 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 Cogswell Capital, LLC and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cogswell Capital, LLC and Subsidiary'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.

Report on Required Supplementary Information and Other Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary information beginning on page 22 on Cogswell Capital, LLC and Subsidiary's calculation of their Title IV 90/10 revenue tests, composite score components, and on related party transactions are required by the U.S. Department of Education and are presented for purposes of additional analysis and are 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. Such 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of Cogswell Capital, LLC and Subsidiary's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, 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 Cogswell Capital, LLC and Subsidiary'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 Cogswell Capital, LLC and Subsidiary's internal control over financial reporting and compliance.

Alwich & Associates

Lake Forest, California
November 30, 2023

COGSWELL CAPITAL, LLC and SUBSIDIARY
Consolidated Balance Sheet
June 30, 2023

Assets

Current assets:	
Cash and cash equivalents	$ 90,337,863
Accounts and notes receivable from students, net of allowance for doubtful accounts of $19,634,632	19,806,842
Prepaid income taxes	1,422,991
Prepaid expenses and other	10,313,249
Total current assets	121,880,945
Property and equipment, net of accumulated depreciation and amortization of $89,702,710	12,517,954
Right-of-use assets for operating leases	37,152,975
Restricted cash	180,000
Deposits	332,127
Deferred income taxes	8,186,415
Goodwill	14,193,892
Other noncurrent asset	3,836,485
	$ 198,280,793

Liabilities and Equity

Current liabilities:	
Accounts payable	$ 19,961,363
Accrued expenses	37,973,782
Prepaid tuition	6,642,604
Current portion of contingent purchase price payable - DeVry	5,464,898
Current portion of notes payable	475,000
Current portion of operating lease liabilities	11,742,551
Current portion of finance lease liabilities	315,611
Total current liabilities	82,575,809
Contingent purchase price payable - DeVry, net of current portion	6,841,285
Notes payable, net of current portion	2,826,887
Operating lease liabilities, net of current portion	30,790,909
Finance lease liabilities, net of current portion	110,857
Total liabilities	123,145,747
Equity:	
Cogswell Capital, LLC member's equity	65,669,053
Noncontrolling interest members' equity	9,465,993
Total equity	75,135,046
	$ 198,280,793

See notes to consolidated financial statements

COGSWELL CAPITAL, LLC and SUBSIDIARY
Consolidated Statement of Income
For the Year Ended June 30, 2023

Revenues:	
Tuition	$ 372,602,418
Fees and other	43,789,776
Total revenues	416,392,194
Costs and expenses:	
Course materials, services and instruction	147,335,082
Selling and promotion	101,408,646
General and administrative	101,731,103
Facilities	21,927,929
Depreciation and amortization	5,708,391
Contingent consideration	1,019,474
Loss on disposal of property and equipment	425,968
Total costs and expenses	379,556,593
Income from operations	36,835,601
Other income (expense):	
Interest income	3,655,657
Interest expense	(193,809)
Other income	1,083,477
Total other income (expense)	4,545,325
Income before income taxes	41,380,926
Provision for income taxes	(10,479,835)
Net income	30,901,091
Net income applicable to noncontrolling interest	(3,529,585)
Net income applicable to Cogswell Capital, LLC	$ 27,371,506

COGSWELL CAPITAL, LLC and SUBSIDIARY
Consolidated Statement of Equity
For the Year Ended June 30, 2023

	Cogwell Capital, LLC Member's Equity	Noncontrolling Interest Members' Equity	Total
Balances at June 30, 2022, as previously reported	$ 60,040,955	$ -	$ 60,040,955
Reclassification of noncontrolling interest members' equity	(3,008,031)	3,008,031	-
Balances at June 30, 2022, as restated	57,032,924	3,008,031	60,040,955
Appreciation of noncontrolling interest members' equity	(2,928,377)	2,928,377	-
Net income	27,371,506	3,529,585	30,901,091
Member distributions	(15,807,000)	-	(15,807,000)
Balances at June 30, 2023	$ 65,669,053	$ 9,465,993	$ 75,135,046

See notes to consolidated financial statements

COGSWELL CAPITAL, LLC and SUBSIDIARY
Consolidated Statement of Cash Flows
For the Year Ended June 30, 2023

Cash flows from operating activities:	
Net income	$ 30,901,091
Adjustments to reconcile net income to net cash provided by operating activities -	
Depreciation and amortization	5,708,391
Amortization of right-of-use assets for operating leases	14,862,403
Loss on disposal of property and equipment	425,968
Contingent consideration	1,019,474
Deferred income taxes	(3,488,501)
Change in assets and liabilities:	
Accounts and notes receivable from students, net	(446,581)
Prepaid income taxes	(533,371)
Prepaid expenses and other	(872,682)
Other noncurrent asset	1,024,852
Accounts payable	(336,907)
Accrued expenses	5,248,307
Deferred revenue	(995,774)
Prepaid tuition	(595,776)
Operating lease liabilities	(15,188,885)
Net cash provided by operating activities	36,732,009
Cash flows from investing activities:	
Purchases of property and equipment	(1,189,871)
Payment of contingent purchase price - DeVry	(4,104,091)
Final payment of Salem Education purchase price	(600,000)
Net cash used by investing activities	(5,893,962)
Cash flows from financing activities:	
Principal repayments on notes payable	(1,100,000)
Principal borrowings on notes payable	2,905,000
Principal payments on finance lease liabilities	(317,907)
Member distributions	(15,807,000)
Net cash used by financing activities	(14,319,907)
Increase in cash	16,518,140
Cash, cash equivalents and restricted cash, beginning of year	73,999,723
Cash, cash equivalents and restricted cash, end of year	$ 90,517,863
Supplemental cash flows information:	
Cash paid for interest expense	$ 193,809
Cash paid for income taxes	$ 14,501,700
Right-of-use assets obtained in exchange for lease liabilities	$ 50,989,189
Acquisition of equipment under terms of finance lease	$ 173,366

See notes to consolidated financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

Cogswell Capital, LLC (Capital) is a Delaware limited liability company organized on September 2, 2010. Capital was formed to facilitate the acquisition of private postsecondary educational institutions and is the sole voting member of Cogswell Education, LLC (Education), a Delaware limited liability company organized on April 20, 2010.

Education has owned and operated Cogswell College, LLC dba University of Silicon Valley (USV), a California limited liability company, since November 2010. USV operates a four-year institution of higher learning which offers bachelor and masters level degrees primarily in the fields of digital arts and audio, game design and development, engineering and entrepreneurship. USV's campus and administrative offices are located in San Jose, California.

On December 11, 2018, Education acquired all rights, title, and interest in and to the issued and outstanding shares of capital stock of DeVry University, Inc. (DeVry) from Adtalem Global Education, Inc. (Adtalem) under the terms of a Stock Purchase Agreement (the DeVry Agreement), free and clear of all liens. DeVry's mission is to close our society's opportunity gap by preparing learners to thrive in careers shaped by continuous technological change. Through innovative programs, relevant partnerships and exceptional care, DeVry empowers students to meaningfully improve their lives, communities, and workplaces. DeVry offers online and hybrid undergraduate and graduate programs in academic disciplines that prepare students to thrive in the digital economy.

Terms of the DeVry Agreement and certain related amendments provide for (i) indemnification by Adtalem for all damages incurred or suffered by DeVry to the extent arising out of or relating to claims filed against DeVry before the Closing or up to six years thereafter, up to a maximum of $340.0 million, and (ii) a right of indemnification for liabilities associated with the Federal Perkins Loan Program.

Effective October 1, 2021, Education purchased a majority interest in Salem Education, LLC (Salem Ed, a Delaware limited liability company) under the terms of a Membership Interest Family Purchase and Transfer Agreement (the Salem Agreement, see Note 2). The balance of the membership interest in Salem Ed was obtained by Education in December 2021. Salem Ed owns and operates Salem University, LLC (Salem), an institution of higher learning which offers associates, bachelors, masters and doctoral degrees, primarily in the fields of business, education and nursing. Salem operates from one campus located in Salem, West Virginia and maintains a location in Indianapolis, Indiana for purposes of recruiting and supporting on-line education.

The accompanying consolidated financial statements include the accounts of Capital, Education, Salem Ed, USV, DeVry and Salem (collectively, the Company). All intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

The Company considers cash equivalents to be only those investments which are highly liquid and contain original maturities of three months or less. The Company's cash equivalents consisted entirely of money market funds as of June 30, 2023.

Restricted Cash

DeVry has posted a letter of credit in favor of its Arlington, Virginia facility landlord in the amount of $180,000. Such letter is secured by cash and required to remain on deposit throughout the lease term, currently scheduled to expire in May 2025.

Accounts and Notes Receivable

Accounts and notes receivable are recorded at the net realizable value expected to be received from students or third-party payors and are not collateralized. Accounts and notes receivable include amounts earned, less payments received and an allowance for doubtful accounts. The allowance for doubtful accounts associated with the Company's accounts receivable is management's best estimate based upon historical experience. Management continually monitors and adjusts its allowances associated with the Company's receivables to address any credit risks associated with the accounts receivable. When uncertainty exists as to the collection of receivables, the Company records an allowance for doubtful accounts and a corresponding charge to bad debt expense.

Revenue Recognition

Revenues consist primarily of tuition on courses taught at USV, DeVry and Salem, and from the sale of related products and services. The Company recognizes revenue in accordance with *ASC Topic 606, Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers. Tuition and related fee revenues are recognized on a ratable basis over the term of instruction, taking into consideration expected refunds. The majority of students serviced by the Company are enrolled in programs designed to be completed in two to four years. Students are billed for tuition and fees, including room and board, on a term-by-term basis and earned evenly over the respective two-month or four-month terms. Revenues from the sale of products and services are recognized when the products are sold or when the services have been provided. Prepaid tuition represents tuition and fees paid by students in excess of amounts earned as of the balance sheet date.

The beginning of year balance of the Company's accounts and notes receivable was $19.4 million, and the beginning of year balance for prepaid tuition was $7.2 million.

Depreciation and Amortization

Property and equipment are recorded at cost. Property and equipment are depreciated over their estimated useful lives of 1 to 30 years using the straight-line method. Leasehold improvements are stated at cost and are being amortized over the shorter of their estimated useful life or the lease term. Maintenance, repairs, and minor renewals and betterments are expensed as incurred.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When such factors indicate that assets should be evaluated for possible impairment, management would prepare an analysis comparing the carrying value of the assets to future undiscounted cash flows of the underlying assets. The net book value of the underlying assets is adjusted to fair value if the sum of the expected undiscounted future cash flows is less than book value. To date, management has not identified any such factors pertaining to the Company's long-lived assets.

Noncontrolling Interest

Noncontrolling interest as presented on the accompanying consolidated financial statements represents the share of Education not owned by Capital.

Goodwill

Goodwill represents the excess of the purchase price over the fair market value of the identifiable net assets acquired. Goodwill is not amortized, but evaluated for impairment annually, in the fourth quarter of each fiscal year, or whenever events or circumstances indicate that the carrying amount may not be recoverable. Impairment exists when the carrying amount of goodwill exceeds its implied fair value. The implied fair value of goodwill is determined by deducting the estimated fair value of all tangible and identifiable intangible net assets of the reporting unit from the estimated fair value of the reporting unit. If the recorded value of goodwill exceeds its implied value, an impairment charge is recorded for the excess. The Company tests for goodwill impairment at the reporting unit level. The Company's annual impairment testing did not result in an impairment of goodwill and there have been no goodwill impairment losses recorded by the Company to date.

Determining the fair value of a reporting unit and other intangible assets acquired is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include, among others, future economic and market conditions and determination of appropriate market comparables. Such estimates are unpredictable and inherently uncertain; actual future results may differ from the estimates. The Company may also assess qualitative factors to determine if it is more likely than not that the fair value of the reporting unit is less than its carrying amount.

