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Clinical and Patient Educators Association
and UMA Education, Inc.
d/b/a Ultimate Medical Academy
and AI Education, LLC
d/b/a American Institute

Consolidated Financial Statements
and Supplementary Information

December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
Clinical and Patient Educators Association
and UMA Education, Inc.
d/b/a Ultimate Medical Academy
and AI Education, LLC
d/b/a American Institute
Denver, Colorado

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy and AI Education, LLC d/b/a American Institute which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy and AI Education, LLC d/b/a American Institute as of December 31, 2023, and the changes in its net assets 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 ("Government Auditing Standards"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy and AI Education, LLC d/b/a American Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy and AI Education, LLC d/b/a American Institute's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy and AI Education, LLC d/b/a American Institute'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 the Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy and AI Education, LLC d/b/a American Institute's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Financial Responsibility Supplemental Schedule, as required by 34 C.F.R Section 668.172 and Appendix A to Subpart L of Part 668; and the consolidating statement of financial position and consolidating statement of activities and changes in net assets as required by management; and the supplementary information – debt service coverage ratio as required by the bank and bondholders, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024 on our consideration of the Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy and AI Education, LLC d/b/a American Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy and AI Education, LLC d/b/a American Institute'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 Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy and AI Education, LLC d/b/a American Institute's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Symphona LLP".

Savannah, Georgia
March 21, 2024

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC. d/b/a ULTIMATE MEDICAL ACADEMY
AND AI EDUCATION, LLC. d/b/a AMERICAN INSTITUTE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	144,620,674
Available for sale investments		102,193,586
Student accounts receivable, net of allowance for credit losses of \$12,354,930		24,952,390
Escrow receivable, current portion		364,000
Inventories		552,125
Prepaid expenses		10,489,546
Total current assets		283,172,321

PROPERTY AND EQUIPMENT

Furniture and fixtures		3,267,824
Equipment		23,496,409
Leasehold improvements		11,713,228
		38,477,461
Less accumulated depreciation		30,622,430
		7,855,031
Construction in progress		3,825,873
		11,680,904

OTHER ASSETS

Investments held at fair value – debt service reserve fund		20,198,536
Right-of-use assets held under operating leases, net		26,224,403
Sublease receivable		477,414
Escrow receivable, net of current portion		7,200,000
Intangibles, net of accumulated amortization of \$8,066,811		224,364,063
Goodwill		96,654,638
Deposits		733,830
		375,852,884
	\$	670,706,109

See Notes to Consolidated Financial Statements.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of bonds payable	\$ 6,880,000
Current portion of operating lease obligations	6,154,522
Accounts payable	12,506,418
Student refunds payable	575,315
Accrued expenses	23,661,794
Unearned tuition	42,631,853
Total current liabilities	<u>92,409,902</u>

BONDS PAYABLE, net of current portion 231,545,512

OPERATING LEASE OBLIGATIONS, net of current portion 31,043,109

OTHER LONG-TERM LIABILITIES 2,127,320

NET ASSETS

Without donor restrictions 313,580,266

\$ 670,706,109

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC. d/b/a ULTIMATE MEDICAL ACADEMY
AND AI EDUCATION, LLC. d/b/a AMERICAN INSTITUTE

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
(WITHOUT DONOR RESTRICTIONS)
Year Ended December 31, 2023

OPERATING ACTIVITIES	
REVENUES	
Tuition, grants, and fees, net	\$ 366,497,128
EXPENSES	
Educational Services	
Instructional costs	46,951,604
Academic support and student services	173,301,599
Total educational services	220,253,203
Support Services	
Institutional support	83,182,940
Depreciation and amortization	3,044,159
Interest expense	11,273,373
Total support services	97,500,472
Total expenses	317,753,675
Change in net assets from operating activities	48,743,453
NON-OPERATING ACTIVITIES	
Loss on disposal of capital assets	(4,027,380)
Gain on divestiture, net	207,792
Investment gains, net	12,053,660
	8,234,072
CONSOLIDATED CHANGES IN NET ASSETS	56,977,525
NET ASSETS - beginning of year	256,602,741
NET ASSETS - end of year	\$ 313,580,266

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC. d/b/a ULTIMATE MEDICAL ACADEMY
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CONSOLIDATED STATEMENT OF CASH FLOWS
(WITHOUT DONOR RESTRICTIONS)

CASH FLOWS FROM OPERATING ACTIVITIES	
Consolidated changes in net assets	\$ 56,977,525
Adjustments to reconcile consolidated changes in net assets to net cash provided by operating activities	
Depreciation and amortization	3,044,159
Reduction of right-of-use assets held under operating leases	4,953,724
Net amortization of bond premiums and discount	(1,348,802)
Net gain on investments	(12,053,660)
Loss on disposal of capital assets	4,027,380
Bad debts	20,766,635
Changes in operating assets and liabilities	
(Increase) decrease in assets	
Student accounts receivable	(25,708,827)
Inventories	490,294
Prepaid expenses	6,325,308
Sublease receivable	457,541
Escrow receivable	450,000
Deposits	(700)
Increase (decrease) in liabilities	
Accounts payable	3,991,438
Student refunds payable	(17,336)
Accrued expenses	(3,054,100)
Unearned tuition	(22,964)
Operating lease obligations	(5,494,324)
Other long-term liabilities	712,147
Net cash provided by operating activities	<u>54,495,438</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(42,997,820)
Proceeds from sale of investments	2,280,140
Acquisitions, net of cash acquired	(11,290,835)
Purchase of property and equipment	(4,324,122)
Net cash used in investing activities	<u>(56,332,637)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of principal on bonds payable	(6,555,000)
DECREASE IN CASH AND CASH EQUIVALENTS	(8,392,199)
BEGINNING CASH AND CASH EQUIVALENTS	<u>153,012,873</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 144,620,674</u>

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC. d/b/a ULTIMATE MEDICAL ACADEMY
AND AI EDUCATION, LLC d/b/a AMERICAN INSTITUTE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

NOTE 1. BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Clinical and Patient Educators Association (the "Association") is a not-for-profit organization as outlined in Internal Revenue Code Section 501(c)(3). The Association was formed to develop quality, innovative education for healthcare practitioners and the patient communities they serve. The Association is accredited by the Accreditation Council for Continuing Medical Education.

UMA Education, Inc. d/b/a Ultimate Medical Academy (the "Academy"), is a consolidated subsidiary of the Association. The Academy was formed as a charitable nonstock corporation in the State of Delaware. The Association is the sole member of the Academy. The Academy is consolidated in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 958-810, *Not-for-Profit Entities, Consolidation*.

The Academy is a school which provides the following vocational programs:

- Dental Assistant with Expanded Functions
- Emergency Medical Technician
- Health Information Management – Associate
- Healthcare Management – Associate
- Health Science – Associate
- Health and Human Services – Associate
- Healthcare Accounting – Associate
- Medical Administrative Assistant
- Medical Assistant
- Medical Billing and Coding
- Medical Billing and Coding – Associate
- Medical Office and Billing Specialist
- Nursing Assistant
- Patient Care Technician
- Pharmacy Technician
- Phlebotomy Technician

The Academy delivers programs online, as well as at their ground campuses located in Clearwater and Tampa, Florida. The Academy is accredited through February 28, 2027, by the Accrediting Bureau of Health Education Schools. In addition to vocational education, the Academy provides continuing medical education programs through online learning and on-ground conferences across the United States of America. The Academy's continuing medical education courses are accredited by the Accreditation Council for Continuing Medical Education.

