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UNITECH TRAINING ACADEMY, INC.

Financial Statements

and

Independent Auditor's Reports

December 31, 2018

Andrew Pieri, CPA P.C.

UNITECH TRAINING ACADEMY, INC.

TABLE OF CONTENTS

December 31, 2018

ANDREW PIERI CPA, P.C.
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Independent Auditor's Report

Board of Directors
Unitech Training Academy, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Unitech Training Academy, Inc. (the "School") which comprise the balance sheet as of December 31, 2018, and the related statements of income, changes in stockholder's equity, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

Our audit was conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The accompanying Note 6 of the School's calculation of its Title IV 90/10 revenue test and Note 7 on related party transactions are required by the U.S Department of Education and are presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2019 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards in considering* the School's internal control over financial reporting and compliance.

Respectfully submitted,

ANDREW PIERI, CPA
Queens, New York
June 24, 2019

ANDREW PIERI CPA, P.C.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Unitech Training Academy, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Unitech Training Academy, Inc. (the "School"), which comprise the balance sheet as December 31, 2018 and the related statements of income, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

A *deficiency in internal control over financial reporting* 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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A s*ignificant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

ANDREW PIERI, CPA
Queens, New York
June 24, 2019

UNITECH TRAINING ACADEMY, INC.

Balance Sheet

For the year ended December 31, 2018

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 343,228
Tuition receivable - net of allowance for doubtful accounts of $ 119,205	2,264,886
Related party receivables	250,113
Other receivable	23,669
Prepaid expenses	81,487
Inventory	91,593
Total current assets	3,054,976
PROPERTY AND EQUIPMENT:	
Building and improvements	2,678,257
Computer equipment and software	1,154,496
Furniture and fixtures	395,170
Office equipment	629,636
Vehicles	43,909
	4,901,468
Less: accumulated depreciation	(2,479,306)
	2,422,162
OTHER ASSETS:	
Security deposits	75,778
TOTAL ASSETS	$ 5,552,918

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:	
Accounts payable and accrued expenses	$ 892,085
Student refunds payable	17,183
Unearned tuition	2,064,000
Current portion of loans payable	125,228
Current portion of capitalized leases	139,796
Total current liabilities	3,238,292
LONG TERM LIABILITIES:	
Capitalized leases payable, net of current maturities	134,141
Total long term liabilities	134,141
TOTAL LIABILITIES	3,372,433
STOCKHOLDERS' EQUITY	
Common stock, $ 1 par value 10,000 share authorized, issued and outstanding	10,000
Additional paid in Capital	422,960
Retained earnings	1,747,525
	2,180,485
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 5,552,918

See independent auditor's reports and notes to the financial statements.

UNITECH TRAINING ACADEMY, INC.

Statement of Income and Retained Earnings

For the year ended December 31, 2018

REVENUES		
Tuition	$	22,584,500
Less: Refunds and recoveries		(3,123,095)
		19,461,405
Other student service income		94,757
Other income		907,485
Total revenues		**20,463,647**
EXPENSES		
Salaries and related payroll costs		10,261,117
Instructional		1,401,663
Student recruitment		1,541,953
Occupancy		3,237,569
General and administrative		2,734,488
Depreciation		267,393
Total expenses		19,444,183
Net income from operations before provision for income tax		**1,019,464**
Less: income tax provision		(16,108)
		1,003,356
Retained earnings - beginning of year		1,653,296
Less: drawings		(909,127)
Retained earnings - end of year	$	1,747,525

See independent auditor's reports and notes to the financial statements.

UNITECH TRAINING ACADEMY, INC.

Statement of Cash Flows

For the year ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income	$ 1,003,356
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	267,393
(Increase) / Decrease	
Tuition receivable	(229,851)
Other receivables	(128,782)
Prepaid expenses	(17,093)
Inventory	(16,075)
Security deposit	(200)
(Decrease / Increase	
Accounts payable	121,235
Unearned tuition	419,034
Student refunds payable	1,072
Total adjustments	416,733
Net cash provided by operating activities	1,420,089
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(374,523)
Net cash used by investing activities	(374,523)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net decrease in loans	(82,836)
Net increase capitalized lease	159,367
Stockholder distributions	(909,127)
Net cash used by financing activities	(832,596)
Net increase in cash and cash equivalents	212,970
Cash and cash equivalents - beginning of year	130,258
Cash and cash equivalents - end of year	$ 343,228
SUPPLEMENTAL DISCLOSURES:	
Income taxes paid	$ 16,108
Interest expense paid	$ 44,612

See independent auditor's reports and notes to the financial statements.