Income Taxes

Capital, Education, USV, Salem Ed and Salem operate as limited liability companies. As such, income and expenses of these entities are passed through to the sole member of Capital and reported on the individual income tax returns. As limited liability companies, these entities are not required to pay federal or state income taxes but may be subject to certain state fees.

DeVry operates as a corporation and uses the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities will be recognized in income in the period that includes the enactment date.

Course Service and Advertising Costs

Course service and advertising costs are expensed as incurred.

Fair Value Measurements

The carrying value of the Company's financial instruments approximates fair value due to the relative short-term nature of these instruments.

The Company uses a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either observable directly or indirectly through market corroboration, for substantially the full term of the financial instrument; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The Company has no financial instruments utilizing Level 2 or Level 3 inputs for measurement of fair value.

Adoption of New Accounting Guidance in July 2022

In February 2016, the Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (ASU) 2016-02, Leases*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease liabilities and right of use assets on the consolidated balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of income. The Company completed an assessment of its evaluation of the new standard's impact on its accounting policies and processes and adopted the guidance under *ASU 2016-02* effective July 1, 2022 using a modified retrospective approach, also electing the practical expedients package which allows the Company to forego reassessing (i) whether any expired or existing contracts are or contain leases; (ii) the lease classification for any expired or expiring leases; and (iii) initial direct costs for any existing leases. The adoption of *ASU 2016-02* significantly impacts the presentation of the Company's consolidated balance sheet and disclosures, but does not materially impact its annual results from operations and cash flows.

On July 1, 2022, the Company recorded operating lease liabilities of $53.1 million and operating lease right-of-use assets of $47.4 million, net of deferred rent liabilities. Recording these items had no impact upon the Company's results from operations, cash flows, or beginning equity for the year ended June 30, 2023.

Estimates

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

Subsequent Events

The Company has evaluated subsequent events through the date of the auditors' report, November 30, 2023, which is the date the accompanying consolidated financial statements were available to be issued.

NOTE 2 – PURCHASE AND TRANSFER OF SALEM ED

Effective October 1, 2021, Education entered into the Salem Agreement, which provided for a two-step transfer of ownership of Salem Ed to Education by the seller. The initial transfer of a majority interest took place on October 1, 2021 with the remainder of interest transferred to Education on December 23, 2021. The Salem Agreement provided for an initial (base) purchase price of $16.0 million, subject to adjustment based on certain financial criteria of Salem Ed, as outlined in the Salem Agreement. After giving consideration to the financial position of Salem Ed on October 1, 2021 and the related adjustments provided for by the Salem Agreement, the resulting initial purchase price was determined to be $15,708,846.

The Salem Agreement also provided for additional consideration of up to $1.5 million to be paid to the Salem Ed seller upon achievement of certain operational goals, to be measured at various times through December 31, 2022. During the year ended June 30, 2022, Salem Ed met certain of the operational goals set forth in the Salem Agreement, resulting in an additional payment of $0.6 million to the Salem Ed seller in July 2022; no additional operational goals were met during the stipulated measurement period.

The following is a summary of the purchase and transfer and the related allocation of the assigned values and purchase price (inclusive of the $0.6 million contingent payment):

Assets acquired:	
Cash	$ 737,908
Accounts and notes receivable from students, net	1,045,028
Inventories	385,149
Prepaid expenses and other	820,955
Property and equipment, net	5,235,204
Deposits and other	125,302
Total assets acquired	8,349,546
Liabilities assumed:	
Accounts payable	1,253,005
Accrued expenses	276,088
Deferred rent	522,976
Prepaid tuition	2,358,108
Capital lease obligations	773,881
Total liabilities assumed	5,184,058
Net assets acquired	3,165,488
Adjusted purchase price	16,308,846
Goodwill	$ 13,143,358

NOTE 3 – CONTINGENT PURCHASE PRICE PAYABLE FOR DEVRY

In addition to the contingent consideration related to the Salem Ed purchase and transfer discussed in Note 2, Education's acquisition of DeVry in December 2018 also contained a provision for future consideration of up to $20.0 million to be to be paid to Adtalem, contingent upon the achievement of certain financial goals of DeVry over a period of eight years beginning on the first day of the fiscal year following the date of acquisition and ending on the last day of the tenth fiscal year following the date of acquisition. As of December 11, 2018, management of the Company believed that achievement of the financial goals and payment of contingent consideration was probable of occurrence and had estimated that potential consideration amount to be $5.0 million, inclusive of a present value discount of approximately $2.7 million to reflect the time value of money (at 7.5%) on payments estimated to be made through the year ending December 31, 2027. Since the date of acquisition, management has revised its estimate on this and currently anticipates the entire $20.0 million to be paid to Adtalem. The contingent purchase price payable on the accompanying consolidated balance sheet represents the net present value of the full $20.0 million as of June 30, 2023 ($19.35 million), less payments totaling $7.05 million made through June 30, 2023 by the Company. During the year ended June 30, 2023, the Company recorded an additional expense of $1.0 million related to this future consideration payable. Based on DeVry's recent results from operations and achievement of the financial goals set out in the Agreement, a payment of $5.46 million was made in November 2023.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2023:

Building and improvements	$ 20,871,133
Computers and software	10,147,663
Furniture and fixtures	12,233,411
Equipment	58,452,045
Land and land improvements	474,026
Construction in progress	42,386
	102,220,664
Less: accumulated depreciation and amortization	(89,702,710)
	$ 12,517,954

Depreciation and amortization expense related to property and equipment was $5,708,391 for the year ended June 30, 2023.

NOTE 5 – NOTES PAYABLE

USV has a Promissory Note Agreement with a bank providing for up to $3.0 million in borrowings under a revolving credit facility. Outstanding balances bear interest at a variable rate (6.64% at June 30, 2023). The revolving credit facility is secured by collateral pledged by the sole member of Capital and requires monthly payments of interest only on outstanding balances, with all principal and accrued interest due upon maturity on July 31, 2024. As of June 30, 2023, the outstanding balance on the credit facility was $2,826,887.

In July 2021, Salem entered into an agreement with a bank for a revolving line of credit providing for up to $500,000 in borrowings. Outstanding principal borrowings under the line are secured by Salem assets, bear interest at the Prime Rate plus 0.5% (8.75% at June 30, 2023), and require minimum monthly payments of interest only. The agreement contains provisions for annual reviews and renewals by the bank, with any outstanding principal balance due on demand at the bank's discretion. As of June 30, 2023, the outstanding balance on the line of credit was $475,000.

NOTE 6 – LEASE OBLIGATIONS AND RELATED LETTER OF CREDIT

The Company operates a majority of its campuses and corporate office locations under the terms of noncancelable lease agreements expiring at various times through December 2034. The facility leases generally contain stipulated annual increases to base rent and require the payment of certain operating expenses in addition to the base monthly rent; certain leases also provide for periods of abated rent. There are no early termination penalties, residual value guarantees, restrictions or covenants imposed under the Company's facility leases.

Lease Liability and Right-of-Use Asset

The Company determines a contract to represent a lease when it conveys the right to control the use of identified property, plant or equipment, in exchange for consideration. Upon identification and commencement of a lease, a right-of-use (ROU) asset and a lease liability are established.

The lease liability represents future lease payments for lease and non-lease components discounted for present value. Generally, the leases contain rent escalation clauses which are specifically stated and being included within the lease liability; options to extend are included within minimum lease terms when they are reasonably certain to be exercised. Payments for leases that are less than 12 months in length, as well as other variable lease payments for lease and non-lease components which are not based on an index or rate, are excluded from the calculation of the lease liability and are recognized within operations in the period incurred; short-term lease payments are recognized on a straight-line basis over the respective lease term.

The ROU asset for an operating lease consists of the amount of the initial measurement of the lease liability and adjusted for any lease incentives, including rent abatements and tenant improvement allowances, and any initial direct costs incurred by the Company. The ROU asset is amortized over the remaining lease term on a straight-line basis and recorded within facilities expense on the accompanying consolidated statement of income.

As of June 30, 2023, the cost of the Company's right-of-use assets under finance lease obligations was approximately $1.2 million; the related accumulated depreciation was approximately $0.4 million. The net book value of the right-of-use assets under finance lease obligations is included within property and equipment on the accompanying consolidated balance sheet; depreciation expense associated with right-of-use assets for finance leases is recorded within depreciation and amortization expense on the accompanying consolidated statement of income.

The lease term is determined by taking into account the initial period as stated in the lease contract and adjusted for any renewal options that the Company is reasonably certain to exercise, as well as any period of time that the Company has control of the space before the stated initial term of the lease, when applicable.

Significant Assumptions and Judgments

Upon adoption of *ASU 2016-02* on July 1, 2022, the Company identified its facility leases described above to represent the only operating leases for recognition under the new lease standard; certain contracts held by the Company and previously reported as capital lease obligations within the Company's consolidated balance sheet were reclassified as finance leases. For all operating leases the Company is a party to, the discount rate implicit is not readily determinable. As such, the Company has elected to utilize risk-free rates ranging from 2.79% to 4.37% to calculate the present value of its operating leases, with a weighted average rate of 2.98% as of June 30, 2023. The Company's finance leases contain stipulated rates of interest ranging from 6.0% to 10.55%, with a weighted average of 9.6% at June 30, 2023.

As of June 30, 2023, the weighted average remaining lease terms for operating leases and finance leases was 10.8 years and 1.3 years, respectively.

The components of the Company's lease expense were as follows for the year ended June 30, 2023:

Operating lease:	
Fixed operating lease expenses	$ 14,862,403
Short term and variable lease expenses	2,417,039
	$ 17,279,442
Finance leases:	
Depreciation of right-of-use assets	$ 102,683
Interest on lease liabilities	52,600
	$ 155,283

For the year ended June 30, 2023, cash paid for amounts in the measurement of the Company's operating lease liabilities was $15,188,885; total cash paid for amounts in the measurement of the Company's finance lease liabilities was $370,507, of which $52,600 was attributable to interest.

As of June 30, 2023, future maturities of lease liabilities were as follows:

Year Ending June 30,	Operating Leases	Finance Leases
2024	$ 12,806,059	$ 339,388
2025	9,794,368	95,214
2026	6,711,795	22,515
2027	3,776,411	-
2028	3,108,147	-
Thereafter	10,082,839	-
Future minimum lease payments	46,279,619	457,117
Less: imputed interest	(3,746,159)	(30,649)
Present value of future minimum lease payments	42,533,460	426,468
Less: current portion	(11,742,551)	(315,611)
	$ 30,790,909	$ 110,857

Letter of Credit

Pursuant to the terms of USV's San Jose facility lease, USV was required to post a standby letter of credit with a bank. The letter of credit is secured by USV's revolving credit facility discussed in Note 5, is required to remain in place through lease maturity in February 2026 and was initially posted on June 30, 2015 in the amount of $704,225. Under the terms of the lease agreement, the Company was permitted to reduce the letter of credit to $352,113 in December 2015 and then to $117,371 in June 2019. The letter of credit renews automatically on an annual basis and had not been drawn upon as of June 30, 2023.

NOTE 7 – OTHER NONCURRENT ASSET

The other noncurrent asset included on the accompanying consolidated balance sheet represents amounts due to DeVry under the Federal Perkins Loan Program, stated at their outstanding principal amount, net of an allowance for doubtful notes. Prior to the expiration of the program's lending period on July 1, 2018, loans were made to students based on demonstrated financial need and satisfaction of federal eligibility requirements. Principal and interest payments on loans generally do not commence until after the borrower graduates or otherwise ceases enrollment. DeVry has provided for an allowance for doubtful notes, which is based upon a review of outstanding loans, historical collection information and existing economic conditions. Loans that are delinquent continue to accrue interest. Loans that are past due for at least one payment are considered delinquent. The allowance for doubtful notes under the Perkins Loan Program was approximately $1.25 million as of June 30, 2023.