Nasium Training, LLC ("Nasium") is a wholly owned subsidiary of the Academy and a disregarded entity for tax purposes. Nasium provides workforce training.

AI Education, LLC d/b/a American Institute (the "Institute") is a wholly owned subsidiary of the Academy and is a disregarded entity for tax purposes. The Institute is accredited by ABHES and regulated as a for-profit entity under United States Department of Education regulations. The Institute has campus locations in West Hartford, Connecticut and Cherry Hill, Clifton, Somerset, and Toms River, New Jersey.

The Institute is a school which provides the following vocational programs:

- Dental Assisting
- Diagnostic Medical Sonography
- Electrical Trades Technology
- Massage Therapy
- Medical Assisting
- Medical Billing and Coding
- Nurse's Aide

The Academy and the Institute will be hereinafter referred to collectively as the "Schools".

The Association, the Academy, and the Institute will be hereinafter referred to collectively as the "Organization".

Basis of Accounting and Consolidation

The accompanying consolidated financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The Association consolidates the Academy and eliminates intercompany transactions in consolidation.

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC. d/b/a ULTIMATE MEDICAL ACADEMY
AND AI EDUCATION, LLC d/b/a AMERICAN INSTITUTE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

NOTE 1. BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentations

The Organization's net assets, revenues, expenses, and gains or losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions – Net assets that are subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

When a donor's or grantor's restriction is satisfied, the net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions.

At December 31, 2023, there were no net assets with donor restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

The cost of providing the program and other activities has been summarized on a functional basis in the consolidated statement of activities and changes in net assets. Accordingly, certain costs have been allocated to the program and the supporting service benefited.

Revenue Recognition, Costs, and Unearned Tuition

Tuition revenues are recognized ratably over the term of enrollment, as control of the promised goods or services is transferred to the customers ("students" or "student") in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods or services. Costs of providing services to students are charged to expenses as incurred. Unearned tuition represents amounts remitted by students or on behalf of students through financial aid sources in excess of earned tuition. Amounts collected in advance of providing the instruction are deferred and recognized as revenue when the instruction is provided.

Revenue and costs from medical education conferences are recognized on occurrence of the conference. Amounts collected or disbursed in advance of the conference are held as unearned tuition or prepaid expenses until the conference takes place.

Use of Estimates

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

Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand, checking accounts, money market, and certificates of deposits with a maturity less than 3 months.

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC. d/b/a ULTIMATE MEDICAL ACADEMY
AND AI EDUCATION, LLC d/b/a AMERICAN INSTITUTE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

NOTE 1. BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Student Accounts Receivable and Credit Losses

Student accounts receivable are composed primarily of amounts due from students for tuition and fees. The Academy provides for bad debts using the reserve method. The Academy reserves for 60% of the outstanding balance on students who have graduated or withdrawn. The Academy writes off accounts when students have been inactive for nine months. The Academy has also estimated expected credit losses on current receivables based on historical experience. The Institute reserves against 100% of dropped students, 50% against students who have graduated and made payments within 90 to 180 days, and 100% against students who have graduated and not made payments in over 180 days.

Bad debt expense for the year ended December 31, 2023, was \$20,766,635.

Inventories

Inventories, consisting of books and school supplies, are stated at the lower of cost or net realizable value utilizing the first-in, first-out method.

Prepaid Expenses

At December 31, 2023, prepaid expenses consisted of \$7,144,353 for future continuing medical education conferences, and \$3,345,193 for various items such as insurance, licensing, service fees, and maintenance.

Property and Equipment

Property and equipment, which consist of furniture and fixtures, equipment, and leasehold improvements, are stated at cost and are being depreciated over their estimated useful lives using the straight-line method for financial reporting purposes. Construction in progress, stated at cost, is not depreciated. Maintenance and repairs are charged against earnings when incurred. Major improvements are capitalized.

Depreciation expense for the year ended December 31, 2023, was \$2,739,714.

Investments

Investments are reported at their fair values in the consolidated statement of financial position. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Investments received through gifts are recorded at estimated fair value at the date of donation.

Investments held in the debt service reserve fund are reported at fair value. The debt service reserve fund was established to comply with the loan agreement related to the bonds payable.

(See Note 7 bonds payable.)

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of these investments are determined through third party pricing providers, such as Interactive Data Service.

Net gain/loss on purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Net appreciation (depreciation) includes the gains and losses on investments bought and sold as well as held during the year.

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC. d/b/a ULTIMATE MEDICAL ACADEMY
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

NOTE 1. BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangibles

Intangibles consist of indefinite and fixed life assets. The assets were acquired on March 9, 2015, from a transaction where the Academy acquired substantially all of the assets of Ultimate Medical Academy, LLC (“UMA”). In addition, assets were acquired on September 1, 2023, from a transaction where the Institute acquired substantially all of the assets of AI Holdings Inc. and Fox Institute of Business, Inc. At the date of acquisition, the Academy and Institute performed a valuation to determine the value of the intangible assets.

Indefinite life assets are made up of the trade name Ultimate Medical Academy in the amount of \$65,690,874; the trade names of the continuing medical education groups: Complete Conference Management, and Global Education Group, in the amount of \$4,000,000; and licenses and accreditations in the amount of \$150,000,000, the trade name of American Institute, in the amount of \$2,100,000 and accreditation in the amount of \$1,500,000.

For the year ending December 31, 2023, the Organization determined there was no impairment to indefinite life assets.

Fixed life assets are made up of continuing medical education customer relationships, content, and software totaling \$9,140,000. Each fixed life asset is amortized over its estimated useful life using the straight-line method.

Amortization expense for the year ended December 31, 2023, was \$304,445.

(see Note 2 for Business Acquisition.)

Goodwill

Goodwill represents the excess of the purchase price of an acquired business over the amount assigned to the assets acquired and liabilities assumed. Goodwill is reviewed for possible impairment at least annually or more frequently upon the occurrence of an event or when circumstances indicate that the carrying amount is greater than its fair value. During the year ended December 31, 2023, the Academy determined that there was no impairment to goodwill.

(see Note 2 for Business Acquisition.)

Advertising Costs

Advertising costs, primarily related to admissions, student retention, and career services, are expensed as they are incurred. Advertising costs for the year ended December 31, 2023, were \$57,174,697.

Right-of-Use Assets Held Under Operating Leases

Right-of-use assets held under operating leases, which consist of the right to use real estate and equipment, are recorded as the right to use the underlying asset for the lease term.

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

NOTE 1. BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements

In October 2021, the FASB issued Accounting Standards Update (“ASU”) 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, which requires that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. To achieve this, an acquirer may assess how the acquiree applied Topic 606 to determine what to record for the acquired revenue contracts. Generally, this should result in an acquirer recognizing and measuring the acquired contract assets and contract liabilities consistent with how they were recognized and measured in the acquiree’s financial statements (if the acquiree prepared financial statements in accordance with generally accepted accounting principles [GAAP]). However, there may be circumstances in which the acquirer is unable to assess or rely on how the acquiree applied Topic 606, such as if the acquiree does not follow GAAP, if there were errors identified in the acquiree’s accounting, or if there were changes identified to conform with the acquirer’s accounting policies. In those circumstances, the acquirer should consider the terms of the acquired contracts, such as timing of payment, identify each performance obligation in the contracts, and allocate the total transaction price to each identified performance obligation on a relative standalone selling price basis as of contract inception (that is, the date the acquiree entered into the contracts) or contract modification to determine what should be recorded at the acquisition date. The amendments in this Update also provide certain practical expedients for acquirers when recognizing and measuring acquired contract assets and contract liabilities from revenue contracts in a business combination.