Page 7

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NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Organization

Unitech Training Academy ("School") was established on February 1997 under the laws of the state of Louisiana and has locations in Lafayette, West Monroe, Houma, Lake Charles, Metairie, Baton Rouge and Alexandria. The School offers to train students in various medical fields as well as computer information systems with the objective of providing students effective skills training in these vocational careers and to assist them in finding suitable employment. The School is accredited with the Council on Occupational Education.

Course Material Inventories

Inventories consist of teaching materials and supplies that are stated at the lower of cost or market. Cost is determined principally by the first-in first-out method.

Income Taxes

The School has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the School does not pay federal or state income taxes on its taxable income. Instead, the stockholder is liable for individual income taxes on the income of the School, included on the individual's income tax return.

The School evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 31, 2018, the School does not believe that it has taken any positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year.

All taxing authorities in jurisdictions in which the School files income tax returns have completed their income tax examinations for all years prior to 2015. It is the School's policy to recognize any interest and penalties.

Depreciation and Amortization

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on a straight-line basis. Leasehold improvements are amortized over the life of the building. The straight-line method of depreciation is followed for substantially all assets for financial reporting and an accelerated method for tax purposes.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Revenue Recognition

Tuition income is recognized on a straight-line basis over the number of months of the students' term.

Estimates

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

Concentration of Credit Risk

The School receives a significant portion of its revenue by participating in the U.S. Department of Education’s Title IV program. Continuing participation in Title IV programs requires compliance with numerous federal regulations. Future non-compliance with these regulations, or a change in the laws governing these programs, would severely impact the operations of the School.

Allowance for Doubtful Accounts

Trade accounts receivable are presented in the balance sheets, net of estimated uncollectible amounts. The Company records an allowance for estimated uncollectible accounts in an amount approximating anticipated losses. Individual uncollectible accounts are written off against the allowance when collection of the individual accounts appears doubtful.

Advertising Costs

Advertising costs are expensed as they are incurred. Advertising costs for the year ended December 31, 2018 were $ 1,541,953.

NOTE 2 - ACCOUNTS RECEIVABLE AND UNEARNED TUITION

Accounts Receivable

Accounts receivable includes amounts billed to students less payments received and allowances for doubtful accounts and cancellations. Accounts receivable as of December 31, 2018 consisted of the following:

Gross accounts receivable	$ 2,384,090
Less: net allowance for doubtful accounts	(119,204)
Net accounts receivable	$ 2,264,886

Unearned Tuition

Tuition is deferred at registration and is recognized on a straight-line proportional performance method, as students progress through the course. Tuition billed or received in advance of being earned is shown on the balance sheet as unearned tuition.

NOTE 3 - PERCENTAGE OF REVENUE DERIVED FROM TITLE IV PROGRAMS AS REQUIRED BY 34 CFR 668.23 AND RECALCULATED TO A CASH BASIS IN ACCORDANCE WITH 34 CFR 600.5.

The School derives a substantial portion of its revenues from financial aid received by its students under programs authorized by Title IV of the HEA, which are administered by the U.S. Department of Education. To continue to participate in the programs, the School must comply with the regulations promulgated under the HEA. The regulations restrict the proportion of cash receipts for tuition, fees, and other institutional charges from eligible programs to not be more than 90 percent from Title IV programs. The failure of the School to meet the 90 percent limitation for two consecutive years will result in the loss of the School's ability to participate in Title IV programs. If a school receives more than 90 percent of its revenue from Title IV programs during its fiscal year, the school becomes provisionally certified for the next two fiscal years. This information is required by the U.S. Department of Education and is presented for purposes of additional analysis and is not a required part of the basic financial statements. For the fiscal year ended December 31, 2018, the School's cash basis calculation is:

The cash basis revenue totaled $ 20,714,451 of which $ 18,157,134 (87.65%) was derived from Title IV funds for the year ended December 31, 2018. From the calculations provided below the School's cash basis revenue derived from Title IV funds did not exceed 90% of the total cash basis revenue.