The DeVry Agreement provides Education a right of indemnification from Adtalem if (a) DeVry's net proceeds from return of the Institutional Capital Contribution to the Federal Perkins Loan Program are (or are expected to be) less than $13.45 million, (b) DeVry incurs losses arising from its assignment of loans from the Federal Perkins Loan Program to the ED, or (c) DeVry incurs losses arising from the required purchase from ED of Federal Perkins Loan Program loans.

NOTE 8 – LEGAL PROCEEDINGS

The terms of the DeVry Agreement and certain related amendments provide that Adtalem will indemnify DeVry against and hold DeVry harmless from all damages incurred or suffered by DeVry to the extent arising out of or relating to claims filed against DeVry before the Closing or up to six years thereafter, up to a maximum of $340.0 million. All DeVry legal and regulatory matters pending at the time of the close of the transaction, including those described below, have been tendered to Adtalem under the DeVry Agreement, and Adtalem has accepted such tender and agreed to defend and indemnify DeVry against such matters per the DeVry Agreement. As of the date of the accompanying auditors' report, DeVry believes it has adequately reserved for potential losses.

The following is a description of pending legal and regulatory matters that may be considered other than ordinary, routine and incidental to the business. The timing or outcome of the following matters, or their possible impact on DeVry's business, financial condition or results of operations, cannot be predicted at this time. The continued defense, resolution or settlement of any of the following matters could require DeVry to expend significant resources and could have a material adverse effect on the business, financial condition, results of operations and cash flows and result in the imposition of significant restrictions on DeVry's ability to operate.

Matters for Which Adtalem has Agreed to Defend and Indemnify DeVry

On April 13, 2018, a putative class action lawsuit was filed by Nicole Versetto, individually and on behalf of others similarly situated, against Adtalem, DeVry and DeVry/New York Inc. (collectively the "Adtalem Parties") in the Circuit Court of Cook County, Illinois, Chancery Division. The complaint was filed on behalf of herself and three separate classes of similarly situated individuals who were citizens of the State of Illinois and who purchased or paid for a DeVry program between January 1, 2008 and April 8, 2016. The plaintiff claimed that defendants made false or misleading statements regarding DeVry's graduate employment rate and asserts causes of action under the Illinois Uniform Deceptive Trade Practices Act, Illinois Consumer Fraud and Deceptive Trade Practices Act, and Illinois Private Business and Vocational Schools Act, and claims of breach of contract, fraudulent misrepresentation, concealment, negligence, breach of fiduciary duty, conversion, unjust enrichment, and declaratory relief as to violations of state law. The plaintiff sought compensatory, exemplary, punitive, treble, and statutory penalties and damages, including pre-judgment and post-judgment interest, in addition to restitution, declaratory and injunctive relief, and attorneys' fees. The plaintiff later filed an amended complaint asserting similar claims with a new lead plaintiff, Dave McCormick. After discussions among the parties, the court granted a Motion for Preliminary Approval of Class Action Settlement (the "McCormick Settlement") on May 28, 2020. In conjunction with the McCormick Settlement, Adtalem was required to establish a settlement fund by placing $44.95 million into an escrow account. The court issued an order approving the McCormick Settlement on October 7, 2020 and dismissed the action with prejudice. On November 2, 2020, Stoltmann Law Offices filed on behalf of Jose David Valderrama ("Valderrama"), a class member who objected to the terms of the McCormick Settlement, a notice of appeal of the court's order approving the McCormick Settlement. On November 5, 2020, Richardo Peart ("Peart"), another class member who objected to the terms of the McCormick Settlement, filed a similar notice of appeal. Those appeals were consolidated before the Appellate Court of Illinois, First District and fully briefed. The Appellate Court agreed to stay Valderrama's and Peart's appeals of the McCormick Settlement pending the outcome of mediation involving the objections to the McCormick Settlement. The objections were not resolved at a mediation on February 1, 2022. Valderrama's objection was withdrawn as part of the Stoltmann settlement discussed below. Peart's objection remained pending a decision by the Appellate Court. On May 4, 2022, the Appellate Court denied Peart's objection and affirmed the Circuit Court of Cook County's approval of the McCormick Settlement. Adtalem settled with Peart, and the $44.95 million McCormick Settlement became final. The $44.95 million settlement fund was reduced by $8.92 million reflecting an offset of amounts paid to the Settlement Class. Adtalem received the $8.92 million return of escrow on July 18, 2023. The remaining $36.03 million settlement fund has been distributed to the Settlement Class.

In addition to Valderrama, Stoltmann Law Offices represented 552 individuals ("Stoltmann Claimants") who opted out of the McCormick Settlement and filed claims with the Judicial Arbitration and Mediation Services, Inc. ("JAMS") alleging fraud-based claims based on DeVry's graduate employment statistics.

On November 2, 2021, Adtalem Parties and the Stoltmann Law Offices participated in a mediation to resolve the claims of the Stoltmann Claimants. Adtalem Parties and the Stoltmann Law Offices reached agreement on settlement terms ("Stoltmann Settlement"). The settlement amount, $20,375,000, was reduced by $75,000 for each of the Stoltmann Claimants that declined to participate in the settlement. Of Stoltmann's 552 Claimants, six declined to participate, reducing the settlement amount by $450,000. On February 28, 2022, Adtalem remitted $19,925,000 to the Stoltmann Laws Offices on behalf of the 546 participating Stoltmann Claimants. Of the six Stoltmann Claimants that declined to participate in the settlement, two voluntarily dismissed their arbitrations, one arbitration was voluntarily stayed at the Claimant's request, and three Claimants have not recommenced their arbitrations.

On June 23, 2020, DeVry received notice from ED of claims brought under 34 CFR §§ 685.206 and 685.222, which allows students who used federal student loan funds to attend DeVry to apply for a discharge of some or all of their federal student loans based on certain types of alleged misconduct by DeVry. These regulations are known as the Borrower Defense to Repayment (BDR) regulations. Pursuant to these regulations, ED has initiated a fact-finding process in these matters so that it may begin to adjudicate these applications. This process begins with ED sending each claim and any supporting documentation to DeVry, and DeVry must respond to the claim. DeVry communicated with ED to clarify the fact-finding process, and in July 2020 ED told DeVry to expect approximately 8,000 claims. On April 19, 2021, DeVry received a follow up letter from ED indicating that ED had received 2,100 additional claims since June 2020, and DeVry received approximately 1,100 additional claims by July 2021. As of June 2, 2023, DeVry had received a total of approximately 47,000 claims, the majority of which have been received on a weekly basis since February 2022. The majority of these claims are similar to the allegations made by the FTC in its 2016 complaint against DeVry. DeVry continues to submit responses to the BDR claims to ED on a rolling basis, with approximately 18,300 responses submitted to date. Outside counsel has engaged contract paralegals and contract attorneys to assist in producing responses for the remaining open claims in an organized and efficient fashion. If ED grants a borrower-defense application and discharges the borrower's debt, the regulations state that the ED can initiate proceedings to recover/recoup the discharged amount from the school with which that debt was associated.

By a letter dated August 15, 2022, ED notified DeVry that it was initiating a recovery proceeding for approximately $23.0 million in discharged student loan proceeds on behalf of 649 borrowers who attended DeVry between 2008 and 2015 unless it contests the decision.

On October 11, 2022, DeVry submitted a request for a hearing before the ED Office of Hearings and Appeals to contest the ED demand for recoupment (thereby staying the repayment demand) and simultaneously filed a request for relief challenging the action in the United States District Court for the Northern District of Illinois, now pending before the Honorable Nancy Maldonado (*DeVry University, Inc. v. U.S. Dep't of Educ., et al*., No. 1:22-cv-05549 (N.D. Ill. Oct. 11, 2022)). On January 23, 2023, ED's Administrative Law Judge (ALJ) heard oral arguments on the issues raised in the parties' briefs filed in December on how the matter should proceed. On April 6, 2023, ED's ALJ entered an order in the administrative action granting DeVry's request to bifurcate the proceeding, clarifying the limitations of ALJs' authority and denying DeVry's request for a stay of the administrative proceedings. On May 12, 2023, ED's ALJ entered a scheduling order for phase one of the proceeding. Phase one of the administrative action will determine whether DeVry's acts or omissions gave rise to valid borrower defense claims, as opposed to phase two, which will determine if ED properly granted borrower defense relief the Department is entitled to recoup from DeVry. The ALJ set a phase one hearing date for July 10, 2023. On May 23, 2023, the parties jointly moved for the ALJ to continue the phase one hearing until January 22, 2024. On October 17, 2023, after reconsidering DeVry's request for a stay *sua sponte,* the ALJ granted the stay pending resolution of the constitutional claims in the federal court proceeding. On October 20, 2023, ED filed a request for reconsideration of the temporary stay with the ALJ or, in the alternative, a motion for the ALJ to certify the stay order for interlocutory appeal to the Secretary of Education. On November 7, 2023, DeVry filed its opposition to ED's motion. On November 15, 2023, DeVry received ED's reply brief.

On December 23, 2022, ED filed a motion to dismiss the court case and supporting memorandum arguing the case was not ripe because DeVry had not exhausted the administrative process through to final agency action. DeVry's opposition to the motion to dismiss was filed February 3, 2023, and ED's reply was filed on March 3, 2023. On June 2, 2023, the case was reassigned to the Honorable LaShonda A. Hunt. On July 10, 2023, DeVry filed its First Amended Complaint following the Supreme Court's recent decision in *Axon Enterprise, Inc. v. Fed. Trade Commission*, which allowed DeVry to raise new constitutional challenges and seek an injunction staying the administrative proceeding pending resolution of such challenges in federal court. The motion is now fully briefed, and an in-person hearing took place on August 31, 2023. However, on October 17, 2023, the ALJ in the administrative proceeding issued an order staying the action pending resolution of DeVry's federal court constitutional claims. That same day DeVry notified the federal court of this development, specifically that the motion for preliminary injunction was then moot. On October 18, 2023, the motion for preliminary injunction was terminated as moot, and the Department was ordered to respond to DeVry's amended complaint. The Department filed a motion to dismiss the amended complaint on November 8, 2023. DeVry's opposition is due on December 13, 2023, and the Department's reply, if any, is due on January 10, 2024.

On June 23, 2022, plaintiffs in *Sweet v. Cardona*, pending in the United States District Court for the Northern District of California, filed a proposed class action settlement with ED. Among other things, the settlement proposes to automatically discharge all borrower defense claims filed with ED through June 22, 2022, for borrowers who attended schools listed on Exhibit C to the settlement agreement. DeVry is one of the 153 schools listed on Exhibit C. Four institutions moved to intervene in the case to assert the rights of institutions under the settlement agreement. In opposition to the motions to intervene, ED filed an affidavit stating that discharges under the settlement are not considered adjudications under the borrower defense regulations including for purposes of recoupment and that inclusion on Exhibit C is not equivalent to a finding of misconduct by the institutions. On August 4, 2022, the Court held a hearing during which it granted the motions to intervene and preliminarily approved the settlement. The hearing for final approval of the settlement occurred on November 9, 2022. On January 26, 2023, the Court held a status conference during which it addressed the schedule for the motion to stay the settlement relief pending the intervenor schools' appeals. On February 15, 2023, Court ordered that ED may implement the settlement as to the claims relating to the schools on Exhibit C. On April 13, 2023, the Supreme Court denied a petition filed by the three intervenors that asked the Court to stay the settlement. Due to publicity regarding the settlement and certain presumptions included in the settlement for BDR claims filed before final approval, DeVry has seen and expects to continue to see an increased number of BDR claims to be filed going forward. ED's response brief was due on July 3, 2023. On March 22, 2023, DeVry wrote to ED explaining that all Direct or FFEL loans held by DeVry students who submitted BDR applications prior to or on June 22, 2022 would be automatically discharged pursuant to the *Sweet* settlement, and since those loans were not being discharged pursuant to the BDR process, ED does not have a basis to seek recoupment. At this time, ED has not responded to DeVry's March letter.