The amendments in this Update primarily address the accounting for contract assets and contract liabilities from revenue contracts with customers in a business combination. However, the amendments also apply to contract assets and contract liabilities from other contracts to which the provisions of Topic 606 apply, such as contract liabilities from the sale of nonfinancial assets within the scope of Subtopic 610-20, Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets.

The amendments in this Update do not affect the accounting for other assets or liabilities that may arise from revenue contracts with customers in accordance with Topic 606, such as refund liabilities, or in a business combination, such as customer-related intangible assets and contract-based intangible assets. For example, if acquired revenue contracts are considered to have terms that are unfavorable or favorable relative to market terms, the acquirer should recognize a liability or asset for the off-market contract terms at the acquisition date.

This guidance is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The amendments in this Update should be applied prospectively to business combinations occurring on or after the effective date of the amendments.

Early adoption of the amendments is permitted, including adoption in an interim period. An entity that early adopts in an interim period should apply the amendments (1) retrospectively to all business combinations for which the acquisition date occurs on or after the beginning of the fiscal year that includes the interim period of early application and (2) prospectively to all business combinations that occur on or after the date of initial application. The Organization is currently evaluating the impact of this new guidance on future consolidated financial statements.

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses. This ASU introduces a “current expected credit loss” (CECL) model which requires all expected credit losses for financial instruments held at the reporting date to be based on historical experience, current conditions, and reasonable supportable forecasts. The CECL model replaces the existing incurred loss method and is applicable to the measurement of credit losses of financial assets, including trade receivables. Effective January 1, 2023, the Organization adopted ASU 2016-13 and determined that adoption had no material impact on our consolidated financial statements relating to the estimation of credit loss related to financial assets, including trade receivables.

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC. d/b/a ULTIMATE MEDICAL ACADEMY
AND AI EDUCATION, LLC d/b/a AMERICAN INSTITUTE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

NOTE 1. BUSINESS ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

The Organization has evaluated the subsequent events through March 21, 2024, the date on which the consolidated financial statements were available to be issued.

NOTE 2. BUSINESS ACQUISITION

On September 1, 2023, the Institute purchased certain assets, liabilities, and the ongoing operations of AI Holdings Inc. and Fox Institute of Business, Inc. The assets include the ongoing business of the campus locations in West Hartford, Connecticut and Cherry Hill, Clifton, Somerset, and Toms River, New Jersey, the ownership and control of which the Academy obtained as of September 1, 2023.

This transaction was recorded in accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 805, *Business Combinations*. The following is a condensed balance sheet showing the fair value of assets acquired and liabilities assumed:

Accounts Receivable, net of allowance for doubtful accounts of \$4,603,796	\$	1,633,282
Inventory		190,663
Prepaid expense		383,628
Property and equipment		1,529,433
Right-of-use assets held under operating leases		3,289,403
Deposits		106,207
Intangible indefinite - Trade Name		2,100,000
Intangible indefinite - Accreditation		1,500,000
Intangible fixed - Curriculums & Programs		940,000
Total identifiable assets acquired		11,672,616
Deferred income		2,166,737
Operating lease obligations		3,289,403
Total liabilities assumed		5,456,140
Net identifiable assets acquired		6,216,476
Less consideration transferred		(11,290,835)
Goodwill	\$	5,074,359

The amounts above have been adjusted for pre-closing activities.

NOTE 3. LETTER OF CREDIT

At December 31, 2023, the Academy has a letter of credit with Cadence Bank, as required by the United States Department of Education, for \$32,190,088. The letter of credit expires on December 31, 2024. The letter of credit is subject to certain financial covenants.

At December 31, 2023, the Institute has a letter of credit with Citibank, as required by the Office of Higher Education, Division of Academic Affairs in the State of Connecticut, for \$40,000, collateralized by a certificate of deposit. The letter of credit expires on August 15, 2035.

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NOTE 4. INVESTMENTS

The following table represents the original cost and estimated fair value of the investments at December 31, 2023:

	Cost	Unrealized Gains	Unrealized Losses	Accrued Interest Income	Fair Market Value
Corporate Bonds	\$ 29,424,459	\$ -	\$ (243,953)	\$ 151,467	\$ 29,331,973
United States Treasury Notes	41,774,127	140,621	-	266,309	42,181,057
Equity Securities	13,937,224	2,468,776	-	-	16,406,000
Federal Home Loan Mortgages	6,462,195	-	(491,226)	33,713	6,004,682
Commercial Paper	2,764,280	-	-	63,400	2,827,680
Certificates of Deposit, with maturities over 3 months	25,537,457	-	-	31,635	25,569,092
Money market funds	71,343	-	-	295	71,638
Total	\$ 119,971,085	\$ 2,609,397	\$ (735,179)	\$ 546,819	\$ 122,392,122

The following table represents the original cost and estimated fair value of the investments at December 31, 2023, by contractual maturity:

	Cost	Fair Market Value
Non-mortgage backed securities:		
Due in one year or less	\$ 58,351,442	\$ 60,697,213
Due after one year through five years	42,658,626	43,108,683
Due after five years through ten years	12,498,822	12,581,544
Due after ten years	-	-
Total non-mortgage backed securities	113,508,890	116,387,440
Residential mortgage backed securities	6,462,195	6,004,682
Total	\$ 119,971,085	\$ 122,392,122

Expected maturities will differ from contractual maturities, because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

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NOTE 4. INVESTMENTS (continued)

The following table summarizes investments with unrealized losses at December 31, 2023, aggregated by length of time in a continuous loss position:

	Less Than Twelve Months		Twelve Months or More	
	Unrealized	Fair	Unrealized	Fair
	Losses	Market Value	Losses	Market Value
United States Treasury Notes	\$ -	\$ -	\$ (302,313)	\$ 16,620,091

At December 31, 2023, the Academy held seven United States Treasury Notes that were in an unrealized loss position. The unrealized loss was attributable to changes in interest rates, not credit quality. Additionally, the contractual terms of this investment does not permit the issuer to settle at a price less than the amortized cost of the investment. Because the Academy does not intend to sell these notes and it is likely that it will not be required to sell the notes before recovery of its original cost base, which may be maturity, the Academy does not consider these notes to be other-than-temporarily impaired at December 31, 2023.