NOTE 3 - continued

Revenue by Source - cash basis

Adjusted Student Title IV Revenue	
Federal Direct Loans	$ 10,797,589
Federal Pell Grant	7,952,040
Student Title IV Revenue	**18,749,629**
Adjustment to Student Title IV Revenue	(592,495)
Total Adjusted Student Title IV Revenue	**$ 18,157,134**
Student Non-Title IV Revenue	
Grant funds for the student from non-Federal Public agencies or private sources independent Of the institution	$ 549,834
Activities conducted by the institute that are Necessary for education and training	997,930
Student Payments	1,009,553
Total Non-Title IV Revenue	**$ 2,557,317**
Total Revenue	**$ 20,714,451**

Percentage of Title IV Revenue to total revenue $\frac{18,157,134}{20,714,451}$ = 87.65%

Percentage of Non-Title IV and Other Source Revenue to Total Revenue $\frac{2,557,317}{20,714,451}$ = 12.35%

NOTE 4 – RELATED PART TRANSACTIONS

The School participates in the Student Financial Aid (SFA) program under the Title IV programs administered by the U.S. Department of Education pursuant to the Higher Education Act of 1965, as amended(HEA). The School must comply with the regulations promulgated under the HEA. Those regulations require that all related party transactions be disclosed, regardless of the materiality to the financial statements. During the year, the officer Deana Head withdrew $ 909,127.

NOTE 4 – RELATED PART TRANSACTIONS (continued)

The related party receivables were as follows:

Deanna Head: Various notes bearing interest at 4.25% with monthly payments of $ 3,468.79 with maturity date of no later than December 15, 2022	$150,113
NOIT: Note payable bearing interest 3.75% with monthly payments of $1,000.61 with final payments on August 21, 2029	$100,000

NOTE 5 - COMMITMENTS

The School leases its facilities under various non-cancelable operating leases expiring through 2024. The School was obligated under the leases as follows:

December 31,	2018	2,020,000
	2019	2,020,000
	2020	2,020,000
	2021	2,020,000
	2022	2,020,000
Thereafter		4,500,000

NOTE 6 - CONTINGENCY

The School entered into a lease agreement for its Alexandria location in 2012 whereby in lieu of a security deposit, the School obtained a letter of credit for $54,300 from a bank to be used in case the School defaults on its rent payments.

NOTE 7 - COMPOSITE SCORES

As a condition of eligibility to participate in the various federal financial assistance programs, the School is required to demonstrate financial responsibility as defined in United States Department of Education regulations. The School is also required to maintain a "composite score standard" of at least 1.5. The regulations 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 conditions without surety.

The School's Composite Scores for the fiscal years December 31, 2018 was 1.6. The components of the score were:

Primary reserve weighted score	-0.1
Equity weighted score	0.9
Net Income weighted Score	0.8
Total Composite Score	1.6

NOTE 8 – LONG-TERM DEBT AND LEASES

	Short-term	Long-term
The School has 11 leases with various finance companies with lengths of 36 to 48 months secured by the computer equipment purchased. Interest is charged on the leases varying from 4% to 8% with a total monthly payment for all the leases of $ 11,790	$ 139,796	$ 134,141
Note payable to One Deck originated in 7/1/2018 for $ 250,00. Payments consist of principle and interest for $ 5,625 a week for a period of 15 months. Interest charged at 31.71 %	125,228	-0-
Total	$ 265,024	$ 134,141

Future minimum payments approximate the following:

2019	$ 265,024
2020	102,641
2021	31,500
Total	$ 399,165

NOTE 10 – GAINFUL EMPLOYMENT

Under the Higher Education Act (HEA) a proprietary institution of higher education must provide educational programs that lead to “gainful employment” to participate in Title IV of the HEA. On October 31, 2014, the U.S. Department of Education published the final rule for Gainful Employment effective July 1, 2015. This regulation established measurements to determine whatever postsecondary educational programs prepare student for gainful employment in a recognized occupation and whether these programs remain eligible under Title IV of the HEA. Management has confirmed that the School has met all mandated reporting requirements to date.

Under the USDOE regulations a program is considered to lead a gainful employment if the estimated annual loan payment of a typical graduate does not excess 20 percent of his or her discretionary income or 8 percent of his or her total earnings. As of December 31, 2018, the USDOE determined that 100 percent of the institution programs passed the required thresholds.

NOTE 11 – SUBSEQUENT EVENTS

Management evaluated the activity of the School through June 24, 2019, the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.