Matters for Which DeVry is Not Entitled to Indemnification under the DeVry Agreement

On March 3, 2023, DeVry was served with the class action lawsuit, *Shantel Broadnax vs. DeVry University*. The plaintiff alleges that DeVry violated the Telephone Consumer Protection Act (TCPA) and the Florida Telephone Solicitation Act (FTSA) by sending unsolicited text messages and continuing to do so after the plaintiff opted out of these solicitations. DeVry was granted an extension until September 13, 2023, to answer the complaint and discovery requests while in settlement discussions with opposing counsel. After settlement discussions ended, on September 13, 2023, DeVry filed its answer to the complaint. On October 27, 2023, DeVry filed its responses to plaintiff's discovery requests.

NOTE 9 – INCOME TAXES

The provision (benefit) for income taxes consisted of the following for the year ended June 30, 2023 and is attributable solely to the income recognized from DeVry operations:

Current:	
Federal	$ 10,894,571
State	3,073,765
	13,968,336
Deferred:	
Federal	(2,532,986)
State	(955,515)
	(3,488,501)
	$ 10,479,835

As of June 30, 2023, total deferred tax assets recognized for taxable temporary differences were approximately $10.0 million and have resulted primarily from DeVry's future deductible temporary difference related to its accruals; total deferred tax liabilities recognized for taxable temporary differences were approximately $1.8 million and have resulted primarily from depreciation.

NOTE 10 – 401(K) RETIREMENT PLANS

The Company maintains 401(k) retirement plans covering virtually all employees whose employment is not covered by a collective bargaining agreement and that meet the respective plans' required terms of service, when applicable. Company contributions and matching contributions are made in accordance with the provisions of the respective plan, with certain Company contributions vesting over periods of up to 5 years. During the year ended June 30, 2023, Company contributions to the plans amounted to approximately $5.4 million.

NOTE 11 – REGULATORY MATTERS

The Company is subject to extensive regulation by federal and state governmental agencies and accrediting bodies. In particular, the Higher Education Act (the Act) and the regulations promulgated thereunder by ED subject the Company to significant regulatory scrutiny on the basis of numerous standards that schools must satisfy in order to participate in the various federal student financial assistance programs under Title IV of the Act. These standards include, among others, financial responsibility, student default rates, and the "90/10" rule. Ineligibility to participate in the Title IV programs would have a material adverse effect on the Company's enrollments, revenue and results of operations.

For each federal fiscal year, ED calculates a rate of student defaults for each educational institution known as a "cohort default rate". Under certain defined circumstances, an institution may lose its eligibility to participate in some or all Title IV programs. As of June 30, 2023, management believes that the Company was in compliance with ED's requirements concerning cohort default rates.

Institutions participating in Title IV programs are required by ED to demonstrate financial responsibility. ED determines an institution's financial responsibility through the calculation of a composite score based upon certain financial ratios as defined in regulations. Institutions receiving a composite score of 1.5 or greater are considered fully financially responsible. Institutions receiving a composite score between 1.0 and 1.4 are subject to additional monitoring. Institutions receiving a composite score below 1.0 are required to submit financial guarantees in order to continue participation in the Title IV programs. As of and for the year ended June 30, 2023, the Company's composite score was 2.3. ED requires an institution to provide additional disclosures with respect to its composite score calculation, which are included in the accompanying supplementary information beginning on page 22.

Substantial portions of the Company's revenue and collection of accounts receivable are dependent upon its continued participation in the Title IV programs of the Act. To continue to participate in the Title IV programs, the Company must comply with certain regulations of ED. ED regulations restrict the proportion of cash receipts for tuition and fees from eligible programs to not more than 90 percent from the Title IV programs. The failure of an institution to meet the 90 percent limitation could result in the loss of an institution's ability to participate in Title IV programs. For the year ended June 30, 2023, the Company was in compliance with the 90/10 rule. ED requires an institution to provide additional disclosures with respect to the 90/10 rule, which are included in the accompanying supplementary information beginning on page 22. ED has published a final 90/10 rule which will apply to institutional fiscal years beginning on or after January 1, 2023. Management does not believe that the final 90/10 rule will materially affect the Company's 90/10 calculations or its compliance with the 90/10 rule.

As a result of operating in a highly regulated industry, the Company may be subject from time to time to audits, investigations, claims of noncompliance or lawsuits by governmental agencies, regulatory bodies, or other 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 Company's business, results of operations or financial condition, management believes that the Company has complied with all regulatory requirements.

On November 1, 2016, ED published regulations on the topic of borrower defense to repayment which went into effect in October 2018. On September 23, 2019, ED published regulations on this topic which largely became effective July 1, 2020. The regulations allow a borrower to assert a defense to repayment based upon defined criteria and establish certain triggers which would require an institution to provide ED with additional reporting and/or financial guarantees. Management believes that USV, DeVry and Salem are in compliance with the applicable regulations in all material respects.

On November 1, 2022, ED's final borrower defense to repayment rules were published, with an effective date of July 1, 2023. The final rule overhauls regulations for borrower defenses to repayment, pre-dispute arbitration agreements and class action waivers, total and permanent disability, closed school and false certification loan discharges, and interest capitalization.

On September 27, 2023, ED announced its final regulations on Financial Value Transparency and Gainful Employment which were formally published in the Federal Register on October 10, 2023. The Gainful Employment (GE) program accountability framework covered under the final regulations applies to all GE programs, which include certificate programs offered at all institutions as well as degree programs offered at private for-profit institutions. Under the GE program accountability framework, ED will assess whether an institution's programs meet the statutory requirement of preparing students for gainful employment in a recognized occupation using two separate and independent metrics: (1) a debt-to-earning rate that compares median annual payments on loan debt borrowed for the program to the median earnings of its federally-aided graduates, and (2) an earnings premium test that measures whether the typical federally-aided graduate from a program is earning at least as much as a typical high school graduate in their state's labor force between the ages of 25 and 34. Programs that fail either metric in a single year will be required to provide warnings to current and prospective students that the programs could be at risk of ineligibility for Title IV aid in subsequent years. Programs that fail the same metric in two of three consecutive years will not be eligible to participate in federal student aid programs. The GE program accountability framework will go into effect on July 1, 2024, with the first official metrics published by ED in early 2025. The first year that programs may become ineligible is 2026. Management is in the process of analyzing the final regulations and assessing their impact on the Company.

NOTE 12 – CONCENTRATION OF CREDIT RISK

At June 30, 2023, the Company maintained cash balances with banks in excess of the federally insured limit.

Institution's Calculation of 90/10 Revenue Test

Cogswell Capital, LLC and Subsidiary (collectively, the Institution) derives a substantial portion of its revenues from Student Financial Aid (SFA) received by its students under the Title IV programs administered by the U.S. Department of Education (ED) pursuant to the Higher Education Act of 1965, as amended (HEA). To continue to participate in the SFA programs the Institution must comply with the regulations promulgated under HEA. The regulations restrict the proportion of cash receipts for tuition and fees from eligible programs to not more than 90 percent from the Title IV programs. In July 2008, modifications to the regulations were made with respect to amounts to be included in the 90 percent calculations including the allowance for the inclusion of funds received for certain qualifying non-Title IV programs. In addition, the modifications included provisions for institutions that do not comply with the 90 percent rule for a single fiscal year, whereby such institutions would be placed on provisional certification status for a period of two years. Institutions that do not comply with the 90 percent rule for two consecutive fiscal years are subject to the loss of their ability to participate in the SFA programs.

For the year ended June 30, 2023, the Institution's revenue test percentages were computed as detailed on the following page:

Revenue by Fund Source	Cogswell College, LLC OPE ID No. 00117700 Amount Disbursed	Cogswell College, LLC OPE ID No. 00117700 Adjusted Amount	DeVry University, Inc. OPE ID No. 01072700 Amount Disbursed	DeVry University, Inc. OPE ID No. 01072700 Adjusted Amount	Salem University, LLC OPE ID No. 00382000 Amount Disbursed	Salem University, LLC OPE ID No. 00382000 Adjusted Amount
Adjusted Student Title IV Revenue						
Subsidized Loan	$ 1,426,320	$ 1,426,320	$ 103,584,312	$ 103,584,312	$ 2,203,902	$ 2,203,902
Unsubsidized Loan	1,654,394	1,654,394	177,477,847	177,477,847	5,267,001	5,267,001
Federal Pell Grant	1,380,736	1,380,736	121,065,042	121,065,042	3,278,366	3,278,366
FSEOG (subject to matching reduction)	88,800	66,600	6,522,765	4,892,074	231,042	173,282
Federal Work Study applied to tuition and fees (subject to matching reduction)	-	-	-	-	-	-
Federal Direct PLUS Loan	2,384,819	2,384,819	5,293,171	5,293,171	659,190	659,190
All Other Title IV Loans and Grants (Perkins)	-	-	-	-	-	-
Student Title IV Revenue	$ 6,935,069	$ 6,912,869	$ 413,943,137	$ 412,312,446	$ 11,639,501	$ 11,581,741
Revenue Adjustment - If the amount of funds applied first plus Student Title IV revenue is more than tuition and fees, then reduce Title IV revenue by the amount over tuition and fees		(194,092)		(96,996,841)		(581,159)
Title IV funds returned for a student under 34 C.F.R § 668.22 (withdrawal), reduce Student Title IV Revenue		(418,719)		(20,941,082)		(1,974,718)
Adjusted Student Title IV Revenue		$ 6,300,058		$ 294,374,523		$ 9,025,864
Student Non-Title IV Revenue						
Grant funds for the student from non-Federal public agencies or private sources independent of the institution	$ 811,800		$ 9,419,006		$ 306,096	
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	-		-		-	
Funds used by a student from savings plans for educational expenses established on or behalf of the student that qualify for special tax treatment under the Internal Revenue Code	-		-		-	
Institutional scholarships disbursed to the student	-		-		-	
Student payments	3,991,934		76,127,050		4,086,385	
Student Non-Title IV Revenue	$ 4,803,734		$ 85,546,056		$ 4,392,481	
Revenue from Other Sources (Totals for the Fiscal Year)						
Activities conducted by the institution that are necessary for education and training	$ -		$ -		$ -	
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	-		-		-	
Allowable student payments plus allowable amounts from account receivable or institutional loan sales minus any required payments under a recourse agreement	-		-		-	
Revenue from Other Sources	$ -		$ -		$ -	
Adjusted Title IV Revenue		$ 6,300,058		$ 294,374,523		$ 9,025,864
Adjusted Title IV Revenue + Adjusted Student Non-Title IV Revenue + Total Revenue from other sources		$ 11,103,792		$ 379,920,579		$ 13,418,345
		56.74%		**77.48%**		**67.27%**

Institution's Calculation of Composite Score

ED determines an institution's financial responsibility through the calculation of a composite score based on certain financial ratios, as defined in the regulations. As of and for the year ended June 30, 2023, the financial components utilized for calculation of the financial ratios contained in the composite score were as follows:

Primary Reserve Ratio

Location	*Ref. Page*	**Adjusted Equity:**	*Amount*
Consolidated Balance Sheet	4	Total equity	$ 75,135,046
n/a	-	Secured and unsecured related party receivables and/or other related party assets	-
n/a	-	Unsecured related party receivables	-
n/a	-	Other unsecured related party assets	-
Consolidated Balance Sheet	**4**	**Property, equipment and improvements, net - including construction in progress and capital leases**	**12,517,954**
Supplementary Information	26	Property, equipment and improvements, net - pre-implementation less any construction in progress	1,630,040
Supplementary Information	26	Property, equipment and improvements, net - post-implementation (less any construction in progress) with outstanding debt for original purchase	828,642
Supplementary Information	26	Property, equipment and improvements, net - post-implementation (less any construction in progress) without outstanding debt for original purchase	10,016,886
Supplementary Information	26	Construction in progress	42,386
Consolidated Balance Sheet	**4**	**Lease right-of use asset**	**37,152,975**
n/a	-	Lease right-of use asset - pre-implementation	-
Consolidated Balance Sheet	4	Lease right-of use asset - post-implementation	37,152,975
Supplementary Information	26	Intangible assets	22,380,307
n/a	-	Post-employment and defined pension plan liabilities	-
Supplementary Information	**26**	**Long-term debt - for long-term purposes and construction in progress debt**	**3,728,355**
n/a	-	Long-term debt for long-term purposes, pre-implementation	-
Supplementary Information	26	Qualified long-term debt for long-term purposes post-implementation for purchase of property, plant and equipment	426,468
n/a	-	Line of credit for construction in progress	-
Note 6	**15**	**Lease right-of-use asset liability**	**42,533,460**
n/a	-	Pre-Implementation right-of-use leases liabilities	-
Note 6	15	Post-Implementation right-of-use leases liabilities	42,533,460