NOTE 5. FAIR VALUE MEASUREMENTS

FASB ASC 820-10 *Fair Value Measurements and Disclosures* ("FASB ASC 820-10") established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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NOTE 5. FAIR VALUE MEASUREMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of:

	Fair Value Measurements as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Corporate Bonds	\$ -	\$ 29,331,973	\$ -	\$ 29,331,973
United States Treasury Notes	-	42,181,057	-	42,181,057
Equity Securites	-	16,406,000	-	16,406,000
Federal Home Loan Mortgages	-	6,004,682	-	6,004,682
Certificates of Deposit, with maturities over 3 months	-	25,569,092	-	25,569,092
Commercial paper	-	2,827,680	-	2,827,680
Total investments at fair value	\$ -	\$ 122,320,484	\$ -	\$ 122,320,484

	Investments at Fair Value as of December 31, 2023		
	Level 1, 2, 3	NAV (a)	Total
Corporate Bonds	\$ 29,331,973	\$ -	\$ 29,331,973
United States Treasury Notes	42,181,057	-	42,181,057
Equity Securites	16,406,000	-	16,406,000
Federal Home Loan Mortgages	6,004,682	-	6,004,682
Certificates of Deposit, with maturities over 3 months	25,569,092	-	25,569,092
Commercial paper	2,827,680	-	2,827,680
Money market funds	-	71,638	71,638
Total investments at fair value	\$ 122,320,484	\$ 71,638	\$ 122,392,122

(a) These funds were measured at Net Asset Value ("NAV") per share in accordance with ASC Subtopic 820-10, and have not been classified in the fair value hierarchy. The fair value amounts presented permit reconciliation of the fair value hierarchy to the line item presented in the consolidated statement of activities and changes in net assets.

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NOTE 6. LEASES

The Organization has entered into various written agreements to lease facilities, and equipment under noncancelable leases. The leases range in duration from one to ten years and, in most instances, provide for renewal options. The Organization analyzes each lease agreement to determine whether it should be classified as a finance lease or an operating lease. The Organization records on the consolidated statement of financial position significant asset and liability balances associated with the operating leases, as described further below.

Operating lease agreements are primarily for real estate space and are included within ROU assets and lease liabilities related to operating lease obligations on the consolidated statement of financial position. The terms of the Organization's operating leases vary and generally contain renewal options. Certain of these operating leases provide for increasing rent over the term of the lease. The Organization also leases certain equipment under noncancelable operating leases, which are typically for terms of 60 months or less.

Leases with a term of less than one year are recorded as lease expense.

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date of the lease based on the estimated present value of lease payments over the lease term. The Organization's variable lease payments consist of non-lease services related to the lease. Variable lease payments are excluded from the ROU assets and lease liabilities and are recognized in the period in which the obligation for those payments is incurred. As most of the Organization's leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Many of the Organization's lease agreements include options to extend the lease, which the Organization does not include in its minimum lease terms unless they are reasonably certain to be exercised.

Remaining lease term and discount rate as of December 31, 2023:

Weighted average remaining operating lease term, in months	66.64
Weighted average operating lease discount rate	7.21%

The components of lease cost were as follows as of December 31, 2023:

Operating lease cost	\$ 6,384,807
Short-term lease cost	<u>522,394</u>
Net lease cost	<u><u>\$ 20,728,510,201</u></u>

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NOTE 6. LEASES (continued)

As of December 31, 2023, maturities of lease liabilities were as follows:

Year Ended December 31,	Operating Leases
2024	\$ 8,573,298
2025	8,625,120
2026	7,558,269
2027	7,417,174
2028	5,827,708
Thereafter	7,364,860
	45,366,429
Less amount representing interest	(8,168,798)
Present value of net minimum lease payment	\$ 37,197,631

NOTE 7. BONDS PAYABLE

Bonds payable as of December 31, 2023, consist of the following:

Series 2019A Nontaxable Bonds - par value of bonds outstanding	\$ 154,905,000
Bond premium, net of accumulated amortization of \$7,026,935	12,926,986
	167,831,986
Series 2019B Taxable Bonds - par value of bonds outstanding	75,610,000
Bond discount, net of accumulated amortization of \$181,175	(2,335,882)
	73,274,118
Less unamortized bond issuance costs	2,680,592
	\$ 238,425,512

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NOTE 7. BONDS PAYABLE (continued)

Series 2019A Nontaxable Bonds

The following represents the mandatory principal redemptions on the Series 2019A Bonds until maturity on various dates through October 1, 2039, and in aggregate:

<u>Year Ended December 31,</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2024	\$ 6,880,000	5.000%
2025	7,225,000	5.000%
2026	7,590,000	5.000%
2027	7,965,000	5.000%
2028	8,365,000	5.000%
Thereafter	<u>116,880,000</u>	5.000%
	<u>\$ 154,905,000</u>	

Series 2019B Taxable Bonds

The following represents the mandatory principal redemptions on the Series 2019B Bonds until maturity on various dates through October 1, 2049, and in aggregate:

<u>Year Ended December 31,</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2024	\$ -	6.125%
2025	-	6.125%
2026	-	6.125%
2027	-	6.125%
2028	-	6.125%
Thereafter	<u>75,610,000</u>	6.125%
	<u>\$ 75,610,000</u>	

The bonds payable contain various covenants including maintenance of a debt service reserve fund and debt service coverage ratio. The Academy is required to maintain a debt service reserve fund, on an amortized cost basis, equal to the maximum annual principal and interest payments on the outstanding bonds. At December 31, 2023, the debt service reserve fund had a balance of \$20,198,536 held at fair value with an amortized cost basis of \$20,311,465 and was in compliance with this requirement. The Academy is also required to maintain a debt service coverage ratio of not less than 1.25. At December 31, 2023, the debt service coverage ratio was in compliance with this requirement.

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NOTE 8. REVENUE RECOGNITION

The Organization determines revenue recognition through the five-step model outlined in Topic 606, as follows:

1. Identification of the contract with a student;
2. Identification of the performance obligations in the contract;
3. Determination of the transaction price;
4. Allocation of the transaction price to the performance obligations in the contract; and
5. Recognition of revenue when, or as, the Organization satisfies a performance obligation.

The Organization's performance obligations are primarily satisfied over time, as control of the educational goods or services transfers to the student. The Organization's performance obligations include access to the classroom or online class, course materials, and educational instruction. The performance obligations do not meet the criteria for being distinct and do not provide value to the student on a stand-alone basis, and are therefore considered to be a single performance obligation. The transaction price is determined based on the gross price of all performance obligations, net of any expected bad debt or uncollectible charges. The Organization uses the input method to recognize tuition revenue as this method depicts the Organization's performance toward complete satisfaction of the performance obligation.

The timing of billings, cash collections, and revenue recognition results in student accounts receivable (contract assets) and unearned tuition (contract liabilities) on the consolidated statement of financial position. The Organization has various billing and academic cycles and recognizes student receivables when an academic program begins. Students are typically billed after the provisional registration period and again at the start of each payment period. For the majority of students, payment for educational services is due at the beginning of each payment period. Receivables are recognized only to the extent that it is probable that the Organization will collect substantially all of the consideration to which the Organization is entitled in exchange for the goods and services that will be transferred to the student. The Organization receives payments from students before revenue is recognized, and the payments are recorded as contract liabilities in unearned tuition.

The Organization's contracts with students include variable consideration in the forms of withdrawal rights and provisional registration period ("PRP") completion. Due to the variable consideration in the contracts, the Organization will estimate the amount of consideration it expects to receive at each reporting period. The Organization uses the expected value method using historical withdrawal rates for the period of the course that is still subject to withdraw consideration for PRP and other Organization courses. The estimated amount of variable consideration is included in the transaction price of the contracts and is allocated to the performance obligations.

All recognized contract assets for which the student has an unconditional obligation to pay are included in the accompanying consolidated statement of financial position as student accounts receivable. Total accounts receivable from the Organization's contracts with students were \$24,952,390 as of December 31, 2023. Contract liabilities in the amount of \$42,631,853 were included in unearned tuition on the accompanying consolidated statement of financial position as of December 31, 2023. Substantially all of the contract liability balance at the beginning of the year was recognized as revenue during the year ended December 31, 2023.

The Organization elected to use the portfolio practical expedient in relation to its evaluation of revenue recognition and collectability. To evaluate revenue recognition, the Organization determines that contracts with students with the same start and end dates should be included in a portfolio and evaluated as one contract. To evaluate collectability, the Organization determined that contracts with students with the same start dates should be included in a portfolio and evaluated as one contract.

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NOTE 9. LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of contractual or other obligations come due within one year of the consolidated statement of financial position date.

Cash and cash equivalents	\$ 144,620,674
Student accounts receivable, net of allowance for for credit losses of \$12,354,930	24,952,390
Investments held at fair value	<u>122,392,122</u>
Total financial assets at year-end	<u>291,965,186</u>
Less those unavailable for general expenditures within one year, due to Amounts restricted for bond service requirements	<u>20,198,536</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 271,766,650</u></u>

The Organization is substantially supported by tuition fees which are available for general use. The Organization maintains sufficient liquid assets to cover at least three months of operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 10. INCOME TAXES

The Organization is a not-for-profit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") whereby only unrelated business income as defined by Section 512(a)(1) of the IRC is subject to federal income tax. Any tax on the unrelated business activities is not significant to the consolidated financial statements. Accordingly, no provision or liability for federal or state income taxes is recorded in these consolidated financial statements.

The FASB requires management to annually evaluate the Organization's tax positions, including accounting for and measurement of uncertain tax positions. For the year ended December 31, 2023, management concluded that no uncertain tax positions had been taken that would require adjustment to or disclosure in the consolidated financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by federal, state, or local tax authorities for years before 2020.

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NOTE 11. RETIREMENT PLAN

The Organization has adopted a 401(k) retirement plan (the "Plan"). The Organization contributes to the Plan in the form of matching contributions. The Organization contributed \$1,514,298 to the Plan for the year ended December 31, 2023. The Organization monitors the maximum employee contributions in accordance with the requirements of the IRC Section 401(k).

NOTE 12. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash accounts at various commercial banks. At times throughout the year, the amount on deposit at the banks may exceed the insurance limits of the Federal Deposit Insurance Corporation ("FDIC") of \$250,000 per depositor, per insured bank. As of December 31, 2023, cash deposits exceeded the insurance limits of the FDIC by \$156,459,562.

Concentration of credit risk with respect to student receivables is high due to the nature of the accounts. Exposure is mitigated by the large number of students comprising the Schools' customer base and the allowance for credit losses as described in Note 1. A significant amount of the Schools' revenues are realized through student grants and loans funded by government grant programs which are dependent upon institutional eligibility.

NOTE 13. CONSOLIDATED STATEMENT OF CASH FLOWS – SUPPLEMENTAL INFORMATION

Cash used to pay interest for the year ended December 31, 2023, was \$12,704,113.

Cash used to pay income taxes for the year ended December 31, 2023, was \$2,000.

NOTE 14. RELATED PARTY TRANSACTIONS

The Schools participate in Federal programs authorized by Title IV of the Higher Education Act of 1965, as amended ("HEA"), which are administered by the United States Department of Education. The Academy must comply with the regulations promulgated under the HEA. Those regulations, found in 34 CFR 668.23(d), require that all related party transactions be disclosed, regardless of their materiality to the consolidated financial statements. This information is required by the United States Department of Education for the purpose of providing additional analysis and is provided in addition to related party disclosure requirements of basic consolidated financial statements.

For the year ended December 31, 2023, the Organization has related parties but no related party transactions.

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NOTE 15. TITLE IV “90/10” REVENUE TEST

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

For the fiscal year ended December 31, 2023, the Institute’s cash basis calculation is:

$$\frac{\$ 22,367,461}{\$ 25,173,913} = \underline{\underline{88.85\%}}$$

	Amount Disbursed	Adjusted Amount
Student Title IV Revenue		
Title IV Credit Balance Carried Over from Prior Year	\$ 19,746	\$ 19,746
Federal Direct Loan	15,742,552	15,742,552
Federal Pell Grant	9,814,487	9,814,487
FSEOG (subject to matching reduction)	171,850	128,888
Total Student Title IV Revenue	25,748,635	25,705,673
Title IV funds returned for a withdrawn student		(3,521,649)
Refunds Paid to Students		(28,342)
Adjusted Student Title IV Revenue		\$ 22,155,682
Student/Other Federal Funds Paid Directly to Student		
Federal Funds 3	\$ -	\$ -
Federal Funds 4	-	-
Student	-	-
Refunds Paid to Students		-
Student		-
Institution		
VA Funds	\$ 14,020	\$ 14,020
Federal Funds 2	-	-
Federal Portion of Other Funds	208,597	208,597
Institution	222,617	222,617
Refunds Paid to Students		(10,838)
Directly to the Institution		\$ 211,779
Adjusted Student Federal Revenue		\$ 22,367,461

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NOTE 15. TITLE IV “90/10” REVENUE TEST (continued)

Revenue from Other Sources (Totals for the Fiscal Year)

for education and training	\$	8,430	\$	8,430
for education and training in qualified non-Title IV eligible		63,687		63,687
Revenue from Other Sources		72,117		72,117

Student Non-Federal Revenue

Grant funds for the student from non-Federal public agencies or private sources independent of the institution

Grant Funds 1	\$	-	\$	-
Grant Funds 2		-		-
Funds provided for the student under a contractual arrangement with a 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 by or on behalf of the student that qualify for special tax treatment under the Internal Revenue Code		-		-
Qualified institutional scholarships disbursed to students		-		-

Student payments

Third Party Loans		590		590
Third Party Loans-rated Party/Institutional Loans		-		-
ISA Institutional or Related Party		-		-
ISA		-		-
Student Cash		2,858,676		2,858,676
Student Non-Federal Revenue		2,859,266		2,859,266
Refunds Paid to Students				(124,931)
Adjusted Student Non-Federal Revenue			\$	2,734,335

Adjusted Student Non-Federal Revenue and Revenue from Other Sources

\$ 2,806,452

Total Federal and Non-Federal Revenue

\$ 25,173,913

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NOTE 16. CONSOLIDATED STATEMENT OF FINANCIAL POSITION – SUPPLEMENTAL INFORMATION

This information is required by the United States Department of Education and is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements.

	Consolidated Statement of Financial Position Net Property and Equipment	Bonds Payable for long-term purposes
A-PPE		
A-LTD Pre-implementation	\$ 1,661,142	\$ 238,425,512
B-PPE		
B-LTD Post-implementation / Allowable Post-implementation	-	-
Furniture and fixtures	\$ -	\$ -
Equipment	-	-
Leasehold improvements	-	-
C-PPE		
C-LTD Construction in progress	3,825,873	-
D-PPE Post-implementation	6,193,889	
D-LTD Long-term debt not for the purchase of property and equipment or liability greater than assets value		-
	\$ 11,680,904	\$ 238,425,512

A-PPE This is the ending balance on the last consolidated financial statement submission prior to the implementation of the regulations – less any depreciation or disposals.