Location	*Ref. Page*	**Total Expenses and Losses:**	*Amount*
Consolidated Statement of Income	5	Total operating expenses and losses	$ 379,556,593
Consolidated Statement of Income	5	Total non-operating expenses and losses - interest	193,809
n/a	-	Comprehensive losses	-
n/a	-	Discontinued operations not classified as an operating expense	-
n/a	-	Change in accounting principle	-
n/a	-	Investment losses	-
n/a	-	Post-employment and defined pension plans losses less nonservice component of net periodic pension and other post-employment plan expenses	-

Equity Ratio

Location	*Ref. Page*	**Modified Equity:**	*Total*
Consolidated Balance Sheet	4	Total equity	$ 75,135,046
n/a	-	Lease right-of use asset - pre-implementation	-
n/a	-	Pre-Implementation right-of-use leases liabilities	-
Supplementary Information	26	Intangible assets	22,380,307
n/a	-	Unsecured related party receivables	-
n/a	-	Other unsecured related party assets	-

		Modified Assets:	
Consolidated Balance Sheet	4	Total assets	$ 198,280,793
n/a	-	Lease right-of use asset - pre-implementation	-
Supplementary Information	26	Intangible assets	22,380,307
n/a	-	Unsecured related party receivables	-
n/a	-	Other unsecured related party assets	-

Net Income Ratio

Location	*Ref. Page*	**Income Before Taxes:**	*Total*
Consolidated Statement of Income	5	Net income (loss) before income taxes	$ 41,380,926
n/a	-	Net comprehensive income (loss)	-

Location	*Ref. Page*	**Total Revenue and Gains:**	*Total*
Consolidated Statement of Income	5	Total operating revenue and gains	$ 416,392,194
Supplementary Information	26	Total other revenue and gains	4,739,134
n/a	-	Comprehensive income and gains	-
n/a	-	Discontinued operations not classified as an operating gain	-
n/a	-	Change in accounting principle gains	-

Certain amounts included in the supplemental schedule above have been presented on a summarized basis utilizing the Institution's consolidated financial statements and underlying accounting records used to prepare the consolidated financial statements as of and for the year ended June 30, 2023; such amounts are detailed further, as follows:

Property and equipment, net:

Pre-implementation property and equipment	$ 1,630,040
Post-implementation property and equipment - purchased by obtaining debt	828,642
Construction in progress	42,386
Post-implementation property and equipment - no outstanding debt	10,016,886
Total	$ 12,517,954

Intangible assets:

Goodwill	$ 14,193,892
Deferred income taxes	8,186,415
Total intangible assets	$ 22,380,307

Long-term debt for long-term purposes:	Notes Payable	Finance Leases	Total
Pre-implementation long-term debt	$ -	$ -	$ -
Allowable post-implementation long-term debt	-	426,468	426,468
Construction in progress - debt	-	-	-
Long-term debt deemed not allowable	3,301,887	-	3,301,887
Total long-term debt	$ 3,301,887	$ 426,468	$ 3,728,355

Other revenue and gains:

Interest income	$ 3,655,657
Other income	1,083,477
Total other revenue and gains	$ 4,739,134

Related Party Transactions

HEA regulations require that all related party transactions be disclosed, regardless of their materiality to the consolidated financial statements.

Organization

Cogswell Capital, LLC (Capital) is a Delaware limited liability company organized on September 2, 2010. Capital was formed to facilitate the acquisition of private postsecondary educational institutions and is the sole voting member of Cogswell Education, LLC (Education), a Delaware limited liability company organized on April 20, 2010.

Education has owned and operated Cogswell College, LLC dba University of Silicon Valley (USV), a California limited liability company, since November 2010. USV operates a four-year institution of higher learning which offers bachelor and masters level degrees primarily in the fields of digital arts and audio, game design and development, engineering and entrepreneurship. USV's campus and administrative offices are located in San Jose, California.

On December 11, 2018, Education acquired all rights, title, and interest in and to the issued and outstanding shares of capital stock of DeVry University, Inc. (DeVry) from Adtalem Global Education, Inc. under the terms of a Stock Purchase Agreement, free and clear of all liens. DeVry's mission is to close our society's opportunity gap by preparing learners to thrive in careers shaped by continuous technological change. Through innovative programs, relevant partnerships and exceptional care, DeVry empowers students to meaningfully improve their lives, communities, and workplaces. DeVry offers online and hybrid undergraduate and graduate programs in academic disciplines that prepare students to thrive in the digital economy.

Effective October 1, 2021, Education purchased a majority interest in Salem Education, LLC (Salem Ed, a Delaware limited liability company) under the terms of a Membership Interest Family Purchase and Transfer Agreement (the Salem Agreement). The balance of the membership interest in Salem Ed was obtained by Education in December 2021. Salem Ed owns and operates Salem University, LLC (Salem), an institution of higher learning which offers associates, bachelors, masters and doctoral degrees, primarily in the fields of business, education and nursing. Salem operates from one campus located in Salem, West Virginia and maintains a location in Indianapolis, Indiana for purposes of recruiting and supporting on-line education.

Purchase and Transfer of Salem Ed

Effective October 1, 2021, Education entered into the Salem Agreement, which provided for a two-step transfer of ownership of Salem Ed to Education by the seller. The initial transfer of a majority interest took place on October 1, 2021 with the remainder of interest transferred to Education on December 23, 2021. The Salem Agreement provided for an initial (base) purchase price of $16.0 million, subject to adjustment based on certain financial criteria of Salem Ed, as outlined in the Salem Agreement. After giving consideration to the financial position of Salem Ed on October 1, 2021 and the related adjustments provided for by the Salem Agreement, the resulting initial purchase price was determined to be $15,708,846.

The Salem Agreement also provided for additional consideration of up to $1.5 million to be paid to the Salem Ed seller upon achievement of certain operational goals, to be measured at various times through December 31, 2022. During the year ended June 30, 2022, Salem Ed met certain of the operational goals set forth in the Salem Agreement, resulting in an additional payment of $0.6 million to the Salem Ed seller in July 2022; no additional operational goals were met during the stipulated measurement period.

Distributions to Member

During the year ended June 30, 2023, Capital made distributions of $15.8 million to its majority member.

This information is required by the U.S. Department of Education and is presented for purposes of additional analysis and is not a required part of the consolidated financial statements.

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

To the Board of Directors and
Member of Cogswell Capital, LLC:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Cogswell Capital, LLC and Subsidiary (collectively, the Company), which comprise the consolidated balance sheet as of June 30, 2023, and the related consolidated statements of income, equity and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 30, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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.

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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. Such tests included compliance tests as set forth in the *Guide for Audits of Proprietary Schools and for Compliance Attestation Engagements of Third-Party Servicers Administering Title IV Programs, issued by the U.S. Department of Education, Office of Inspector General* (the Guide), including those relating to related parties and percentage of revenue derived from Title IV programs. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of non-compliance that is required to be reported under the Guide and which is described in the accompanying schedule of findings and questioned costs as item 2023-001.

The Company's Response to Finding

The Company's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Company's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Almich & Associates

Lake Forest, California
November 30, 2023

FINDING NO. 2023-001

Criteria

The U.S. Department of Education (ED) requires Cogswell College, LLC to compute and present its annual 90/10 percentage in accordance with 34 C.F.R. §668.28.

Statement of Condition

Cogswell College, LLC's 90/10 percentage for the year ended June 30, 2023, has not been entirely calculated in accordance with ED's regulations due to deviations from the required 90/10 percentage calculation methodology. During our audit, we noted certain student payments to be excluded from the calculation as well as others to be improperly classified.

Effect

This finding does not affect Cogswell College, LLC's compliance with the 90 percent rule. We reviewed the excluded and misclassified transactions, noting all to be non-Title IV transactions. Proper inclusion of these transactions would serve to decrease the 90/10 percentage by up to 0.48% from that included in the audited financial statements.

Cause

Cogswell College, LLC had both omitted and improperly coded certain transactions in its student accounting and information system.

Recommendation

Cogswell College, LLC should review the 90/10 calculation report from its student accounting and information system and confirm that all information is properly accounted for and reconciled, as necessary.

Views of Responsible Officials

Cogswell College, LLC concurs with the finding and shall take appropriate action to ensure proper calculation and reporting of the 90/10 percentage.

DEVRY UNIVERSITY, INC.
(A Wholly-Owned Subsidiary of Cogswell Education, LLC)

OPE ID NUMBER: 01072700

Financial Statements

For the Year Ended June 30, 2023

with

Independent Auditors' Report

DEVRY UNIVERSITY, INC.
(A Wholly-Owned Subsidiary of Cogswell Education, LLC)

Table of Contents

**INDEPENDENT AUDITORS' REPORT ON THE
FINANCIAL STATEMENTS AND OTHER INFORMATION**

To the Board of Directors and
Stockholder of DeVry University, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of DeVry University, Inc. (an Illinois corporation and wholly-owned subsidiary of Cogswell Education, LLC), which comprise the balance sheet as of June 30, 2023, and the related statements of income and retained earnings and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DeVry University, Inc. as of June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DeVry University, Inc., 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, DeVry University, Inc. changed the manner in which it accounts for leases during the year ended June 30, 2023.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about DeVry University, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements taken 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 DeVry University, Inc.'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 DeVry University, Inc.'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.

Report on Required Supplementary Information and Other Regulatory Requirements

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information beginning on page 18 on DeVry University, Inc.'s calculation of its Title IV 90/10 revenue test, composite score calculation, and on related party transactions are required by the U.S. Department of Education and are presented for purposes of additional analysis and are 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. Such 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2023, on our consideration of DeVry University, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 DeVry University, Inc.'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 DeVry University, Inc.'s internal control over financial reporting and compliance.