B-PPE This is the balance of assets purchased after the implementation of the regulations that was purchased by obtaining debt.

C-PPE Asset value of construction in progress.

D-PPE Post-Implementation property and equipment with no outstanding debt.

A-LTD This is the ending balance of the last consolidated financial statement submission prior to the implementation of the regulations – Less in repayments.

B-LTD This is the lessor of actual outstanding debt of each asset or the value of the asset.

C-LTD All debt associated with construction in progress up to the asset value for construction in process is included.

D-LTD Long-term debt not for the purchase of property and equipment.

<u>Lease right-of-use assets</u>		
A-L	Lease right-of-use assets - pre-implementation	\$ 21,949,316
B-L	Lease right-of-use assets - post-implementation	4,275,087
		\$ 26,224,403

<u>Lease right-of-use assets liability</u>		
A-L	Lease right-of-use assets liability - pre-implementation	\$ 32,817,142
B-L	Lease right-of-use assets liability - post-implementation	4,380,489
		\$ 37,197,631

A-L Balance for leases entered into prior to December 15, 2018.

B-L Balances for leases entered on or after December 15, 2018, and modified on or after December 15, 2018.

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NOTE 17. SCHEDULE OF FUNCTIONAL EXPENSES

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include information technology and salaries, and they are allocated on the basis of estimates of time and effort. The schedule of functional expenses for the year ended December 31, 2023, is comprised of the Association, the Academy, the Academy's continuing medical education courses, and the Institute's functional expenses and is as follows:

	Educational Services			Support Services	
	Academic		Total	Institutional Support	
	Instructional	Support and Student Services	Educational Services		
Accreditation	\$ -	\$ -	\$ -	\$ 365,403	\$ 365,403
Bank fees	-	-	-	106,430	106,430
Charitable contributions	-	-	-	267,865	267,865
Depreciation and amortization	-	-	-	3,044,159	3,044,159
Information technology	39,860	942,765	982,625	7,962,143	8,944,768
Insurance	-	1,129,258	1,129,258	-	1,129,258
Interest expense	-	-	-	11,273,373	11,273,373
Mail and shipping	16,185	200,782	216,967	7,806	224,773
Marketing	5,264	57,169,433	57,174,697	-	57,174,697
Membership fees	72,575	-	72,575	199,269	271,844
Office supplies	83,093	243,386	326,479	143,588	470,067
Professional fees	(11,112)	1,362,243	1,351,131	12,563,361	13,914,492
Rent, repairs, and maintenance	-	7,667,035	7,667,035	1,507	7,668,542
Salaries, payroll taxes, and benefits	23,979,214	72,765,394	96,744,608	59,501,954	156,246,562
Student materials	6,284,264	9,872,620	16,156,884	263	16,157,147
Taxes	-	-	-	89,486	89,486
Training, travel, and events	223,413	436,933	660,346	1,331,576	1,991,922
Utilities	-	225,407	225,407	642,289	867,696
Bad debts	-	20,766,635	20,766,635	-	20,766,635
CME					
Activity direction and production	16,258,848	519,708	16,778,556	-	16,778,556
	<u>\$ 46,951,604</u>	<u>\$ 173,301,599</u>	<u>\$ 220,253,203</u>	<u>\$ 97,500,472</u>	<u>\$ 317,753,675</u>



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

Independent Auditor's Report

To the Audit Committee
Clinical and Patient Educators Association
and UMA Education, Inc.
d/b/a Ultimate Medical Academy
and AI Education, LLC
d/b/a American Institute
Denver, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy and AI Education, LLC d/b/a American Institute, which comprise the consolidated statement of financial position as of December 31, 2023, the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 21, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy and AI Education, LLC d/b/a American Institute's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy and AI Education, LLC d/b/a American Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy and AI Education, LLC d/b/a American Institute's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy and AI Education, LLC d/b/a American Institute's consolidated financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

This report is intended solely for the information and use of the audit committee, board of directors, management, accrediting agencies, and the United States Department of Education and is not intended to be, and should not be, used by anyone other than these specified parties.



Savannah, Georgia
March 21, 2024

SUPPLEMENTARY INFORMATION

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC. d/b/a ULTIMATE MEDICAL ACADEMY
AND AI EDUCATION, LLC. d/b/a AMERICAN INSTITUTE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

See Independent Auditor's Report

December 31, 2023

ASSETS

	Clinical and Patient Educators Association	UMA Education, Inc. d/b/a Ultimate Medical Academy	AI Education, LLC	Eliminations	Total
CURRENT ASSETS					
Cash and cash equivalents	\$ 146,911	\$ 141,725,769	\$ 2,747,994	\$ -	\$ 144,620,674
Available for sale investments	-	102,152,938	40,648	-	102,193,586
Student accounts receivable, net of allowance for credit losses of \$12,354,930	25,000	22,761,238	2,166,152	-	24,952,390
Accounts Receivable - Related Party, unsecured	-	11,246,379	-	(11,246,379)	-
Escrow receivable, current portion	-	364,000	-	-	364,000
Inventories	-	383,774	168,351	-	552,125
Prepaid expenses	128,143	10,202,252	159,151	-	10,489,546
Total current assets	<u>300,054</u>	<u>288,836,350</u>	<u>5,282,296</u>	<u>(11,246,379)</u>	<u>283,172,321</u>
PROPERTY AND EQUIPMENT					
Furniture and fixtures	-	2,950,006	317,818	-	3,267,824
Equipment	1,699	22,275,785	1,218,925	-	23,496,409
Leasehold improvements	-	11,713,228	-	-	11,713,228
	<u>1,699</u>	<u>36,939,019</u>	<u>1,536,743</u>	<u>-</u>	<u>38,477,461</u>
Less accumulated depreciation	1,699	30,528,919	91,812	-	30,622,430
	<u>-</u>	<u>6,410,100</u>	<u>1,444,931</u>	<u>-</u>	<u>7,855,031</u>
Construction in progress	-	3,825,873	-	-	3,825,873
	<u>-</u>	<u>10,235,973</u>	<u>1,444,931</u>	<u>-</u>	<u>11,680,904</u>
OTHER ASSETS					
Investments held at fair value – debt service reserve fund	-	20,198,536	-	-	20,198,536
Right-of-use assets held under operating leases, net	-	23,232,017	2,992,386	-	26,224,403
Sublease receivable	-	477,414	-	-	477,414
Escrow receivable, net of current portion	-	7,200,000	-	-	7,200,000
Intangibles, net of accumulated amortization of \$8,066,811	-	219,928,507	4,435,556	-	224,364,063
Goodwill	-	91,580,279	5,074,359	-	96,654,638
Deposits	-	627,623	106,207	-	733,830
	<u>-</u>	<u>363,244,376</u>	<u>12,608,508</u>	<u>-</u>	<u>375,852,884</u>
	<u>\$ 300,054</u>	<u>\$ 662,316,699</u>	<u>\$ 19,335,735</u>	<u>\$ (11,246,379)</u>	<u>\$ 670,706,109</u>

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC. d/b/a ULTIMATE MEDICAL ACADEMY
AND AI EDUCATION, INC. d/b/a AMERICAN INSTITUTE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

See Independent Auditor's Report

December 31, 2023

LIABILITIES AND NET ASSETS

	Clinical and Patient Educators Association	UMA Education, Inc. d/b/a Ultimate Medical Academy	AI Education, LLC	Eliminations	Total
CURRENT LIABILITIES					
Current portion of bonds payable	\$ -	\$ 6,880,000	\$ -	\$ -	\$ 6,880,000
Current portion of operating lease obligations	-	5,237,763	916,759	-	6,154,522
Accounts payable	523	11,994,397	511,498	-	12,506,418
Accounts payable - related party, unsecured	-	-	11,246,379	(11,246,379)	-
Student refunds payable	-	575,315	-	-	575,315
Accrued expenses	25,000	22,576,374	1,060,420	-	23,661,794
Unearned tuition	128,034	40,410,127	2,093,692	-	42,631,853
Total current liabilities	<u>153,557</u>	<u>87,673,976</u>	<u>15,828,748</u>	<u>(11,246,379)</u>	<u>92,409,902</u>
BONDS PAYABLE, net of current portion	-	231,545,512	-	-	231,545,512
OPERATING LEASE OBLIGATIONS, net of current portion	-	28,959,820	2,083,289	-	31,043,109
OTHER LONG-TERM LIABILITIES	-	2,127,320	-	-	2,127,320
NET ASSETS					
Without donor restrictions	<u>146,497</u>	<u>312,010,071</u>	<u>1,423,698</u>	<u>-</u>	<u>313,580,266</u>
	<u>\$ 300,054</u>	<u>\$ 662,316,699</u>	<u>\$ 19,335,735</u>	<u>\$ (11,246,379)</u>	<u>\$ 670,706,109</u>

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC. d/b/a ULTIMATE MEDICAL ACADEMY
AND AI EDUCATION, LLC. d/b/a AMERICAN INSTITUTE

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
(WITHOUT DONOR RESTRICTIONS)
See Independent Auditor's Report
Year Ended December 31, 2023

	Clinical and Patient Educators Association	UMA Education, Inc. d/b/a Ultimate Medical Academy	AI Education, LLC	Eliminations	Total
OPERATING ACTIVITIES					
REVENUES					
Tuition, grants, and fees, net	\$ 587,953	\$ 356,720,527	\$ 9,188,648	\$ -	\$ 366,497,128
EXPENSES					
Educational Services					
Instructional costs	-	44,166,529	2,785,075	-	46,951,604
Academic support and student services	-	170,382,220	2,919,379	-	173,301,599
Total educational services	-	214,548,749	5,704,454	-	220,253,203
Support Services					
Institutional support	541,919	80,775,928	1,865,093	-	83,182,940
Depreciation and amortization	-	2,847,903	196,256	-	3,044,159
Interest expense	-	11,273,373	-	-	11,273,373
Total support services	541,919	94,897,204	2,061,349	-	97,500,472
Total expenses	541,919	309,445,953	7,765,803	-	317,753,675
Change in net assets from operating activities	46,034	47,274,574	1,422,845	-	48,743,453
NON-OPERATING ACTIVITIES					
Loss on disposal of capital assets	-	(4,027,380)	-	-	(4,027,380)
Gain on divestiture, net	-	207,792	-	-	207,792
Investment gains, net	-	12,052,807	853	-	12,053,660
	-	8,233,219	853	-	8,234,072
CONSOLIDATED CHANGES IN NET ASSETS					
	46,034	55,507,793	1,423,698	-	56,977,525
NET ASSETS - beginning of year	100,463	256,502,278	-	-	256,602,741
NET ASSETS - end of year	\$ 146,497	\$ 312,010,071	\$ 1,423,698	\$ -	\$ 313,580,266

UMA EDUCATION, INC.
d/b/a ULTIMATE MEDICAL ACADEMY

DEBT SERVICE COVERAGE RATIO
See Independent Auditor's Report
Year Ended December 31, 2023

UMA Education, Inc.'s changes in net assets	\$	56,931,491
ADD BACK		
Depreciation		2,739,714
Amortization		304,445
Interest expense		11,273,373
Gain on investments		(12,053,660)
Extraordinary items		7,236,858
Reduce gain on sale of Venture		<u>(207,792)</u>
Income available for debt service	\$	<u><u>66,224,429</u></u>
Cash interest payments	\$	12,704,113
Principal payments on Bonds		<u>6,555,000</u>
Debt service payments	\$	<u><u>19,259,113</u></u>
Debt service coverage ratio		<u><u>3.44</u></u>

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC. d/b/a ULTIMATE MEDICAL ACADEMY
AND AI EDUCATION, LLC d/b/a AMERICAN INSTITUTE

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE

See Independent Auditor's Report

Year Ended December 31, 2023

As a condition of eligibility to participate in the various federal financial assistance programs, the Organization is required to demonstrate financial responsibility, as defined in United States Department of Education regulations, by maintaining a "composite score standard" of at least 1.5. The regulations also established a composite score zone between 1.0 and 1.4, demonstrating an institution as financially weak, but viable. Regulations allow institutions falling within this zone up to three consecutive years to improve their financial condition without requiring surety.

The following schedule outlines the components utilized in the calculation of the Organization's total composite score for the year ended December 31, 2023, and is required by the United States Department of Education:

Primary Reserve Ratio:

	<u>Expendable Net Assets:</u>		
Consolidated Statement of Financial Position - Net assets - without donor restrictions	Net assets without donor restrictions		\$ 313,580,266
Not Applicable	Net assets with donor restrictions		\$ -
Not Applicable	Net assets with donor restrictions: Other for purpose or time		\$ -
Not Applicable	Secured and Unsecured related party receivable	\$ -	
Not Applicable	Unsecured related party receivable		\$ -
Not Applicable	Unsecured other related party assets		\$ -
Consolidated Statement of Financial Position - Long-Term Assets - Property and equipment, net	Property, plant, and equipment, net (includes Construction in progress)	\$ 11,680,904	
Notes to Consolidated Financial Statements - Note 16 Consolidated Statement of Financial Position - Supplemental Information - Net Property and Equipment (A-PPE)	Property, plant, and equipment - pre- implementation		\$ 1,661,142
Not Applicable	Property, plant, and equipment - post- implementation with outstanding debt for original purchase		\$ -
Notes to Consolidated Financial Statements - Note 16 Consolidated Statement of Financial Position - Supplemental Information - Net Property and Equipment (D-PPE)	Property, plant, and equipment - post- implementation without outstanding debt for original purchase		\$ 6,193,889
Notes to Consolidated Financial Statements - Note 16 Consolidated Statement of Financial Position - Supplemental Information - Net Property and Equipment (C-PPE)	Construction in progress		\$ 3,825,873
Consolidated Statement of Financial Position - Long-Term Assets - Right-of-use assets held under operating leases, net	Lease right-of-use asset, net	\$ 26,224,403	

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC. d/b/a ULTIMATE MEDICAL ACADEMY
AND AI EDUCATION, LLC d/b/a AMERICAN INSTITUTE

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE

See Independent Auditor's Report

Year Ended December 31, 2023

Primary Reserve Ratio: (continued)