Aldrich & Associates

Lake Forest, California
October 6, 2023

DEVRY UNIVERSITY, INC.
(A Wholly-Owned Subsidiary of Cogswell Education, LLC)
Balance Sheet
June 30, 2023

Assets

Current assets:	
Cash and cash equivalents	$ 85,433,106
Accounts and notes receivable from students, net of allowance for doubtful accounts of $18,215,550	18,252,772
Prepaid income taxes	1,422,991
Prepaid expenses and other	8,892,938
Total current assets	114,001,807
Property and equipment, net of accumulated depreciation and amortization of $76,088,958	6,347,748
Right-of-use assets for operating leases	34,490,992
Note receivable from stockholder	20,000,000
Accrued interest on note receivable from stockholder	664,223
Due from stockholder	7,047,701
Restricted cash	180,000
Deferred income taxes	8,186,415
Other noncurrent asset	3,836,485
	$ 194,755,371

Liabilities and Stockholder's Equity

Current liabilities:	
Accounts payable	$ 17,940,824
Accrued expenses	35,424,812
Accrued stockholder distribution	25,000,000
Prepaid tuition	4,198,874
Current portion of operating lease liabilities	10,599,065
Total current liabilities	93,163,575
Operating lease liabilities, net of current portion	28,386,702
Total liabilities	121,550,277
Stockholder's equity:	
Common stock	71,570
Additional paid-in capital	4,928,431
Retained earnings	68,205,093
Total stockholder's equity	73,205,094
	$ 194,755,371

See notes to financial statements

DEVRY UNIVERSITY, INC.
(A Wholly-Owned Subsidiary of Cogswell Education, LLC)
Statement of Income and Retained Earnings
For the Year Ended June 30, 2023

Revenues:	
Tuition	$ 349,004,362
Fees and other	41,334,071
Total revenues	390,338,433
Costs and expenses:	
Course materials, services and instruction	137,436,436
Selling and promotional	95,275,978
General and administrative	90,764,385
Facilities	17,418,645
Depreciation and amortization	4,546,733
Loss on disposal of property and equipment	425,968
Total costs and expenses	345,868,145
Income from operations	44,470,288
Other income:	
Interest income	4,052,784
Other income	69,934
Total other income	4,122,718
Income before income taxes	48,593,006
Provision for income taxes	(10,479,835)
Net income	38,113,171
Stockholder distribution	(45,000,000)
Retained earnings, beginning of year	75,091,922
Retained earnings, end of year	$ 68,205,093

See notes to financial statements

DEVRY UNIVERSITY, INC.
(A Wholly-Owned Subsidiary of Cogswell Education, LLC)
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash flows from operating activities:	
Net income	$ 38,113,171
Adjustments to reconcile net income to net cash provided by operating activities -	
Depreciation and amortization	4,546,733
Amortization of right-of-use assets for operating leases	13,891,363
Deferred income taxes	(3,488,501)
Loss on disposal of property and equipment	(425,968)
Change in assets and liabilities:	
Accounts receivable, net	(250,682)
Other accounts receivable	(19,421)
Prepaid income taxes	(533,371)
Prepaid expenses and other	(1,136,783)
Other noncurrent asset	1,024,852
Accounts payable	(964,281)
Accrued expenses	4,932,060
Prepaid tuition	(373,117)
Operating lease liabilities	(13,996,081)
Net cash provided by operating activities	41,319,974
Cash flows from investing activities:	
Purchases of property and equipment	456,171
Net cash provided by investing activities	456,171
Cash flows from financing activities:	
Stockholder distribution	(20,000,000)
Principal advances made under note receivable from stockholder	(2,870,000)
Accrued interest on note receivable from stockholder	(415,513)
Increase in due from stockholder	(4,104,091)
Net cash used by financing activities	(27,389,604)
Increase in cash	14,386,541
Cash, cash equivalents and restricted cash, beginning of year	71,226,565
Cash, cash equivalents and restricted cash, end of year	$ 85,613,106
Supplemental cash flows information:	
Cash paid for interest	$ -
Cash paid for income taxes	$ 14,501,700
Accrued stockholder distribution	$ 25,000,000
Right-of-use assets obtained in exchange for operating lease liabilities	$ 47,472,422

See notes to financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basis of Presentation

DeVry University, Inc. (DeVry) is an Illinois corporation formed in 2002 when DeVry Institute of Technology (DeVry Institute) and Keller Graduate School of Management, Inc. (Keller) were merged into a single accredited institution, which was approved by the Higher Learning Commission (HLC) of the North Central Association of Colleges and Schools. DeVry Institute was founded in 1931 as DeForest Training School by Dr. Herman DeVry and renamed in 1968. Keller was founded in 1973 by Dennis Keller and Ronald Taylor and acquired DeVry Institute in 1987. DeVry's mission is to close our society's opportunity gap by preparing learners to thrive in careers shaped by continuous technological change. Through innovative programs, relevant partnerships and exceptional care, DeVry empowers students to meaningfully improve their lives, communities, and workplaces. DeVry offers online and hybrid undergraduate and graduate programs in academic disciplines that prepare students to thrive in the digital economy.

On December 11, 2018 Cogswell Education, LLC (Cogswell, a Delaware limited liability company) acquired all rights, title, and interest in and to the issued and outstanding shares of capital stock of DeVry and DeVry/New York Inc. from Adtalem Global Education, Inc. (Adtalem) under the terms of a Stock Purchase Agreement (the SPA), free and clear of all liens.

The accompanying financial statements include only the accounts of DeVry.

Cash and Cash Equivalents

DeVry considers cash equivalents to be only those investments which are highly liquid and contain original maturities of three months or less. DeVry's cash equivalents consisted entirely of money market funds as of June 30, 2023.

Restricted Cash

DeVry has posted a letter of credit in favor of its Arlington, Virginia facility landlord in the amount of $180,000. Such letter is secured by cash and required to remain on deposit throughout the lease term, currently scheduled to expire in May 2025.

Revenue Recognition

Revenues consist primarily of tuition and related fees on courses taught at DeVry. DeVry recognizes revenue in accordance with *ASC Topic 606, Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers. Tuition and related fee revenues are recognized on a ratable basis over the term of instruction, taking into consideration expected refunds. The majority of students serviced by DeVry are enrolled in programs designed to be completed in two to four years. Students are billed for tuition and fees on a term-by-term basis and earned evenly over the two-month terms. Prepaid tuition represents tuition and fees paid by students in excess of amounts earned as of the balance sheet date. As of June 30, 2023 and 2022, the Company's prepaid tuition liability was $4,198,874 and $4,571,991, respectively.

Accounts and Notes Receivable

Accounts and notes receivable are recorded at the net realizable value expected to be received from students or third-party payors and are not collateralized. Accounts and notes receivable include amounts billed and earned for services rendered to students, less payments received and an allowance for doubtful accounts. The allowance for doubtful accounts associated with DeVry's accounts receivable is management's best estimate based upon historical experience. Management continually monitors and adjusts its allowances associated with DeVry's receivables to address any credit risks associated with the accounts receivable. When uncertainty exists as to the collection of receivables, DeVry records an allowance for doubtful accounts and a corresponding charge to bad debt expense. As of June 30, 2023 and 2022, total accounts and notes receivable from students amounted to $18,252,772 and $18,250,800, respectively.

Depreciation and Amortization

Property and equipment are recorded at cost. Property and equipment are depreciated over their estimated useful lives of 1 to 10 years using the straight-line method. Leasehold improvements are stated at cost and are being amortized over the shorter of their estimated useful life or the term of the respective facility lease. Maintenance, repairs, and minor renewals and betterments are expensed as incurred.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When such factors indicate that assets should be evaluated for possible impairment, management would prepare an analysis comparing the carrying value of the assets to future undiscounted cash flows of the underlying assets. The net book value of the underlying assets is adjusted to fair value if the sum of the expected undiscounted future cash flows is less than book value. To date, management has not identified any such factors pertaining to DeVry's long-lived assets.

Adoption of New Accounting Guidance in 2022

In February 2016, the Financial Accounting Standards Board (FASB) issued *Accounting Standards Update (ASU) 2016-02, Leases*. The guidance in this ASU supersedes the leasing guidance in *Topic 840, Leases*. Under the new guidance, lessees are required to recognize lease liabilities and right of use assets on the balance sheet for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of income and retained earnings. The Company completed an assessment of its evaluation of the new standard's impact on its accounting policies and processes and adopted the guidance under *ASU 2016-02* effective July 1, 2022 using a modified retrospective approach, also electing the practical expedients package which allows the Company to forego reassessing (i) whether any expired or existing contracts are or contain leases; (ii) the lease classification for any expired or expiring leases; and (iii) initial direct costs for any existing leases. The adoption of *ASU 2016-02* significantly impacts the presentation of the Company's balance sheet and disclosures, but does not materially impact its annual results from operations and cash flows.

On July 1, 2022, the Company recorded total operating lease liabilities of $48.5 million and operating lease right-of-use assets of $43.9 million, net of a deferred rent liability. Recording these items had no impact upon the Company's results from operations, cash flows, or beginning retained earnings for the year ended June 30, 2023.

Course Service and Advertising Costs

Course service and advertising costs are expensed as incurred.

Income Taxes

DeVry uses the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities will be recognized in income in the period that includes the enactment date.

Fair Value Measurements

The carrying value of DeVry's financial instruments approximates fair value due to the relative short-term nature of these instruments. DeVry uses a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either observable directly or indirectly through market corroboration, for substantially the full term of the financial instrument; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. DeVry has no financial instruments utilizing Level 2 or Level 3 inputs for measurement of fair value.

Estimates

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

Subsequent Events

DeVry has evaluated subsequent events through the date of the auditors' report, October 6, 2023, which is the date the accompanying financial statements were available to be issued.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2023:

Building and improvements	$ 13,699,963
Computers and software	8,102,562
Furniture and fixtures	11,888,594
Equipment	48,703,201
Construction in progress	42,386
	82,436,706
Less: accumulated depreciation and amortization	(76,088,958)
	$ 6,347,748

Depreciation and amortization expense related to property and equipment was $4,546,733 for the year ended June 30, 2023.

NOTE 3 – RELATED PARTY TRANSACTIONS

Note Receivable from Stockholder

On September 30, 2021, DeVry and Cogswell entered into a Promissory Note Agreement providing for up to $20.0 million in advances to be made from DeVry to Cogswell. Under the terms of the agreement, outstanding principal advances are unsecured, bear interest at 2.25% and require no payment of principal or interest until maturity on September 30, 2024. As of June 30, 2023, the outstanding principal balance on the note was $20.0 million.

Due from Stockholder

In addition to the funding provided to Cogswell under the terms of the promissory note discussed above, DeVry has also advanced funds to Cogswell for operational needs which are unsecured and contain no provisions for interest or repayment. As of June 30, 2023, total funds advanced amounted to $7,047,701.

NOTE 4 – OTHER NONCURRENT ASSET

The other noncurrent asset included on the accompanying balance sheet represents amounts due to DeVry under the Federal Perkins Loan Program, stated at their outstanding principal amount, net of an allowance for doubtful notes. Prior to the expiration of the program's lending period on July 1, 2018, loans had been made to students based on demonstrated financial need and satisfaction of federal eligibility requirements. Principal and interest payments on loans generally do not commence until after the borrower graduates or otherwise ceases enrollment. DeVry has provided for an allowance for doubtful notes, which is based upon a review of outstanding loans, historical collection information and existing economic conditions. Loans that are delinquent continue to accrue interest. Loans that are past due for at least one payment are considered delinquent. The allowance for doubtful notes under the Perkins Loan Program was approximately $1.25 million as of June 30, 2023.

The SPA provides Cogswell a right of indemnification from Adtalem if (a) DeVry's net proceeds from return of the Institutional Capital Contribution to the Federal Perkins Loan Program are (or are expected to be) less than $13.45 million, (b) DeVry incurs losses arising from its assignment of loans from the Federal Perkins Loan Program to ED, or (c) DeVry incurs losses arising from the required purchase from ED of Federal Perkins Loan Program loans.

NOTE 5 – LEASES

DeVry operates its corporate office and campuses under the terms of noncancelable lease agreements expiring at various times through December 2034. The facility leases generally contain stipulated annual increases to base rent and require the payment of certain operating expenses in addition to the base monthly rent. There are no early termination penalties, residual value guarantees, restrictions or covenants imposed by the facility leases.

Lease Liability and Right-of-Use Asset

The Company determines a contract to represent a lease when it conveys the right to control the use of identified property, plant or equipment, in exchange for consideration. Upon identification and commencement of a lease, a right-of-use (ROU) asset and a lease liability are established.

The lease liability represents future lease payments for lease and non-lease components discounted for present value. Generally, rent escalation clauses which are specifically stated are included within the lease liability; options to extend are included within minimum lease terms when they are reasonably certain to be exercised. Payments for leases that are less than 12 months in length, as well as other variable lease payments for lease and non-lease components which are not based on an index or rate, are excluded from the calculation of the lease liability and are recognized within operations in the period incurred; short-term lease payments are recognized on a straight-line basis over the respective lease term.

The ROU asset consists of the amount of the initial measurement of the lease liability and adjusted for any lease incentives, including rent abatements and tenant improvement allowances, and any initial direct costs incurred by the Company. The ROU asset is amortized over the remaining lease term on a straight-line basis and recorded within facilities expense on the accompanying statement of income and retained earnings.