	Expendable Net Assets: (continued)		
Notes to Consolidated Financial Statements - Note 16 Consolidated Statement of Financial Position - Supplemental Information - Lease right of use assets (A-L)	Lease right-of-use asset pre- implementation		\$ 21,949,316
Notes to Consolidated Financial Statements - Note 16 Consolidated Statement of Financial Position - Supplemental Information - Lease right of use assets (B-L)	Lease right-of-use asset post- implementation		\$ 4,275,087
Consolidated Statement of Financial Position - Other Assets - Intangible assets, net and Goodwill	Intangible assets		\$ 321,018,701
Not Applicable	Post-employment and pension liabilities		\$ -
Consolidated Statement of Financial Position - Bonds Payable	Long-term debt - for long-term purposes	\$ 238,425,512	
Financial Responsibility Supplemental Schedule - Consolidated Statement of Financial Position - Net Property and Equipment - (A-LTD)	Long-term debt - for long-term purposes pre-implementation		\$ 238,425,512
Not Applicable	Long-term debt - for long-term purposes post-implementation		\$ -
Not Applicable	Line of Credit for Construction in progress		\$ -
Not Applicable	Long-term debt - not for the purchase of Property, Plant and Equipment or liability greater than assets value		\$ -
Consolidated Statement of Financial Position - Operating Lease Obligations	Lease right-of-use asset liability	\$ 37,197,631	
Notes to Consolidated Financial Statements - Note 16 Consolidated Statement of Financial Position - Supplemental Information - Lease right of use assets liability (A-L)	Lease right-of-use asset liability pre- implementation		\$ 32,817,142
Notes to Consolidated Financial Statements - Note 16 Consolidated Statement of Financial Position - Supplemental Information - Lease right of use assets liability (B-L)	Lease right-of-use asset liability post- implementation		\$ 4,380,489
Not Applicable	Annuities with donor restrictions		\$ -
Not Applicable	Term endowments with donor restrictions		\$ -

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC. d/b/a ULTIMATE MEDICAL ACADEMY
AND AI EDUCATION, LLC d/b/a AMERICAN INSTITUTE

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
See Independent Auditor's Report
Year Ended December 31, 2023

Primary Reserve Ratio: (continued)

	Expendable Net Assets: (continued)		
Not Applicable	Life income funds with donor restrictions		\$ -
Not Applicable	Net assets with donor restrictions: restricted in perpetuity		\$ -
	Total Expenses and Losses:	\$ 321,781,055	
Consolidated Statement of Activities and Changes in Net Assets -Operating Activities - Total Expenses	Total expenses without donor restrictions - taken directly from Consolidated Statement of Activities		\$ 317,753,675
Not Applicable	Non-Operating and Net Investment (loss)		\$ -
Not Applicable	Other components of net periodic pension costs		\$ -
Not Applicable	Change in value of split-interest agreements		\$ -
Consolidated Statement of Activities and Changes in Net Assets - Non-operating Activities, Impairment	Other losses		\$ 4,027,380
Not Applicable	Net investment losses		\$ -
Not Applicable	Pension-related changes other than net periodic costs		\$ -

Equity Ratio:

	Modified Net Assets:		
Consolidated Statement of Financial Position - Net assets - without donor restrictions	Net assets without donor restrictions		\$ 313,580,266
Not Applicable	Net assets with donor restrictions		\$ -
Consolidated Statement of Financial Position - Other Assets - Intangible assets, net and Goodwill	Intangible assets		\$ 321,018,701
Not Applicable	Secured and Unsecured related party receivables	\$ -	
Not Applicable	Unsecured related party receivables		\$ -
Not Applicable	Unsecured related party other assets		\$ -
	Modified Assets:		
Consolidated Statement of Financial Position - Total assets	Total assets		\$ 670,706,109
Notes to Consolidated Financial Statements - Note 16 Consolidated Statement of Financial Position - Supplemental Information - Lease right of use assets (A-L)	Lease right-of-use asset pre-implementation		\$ 21,949,316

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC. d/b/a ULTIMATE MEDICAL ACADEMY
AND AI EDUCATION, LLC d/b/a AMERICAN INSTITUTE

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE

See Independent Auditor's Report

Year Ended December 31, 2023

Equity Ratio: (continued)

	Modified Assets: (continued)		
Notes to Consolidated Financial Statements - Note 16 Consolidated Statement of Financial Position - Supplemental Information - Lease right of use assets liability (A-L)	Lease right-of-use asset liability pre- implementation		\$ 32,817,142
Consolidated Statement of Financial Position - Other Assets - Intangible assets, net and Goodwill	Intangible assets		\$ 321,018,701
Not Applicable	Secured and Unsecured related party receivables	\$ -	
Not Applicable	Unsecured related party receivables		\$ -
Not Applicable	Unsecured related party other assets		\$ -

Net Income Ratio:

Consolidated Statement of Activities and Changes in Net Assets - Changes in Net Assets	<u>Change in Net Assets Without Donor Restrictions</u>		\$ 56,977,525
	<u>Total Revenues and Gains</u>	\$ 378,758,580	
Consolidated Statement of Activities - Operating Revenues - Total Operating Revenues	Total Operating Revenue and Other Additions (Gains)		\$ 366,497,128
Statement of Activities and Changes in Net Assets - Non-operating Activities, Investment gains, net	Investment return appropriated for spending		\$ 12,053,660
Statement of Activities and Changes in Net Assets - Non-operating Activities, gain on divestiture, net	Non-Operating Revenue and Other Gains		\$ 207,792



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor’s Report

To the Audit Committee
Clinical and Patient Educators Association
and UMA Education, Inc.
d/b/a Ultimate Medical Academy

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy’s major federal programs for the year ended December 31, 2023. Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (“GAAS”); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (“*Government Auditing Standards*”); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy as of and for the year ended December 31, 2023, and have issued our report thereon dated March 21, 2024, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Savannah, Georgia
March 21, 2024

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC.
d/b/a ULTIMATE MEDICAL ACADEMY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
United States Department of Education				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063		\$ -	\$ 167,984,142
Federal Direct Loan Program	84.268		-	211,938,087
Federal Supplemental Educational Opportunity Grant Program	84.007		-	72,000
Federal Work-Study Program	84.033		-	32,545
Total student financial assistance cluster			\$ -	\$ 380,026,774

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

Clinical and Patient Educators Association and UMA Education, Inc. d/b/a Ultimate Medical Academy has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC.
d/b/a ULTIMATE MEDICAL ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

SECTION 1. SUMMARY OF AUDITOR'S RESULTS

Consolidated Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to consolidated financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? Yes No

Identification of major programs:

Federal Assistance Listing Number(s)
84.063; 84.268; 84.007; 84.033

Name of Federal Program or Cluster
Student Financial Assistance Cluster

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee? Yes No

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC.
d/b/a ULTIMATE MEDICAL ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

SECTION 2. FINANCIAL STATEMENT FINDINGS

None noted.

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC.
d/b/a ULTIMATE MEDICAL ACADEMY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

SECTION 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported.

CLINICAL AND PATIENT EDUCATORS ASSOCIATION
AND UMA EDUCATION, INC.
d/b/a ULTIMATE MEDICAL ACADEMY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2022

The Institution was not required to take any corrective actions as indicated on the prior audit report issued by Symphona LLP on March 23, 2023, covering the Student Financial Assistance Cluster: Federal Pell Grant, Federal Direct Loan, Federal Supplemental Educational Opportunity Grant, and Federal Work-Study programs and the Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act: Higher Education Emergency Relief Fund Student Aid Portion and Higher Education Emergency Relief Fund Institutional Portion for the year ended December 31, 2022.

There were no findings or questioned costs.