The lease term is determined by taking into account the initial period as stated in the lease contract and adjusted for any renewal options that the Company is reasonably certain to exercise, as well as any period of time that the Company has control of the leased asset before the stated initial term of the lease, when applicable.

Significant Assumptions and Judgments

Upon adoption of *ASU 2016-02* on July 1, 2022, the Company identified its facility leases described above to represent the only operating leases for recognition under the new lease standard; no contracts held by the Company were identified to be a finance lease. For the Company's operating leases, the discount rate implicit was not readily determinable. As such, the Company has elected to utilize risk-free rates ranging from 2.79% to 4.37% to calculate the present value of its operating leases, with a weighted average rate of 2.99% as of June 30, 2023.

As of June 30, 2023, the weighted average remaining lease term was 5.46 years.

The components of the Company's lease expense for the year ended June 30, 2023 are included within facilities expense on the accompanying statement of income and retained earnings, and consisted of the following:

Fixed operating lease expenses	$ 13,891,363
Short-term and other variable operating lease expenses	2,344,190
	$ 16,235,553

For the year ended June 30, 2023, cash paid for amounts in the measurement of the Company's operating lease liabilities was $13,996,081.

As of June 30, 2023, future maturities of the Company's operating lease liabilities were as follows:

Year Ending June 30,	
2024	$ 11,578,282
2025	8,530,694
2026	5,749,429
2027	3,528,823
2028	3,108,147
Thereafter	10,082,839
Future minimum lease payments	42,578,214
Less: imputed interest	(3,592,447)
Present value of future minimum lease payments	38,985,767
Less: current portion	(10,599,065)
	$ 28,386,702

NOTE 6 – LEGAL PROCEEDINGS

The terms of the SPA and certain related amendments provide that Adtalem will indemnify DeVry against and hold DeVry harmless from all damages incurred or suffered by DeVry to the extent arising out of or relating to claims filed against DeVry before the Closing or up to six years thereafter, up to a maximum of $340.0 million. All DeVry legal and regulatory matters pending at the time of the close of the transaction, including those described below, have been tendered to Adtalem under the SPA, and Adtalem has accepted such tender and agreed to defend and indemnify DeVry against such matters per the SPA. As of the date of the accompanying auditors' report, DeVry believes it has adequately reserved for potential losses.

The following is a description of pending legal and regulatory matters that may be considered other than ordinary, routine and incidental to the business. The timing or outcome of the following matters, or their possible impact on DeVry's business, financial condition, or results of operations, cannot be predicted at this time. The continued defense, resolution, or settlement of any of the following matters could require DeVry to expend significant resources and could have a material adverse effect on the business, financial condition, results of operations and cash flows and result in the imposition of significant restrictions on DeVry's ability to operate.

Matters for Which Adtalem has Agreed to Defend and Indemnify DeVry

On April 13, 2018, a putative class action lawsuit was filed by Nicole Versetto, individually and on behalf of others similarly situated, against Adtalem, DeVry and DeVry/New York Inc. (collectively the "Adtalem Parties") in the Circuit Court of Cook County, Illinois, Chancery Division. The complaint was filed on behalf of herself and three separate classes of similarly situated individuals who were citizens of the State of Illinois and who purchased or paid for a DeVry program between January 1, 2008 and April 8, 2016. The plaintiff claimed that defendants made false or misleading statements regarding DeVry's graduate employment rate and asserts causes of action under the Illinois Uniform Deceptive Trade Practices Act, Illinois Consumer Fraud and Deceptive Trade Practices Act, and Illinois Private Business and Vocational Schools Act, and claims of breach of contract, fraudulent misrepresentation, concealment, negligence, breach of fiduciary duty, conversion, unjust enrichment, and declaratory relief as to violations of state law. The plaintiff sought compensatory, exemplary, punitive, treble, and statutory penalties and damages, including pre-judgment and post-judgment interest, in addition to restitution, declaratory and injunctive relief, and attorneys' fees. The plaintiff later filed an amended complaint asserting similar claims with a new lead plaintiff, Dave McCormick. After discussions among the parties, the court granted a Motion for Preliminary Approval of Class Action Settlement (the "McCormick Settlement") on May 28, 2020. In conjunction with the McCormick Settlement, Adtalem was required to establish a settlement fund by placing $44.95 million into an escrow account. The court issued an order approving the McCormick Settlement on October 7, 2020 and dismissed the action with prejudice. On November 2, 2020, Stoltmann Law Offices filed on behalf of Jose David Valderrama ("Valderrama"), a class member who objected to the terms of the McCormick Settlement, a notice of appeal of the court's order approving the McCormick Settlement. On November 5, 2020, Richardo Peart ("Peart"), another class member who objected to the terms of the McCormick Settlement, filed a similar notice of appeal. Those appeals were consolidated before the Appellate Court of Illinois, First District and fully briefed. The Appellate Court agreed to stay Valderrama's and Peart's appeals of the McCormick Settlement pending the outcome of mediation involving the objections to the McCormick Settlement. The objections were not resolved at a mediation on February 1, 2022. Valderrama's objection was withdrawn as part of the Stoltmann settlement discussed below. Peart's objection remained pending a decision by the Appellate Court. On May 4, 2022, the Appellate Court denied Peart's objection and affirmed the Circuit Court of Cook County's approval of the McCormick Settlement. Adtalem settled with Peart, and the $44.95 million McCormick Settlement became final. The $44.95 million settlement fund was reduced by $8.92 million reflecting an offset of amounts paid to the Settlement Class. Adtalem received the $8.92 million return of escrow on July 18, 2023. The remaining $36.03 million settlement fund has been distributed to the Settlement Class.

In addition to Valderrama, Stoltmann Law Offices represented 552 individuals ("Stoltmann Claimants") who opted out of the McCormick Settlement and filed claims with the Judicial Arbitration and Mediation Services, Inc. ("JAMS") alleging fraud-based claims based on DeVry's graduate employment statistics.

On November 2, 2021, Adtalem Parties and the Stoltmann Law Offices participated in a mediation to resolve the claims of the Stoltmann Claimants. Adtalem Parties and the Stoltmann Law Offices reached agreement on settlement terms ("Stoltmann Settlement"). The settlement amount, $20,375,000, was reduced by $75,000 for each of the Stoltmann Claimants that declined to participate in the settlement. Of Stoltmann's 552 Claimants, six declined to participate, reducing the settlement amount by $450,000. On February 28, 2022, Adtalem remitted $19,925,000 to the Stoltmann Laws Offices on behalf of the 546 participating Stoltmann Claimants. Of the six Stoltmann Claimants that declined to participate in the settlement, two voluntarily dismissed their arbitrations, one arbitration was voluntarily stayed at the Claimant's request, and three Claimants have not recommenced their arbitrations.

On June 23, 2020, DeVry received notice from ED of claims brought under 34 CFR §§ 685.206 and 685.222, which allows students who used federal student loan funds to attend DeVry to apply for a discharge of some or all of their federal student loans based on certain types of alleged misconduct by DeVry. These regulations are known as the Borrower Defense to Repayment (BDR) regulations. Pursuant to these regulations, ED has initiated a fact-finding process in these matters so that it may begin to adjudicate these applications. This process begins with ED sending each claim and any supporting documentation to DeVry, and DeVry must respond to the claim. DeVry communicated with ED to clarify the fact-finding process, and in July 2020 ED told DeVry to expect approximately 8,000 claims. On April 19, 2021, DeVry received a follow up letter from ED indicating that ED had received 2,100 additional claims since June 2020, and DeVry received approximately 1,100 additional claims by July 2021. As of June 2, 2023, DeVry had received a total of approximately 47,000 claims, the majority of which have been received on a weekly basis since February 2022. The majority of these claims are similar to the allegations made by the FTC in its 2016 complaint against DeVry. DeVry continues to submit responses to the BDR claims to ED on a rolling basis, with approximately 18,300 responses submitted to date. Outside counsel has engaged contract paralegals and contract attorneys to assist in producing responses for the remaining open claims in an organized and efficient fashion. If ED grants a borrower-defense application and discharges the borrower's debt, the regulations state that the ED can initiate proceedings to recover/recoup the discharged amount from the school with which that debt was associated.

By a letter dated August 15, 2022, ED notified DeVry that it was initiating a recovery proceeding for approximately $23.0 million in discharged student loan proceeds on behalf of 649 borrowers who attended DeVry between 2008 and 2015 unless it contests the decision.

On October 11, 2022, DeVry submitted a request for a hearing before the ED Office of Hearings and Appeals to contest the ED demand for recoupment (thereby staying the repayment demand) and simultaneously filed a request for relief challenging the action in the United States District Court for the Northern District of Illinois, now pending before the Honorable Nancy Maldonado (*DeVry University, Inc. v. U.S. Dep't of Educ., et al*., No. 1:22-cv-05549 (N.D. Ill. Oct. 11, 2022)). On January 23, 2023, ED's Administrative Law Judge (ALJ) heard oral arguments on the issues raised in the parties' briefs filed in December on how the matter should proceed. On April 6, 2023, ED's ALJ entered an order in the administrative action granting DeVry's request to bifurcate the proceeding, clarifying the limitations of ALJs' authority and denying DeVry's request for a stay of the administrative proceedings. On May 12, 2023, ED's ALJ entered a scheduling order for phase one of the proceeding. Phase one of the administrative action will determine whether DeVry's acts or omissions gave rise to valid borrower defense claims, as opposed to phase two, which will determine if ED properly granted borrower defense relief the Department is entitled to recoup from DeVry. The ALJ set a phase one hearing date for July 10, 2023. On May 23, 2023, the parties jointly moved for the ALJ to continue the phase one hearing until January 22, 2024. On June 2, 2023, the ALJ denied the parties request and ordered the parties to propose a new joint schedule with a phase one hearing date during the week of September 25, 2023. On June 22, the ALJ entered a revised scheduling order setting the phase one hearing date for January 22, 2024, as the parties had originally requested.

On December 23, 2022, ED filed a motion to dismiss the court case and supporting memorandum arguing the case was not ripe because DeVry had not exhausted the administrative process through to final agency action. DeVry's opposition to the motion to dismiss was filed February 3, 2023, and ED's reply was filed on March 3, 2023. On June 2, 2023, the case was reassigned to the Honorable LaShonda A. Hunt. On July 10, 2023, DeVry filed its First Amended Complaint following the Supreme Court's recent decision in *Axon Enterprise, Inc. v. Fed. Trade Commission*, which allowed DeVry to raise new constitutional challenges and seek an injunction staying the administrative proceeding pending resolution of such challenges in federal court. The motion is now fully briefed, and an in-person hearing took place on August 31, 2023.

On June 23, 2022, plaintiffs in *Sweet v. Cardona*, pending in the United States District Court for the Northern District of California, filed a proposed class action settlement with ED. Among other things, the settlement proposes to automatically discharge all borrower defense claims filed with ED through June 22, 2022, for borrowers who attended schools listed on Exhibit C to the settlement agreement. DeVry is one of the 153 schools listed on Exhibit C. Four institutions moved to intervene in the case to assert the rights of institutions under the settlement agreement. In opposition to the motions to intervene, ED filed an affidavit stating that discharges under the settlement are not considered adjudications under the borrower defense regulations including for purposes of recoupment and that inclusion on Exhibit C is not equivalent to a finding of misconduct by the institutions. On August 4, 2022, the Court held a hearing during which it granted the motions to intervene and preliminarily approved the settlement. The hearing for final approval of the settlement occurred on November 9, 2022. On January 26, 2023, the Court held a status conference during which it addressed the schedule for the motion to stay the settlement relief pending the intervenor schools' appeals. On February 15, 2023, Court ordered that ED may implement the settlement as to the claims relating to the schools on Exhibit C. On April 13, 2023, the Supreme Court denied a petition filed by the three intervenors that asked the Court to stay the settlement. Due to publicity regarding the settlement and certain presumptions included in the settlement for BDR claims filed before final approval, DeVry has seen and expects to continue to see an increased number of BDR claims to be filed going forward. ED's response brief was due on July 3, 2023. On March 22, 2023, DeVry wrote to ED explaining that all Direct or FFEL loans held by DeVry students who submitted BDR applications prior to or on June 22, 2022 would be automatically discharged pursuant to the *Sweet* settlement, and since those loans were not being discharged pursuant to the BDR process, ED does not have a basis to seek recoupment. At this time, ED has not responded to DeVry's March letter.

Matters for Which DeVry is Not Entitled to Indemnification under the SPA

On March 3, 2023, DeVry was served with the class action lawsuit, *Shantel Broadnax vs. DeVry University*. The plaintiff alleges that DeVry violated the Telephone Consumer Protection Act (TCPA) and the Florida Telephone Solicitation Act (FTSA) by sending unsolicited text messages and continuing to do so after the plaintiff opted out of these solicitations. DeVry was granted an extension until September 13, 2023, to answer the complaint and discovery requests while in settlement discussions with opposing counsel. After settlement discussions ended, on September 13, 2023, DeVry filed its answer to the complaint.

NOTE 7 – INCOME TAXES

For the year ended June 30, 2023, the provision (benefit) for income taxes consisted of the following:

Current:	
Federal	$ 10,894,571
State	3,073,765
	13,968,336
Deferred:	
Federal	(2,532,986)
State	(955,515)
	(3,488,501)
	$ 10,479,835

As of June 30, 2023, total deferred tax assets recognized for deductible temporary differences were approximately $10.0 million and have resulted primarily from DeVry's future deductible temporary difference related to its accruals; total deferred tax liabilities recognized for taxable temporary differences were approximately $1.8 million and have resulted primarily from depreciation.

NOTE 8 – 401(K) RETIREMENT PLANS

DeVry maintains two 401(k) retirement plans covering virtually all employees immediately upon hire date. DeVry makes matching contributions to one of the plans in an amount up to 6.0% of eligible contributions that colleagues make to the plan. In addition, DeVry may also make discretionary contributions for the benefit of all eligible colleagues who have at least 90 days of employment. DeVry made matching contributions of approximately $5.4 million to the plan during the year ended June 30, 2023.

NOTE 9 –REGULATORY MATTERS

DeVry is subject to extensive regulation by federal and state governmental agencies and accrediting bodies. In particular, the Higher Education Act (the Act) and the regulations promulgated thereunder by ED subject DeVry to significant regulatory scrutiny on the basis of numerous standards that schools must satisfy in order to participate in the various federal student financial assistance programs under Title IV of the Act. These standards include, among others, financial responsibility, student default rates, and the "90/10" rule. Ineligibility to participate in the Title IV programs would have a material adverse effect on DeVry's enrollments, revenue, and results of operations.

Institutions participating in Title IV programs are required by ED to demonstrate financial responsibility. ED determines an institution's financial responsibility through the calculation of a composite score based upon certain financial ratios as defined in regulations. Institutions receiving a composite score of 1.5 or greater are considered fully financially responsible. Institutions receiving a composite score between 1.0 and 1.4 are subject to additional monitoring. Institutions receiving a composite score below 1.0 are required to submit financial guarantees in order to continue participation in the Title IV programs. ED evaluates DeVry's composite score utilizing financial statements prepared on a consolidated basis with Cogswell, Cogswell's sole member and two other institutions under common ownership. As of and for the year ended June 30, 2023, the composite score derived from the consolidated entities' financial statements was greater than 1.5.

For each federal fiscal year, ED calculates a rate of student defaults for each educational institution known as a "cohort default rate". Under certain defined circumstances, an institution may lose its eligibility to participate in some or all Title IV programs. As of June 30, 2023, management believes that DeVry was in compliance with ED's requirements concerning cohort default rates.

Substantial portions of DeVry's revenue and collection of accounts receivable are dependent upon its continued participation in the Title IV programs of the Act. To continue to participate in the Title IV programs, DeVry must comply with certain regulations of ED. ED regulations restrict the proportion of cash receipts for tuition and fees from eligible programs to not more than 90 percent from the Title IV programs. The failure of an institution to meet the 90 percent limitation could result in the loss of an institution's ability to participate in Title IV programs. For the year ended June 30, 2023, DeVry was in compliance with the 90/10 rule. ED requires an institution to provide additional disclosures with respect to the 90/10 rule, which are included in the accompanying supplementary information beginning on page 18.

As a result of operating in a highly regulated industry, DeVry may be subject from time to time to audits, investigations, claims of noncompliance or lawsuits by governmental agencies, regulatory bodies, or other 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 DeVry's business, results of operations or financial condition, management believes that since its acquisition by Cogswell, DeVry has substantially complied with all regulatory requirements.

On November 1, 2016, ED published regulations on the topic of BDR which went into effect in October 2018. On September 23, 2019, ED published regulations on this topic which largely became effective July 1, 2020. The regulations allow a borrower to assert a defense to repayment based upon defined criteria and establish certain triggers which would require an institution to provide ED with additional reporting and/or financial guarantees. Management believes that DeVry is in compliance with the applicable regulations in all material respects.

On November 1, 2022, ED's final borrower defense to repayment rules were published, with an effective date of July 1, 2023. The final rule overhauls regulations for borrower defenses to repayment, pre-dispute arbitration agreements and class action waivers, total and permanent disability, closed school and false certification loan discharges, and interest capitalization.

NOTE 10 – CONCENTRATION OF CREDIT RISK

As of June 30, 2023, DeVry maintained cash and cash equivalent balances with banks in excess of the federally insured limit.

DEVRY UNIVERSITY, INC.
(A Wholly-Owned Subsidiary of Cogswell Education, LLC)
Supplementary Information
(Information Required by the U.S. Department of Education)
June 30, 2023

Institution's Calculation of 90/10 Revenue Test

DeVry University, Inc., (the Institution) derives a substantial portion of its revenues from Student Financial Aid (SFA) received by its students under the Title IV programs administered by the U.S. Department of Education pursuant to the Higher Education Act of 1965, as amended (HEA). To continue to participate in the SFA programs the Institution must comply with the regulations promulgated under HEA. The regulations restrict the proportion of cash receipts for tuition and fees from eligible programs to not more than 90 percent from the Title IV programs. In July 2008, modifications to the regulations were made with respect to amounts to be included in the 90 percent calculations including the allowance for the inclusion of funds received for certain qualifying non-Title IV programs. In addition, the modifications included provisions for institutions that do not comply with the 90 percent rule for a single fiscal year, whereby such institutions would be placed on provisional certification status for a period of two years. Institutions that do not comply with the 90 percent rule for two consecutive fiscal years are subject to the loss of their ability to participate in the SFA programs.

For the year ended June 30, 2023, the Institution's 90/10 revenue test percentage was computed as follows:

Revenue by Fund Source	Amount Disbursed	Adjusted Amount
Adjusted Student Title IV Revenue		
Subsidized Loan	$ 103,584,312	$ 103,584,312
Unsubsidized Loan	177,477,847	177,477,847
Federal Pell Grant	121,065,042	121,065,042
FSEOG (subject to matching reduction)	6,522,765	4,892,074
Federal Work Study applied to tuition and fees	-	-
Federal Direct PLUS Loan	5,293,171	5,293,171
All Other Title IV Loans and Grants	-	-
Student Title IV Revenue	$ 413,943,137	$ 412,312,446
Revenue Adjustment If the amount of funds applied first plus Student Title IV revenue is more than tuition and fees, then reduce Title IV revenue by the amount over tuition and fees		(96,996,841)
Title IV funds returned for a student under 34 C.F.R. § 668.22 (withdrawal), reduce Student Title IV Revenue		(20,941,082)
Adjusted Student Title IV Revenue		$ 294,374,523

Revenue by Fund Source		Amount Disbursed	Adjusted Amount	
Student Non-Title IV Revenue				
Grant funds for the student from non-Federal public agencies or private sources independent of the institution	$	9,419,006		
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		-		
Funds used by a student from savings plans for educational expenses established on or behalf of the student that qualify for special tax treatment under the Internal Revenue Code		-		
Institutional scholarships disbursed to the student		-		
Student payments		76,127,050		
Student Non-Title IV Revenue	$	85,546,056		
Revenue from Other Sources (Totals for the Fiscal Year)				
Activities conducted by the school that are necessary for education and training	$	-		
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		-		
Allowable student payments + allowable amounts from account receivable or institutional loan sales - any required payments under a recourse agreement		-		
Revenue from Other Sources	$	-		
Adjusted Title IV Revenue			$ 294,374,523	
Adjusted Title IV Revenue + Adjusted Student Non-Title IV Revenue + Total Revenue from other sources			$ 379,920,579	77.48%

This information is required by the U.S. Department of Education and is presented for purposes of additional analysis and is not a required part of the financial statements.

Institution's Calculation of Composite Score

ED evaluates the Institution's composite score utilizing financial statements prepared on a consolidated basis which include the Institution's sole member, Cogswell Education, LLC (Cogswell), Cogswell's sole member Cogswell Capital, LLC, and two other institutions under common ownership. As of and for the year ended June 30, 2023, the composite score derived from the consolidated entities' financial statements was greater than 1.5. The financial components utilized for the composite score calculation applicable to the Institution as of and for the year ended June 30, 2023 can be found in the consolidated financial statements of Cogswell Capital, LLC.

Related Party Transactions

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

Organization

The Institution is an Illinois corporation formed in 2002 when DeVry Institute of Technology (DeVry Institute) and Keller Graduate School of Management, Inc. (Keller) were merged into a single accredited institution, which was approved by the Higher Learning Commission (HLC) of the North Central Association of Colleges and Schools. DeVry Institute was founded in 1931 as DeForest Training School by Dr. Herman DeVry and renamed in 1968. Keller was founded in 1973 by Dennis Keller and Ronald Taylor and acquired DeVry Institute in 1987. The Institution's mission is to close our society's opportunity gap by preparing learners to thrive in careers shaped by continuous technological change. Through innovative programs, relevant partnerships and exceptional care, the Institution empowers students to meaningfully improve their lives, communities, and workplaces. The Institution offers online and hybrid undergraduate and graduate programs in academic disciplines that prepare students to thrive in the digital economy.

Note Receivable from Stockholder

On September 30, 2021, the Institution and its stockholder, Cogswell Education, LLC (Cogswell), entered into a Promissory Note Agreement providing for up to $20.0 million in advances to be made from the Institution to Cogswell. Under the terms of the agreement, outstanding principal advances are unsecured, bear interest at 2.25% and require no payment of principal or interest until maturity on September 30, 2024. As of June 30, 2023, the outstanding principal balance on the note was $20.0 million.

Due from Stockholder

In addition to the funding provided to Cogswell under the terms of the promissory note discussed above, the Institution has also advanced funds to Cogswell for operational needs which are unsecured and contain no provisions for interest or repayment. As of June 30, 2023, total advanced funds amounted to $7,047,701.

This information is required by the U.S. Department of Education and is presented for purposes of additional analysis and is not a required part of the financial statements.

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

To the Board of Directors and
Stockholder of DeVry University, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of DeVry University. Inc. (DeVry, an Illinois corporation and wholly-owned subsidiary of Cogswell Education, LLC), which comprise the balance sheet as of June 30, 2023, and the related statements of income and retained earnings and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 6, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered DeVry's internal control over financial reporting (internal control) to determine 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 DeVry's internal control. Accordingly, we do not express an opinion on the effectiveness of DeVry'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 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether DeVry's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. Such tests included compliance tests as set forth in the *Guide for Audits of Proprietary Schools and for Compliance Attestation Engagements of Third-Party Servicers Administering Title IV Programs, issued by the U.S. Department of Education, Office of Inspector General* (the Guide), including those relating to related parties and percentage of revenue derived from Title IV programs. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Almich & Associates

Lake Forest, California
October 6, 2023