

OPEID: 03789300

UNITECH TRAINING ACADEMY, INC.

Financial Statements

and

Independent Auditor's Reports

December 31, 2020



Andrew Pieri, CPA P.C.

UNITECH TRAINING ACADEMY, INC.

TABLE OF CONTENTS

December 31, 2020

Independent Auditor's Report.....	1 – 2
Balance Sheet.....	3
Statement of Income and Retained Earnings.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6 – 12
Supplementary Information.....	13 – 18
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.....	19 - 20



ANDREW PIERI CPA, P.C.

86-119 Marengo Street, Holliswood, N.Y. 11423, Tel: 516-209-4001, Tel: 718-217-3941, Fax: 718-732-4596,
www.andrewpiericpa.com

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, 2020, and the related statements of income and retained earnings, and cash flows for the year then ended and the related notes to the financial statements.

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

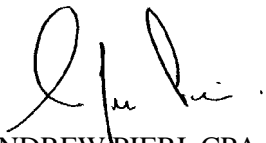
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The accompanying supplementary information, Note A on related party transactions, Note B of the School's Composite Score Calculation and Note C of the School's calculation of its Title IV 90/10 revenue test, 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2021 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.



ANDREW PIERI, CPA
Queens, New York
June 8, 2021

UNITECH TRAINING ACADEMY, INC.

Balance Sheet

For the year ended December 31, 2020

ASSETS

CURRENT ASSETS:

1	Cash and cash equivalents	\$	643,596
2	Tuition receivable - <i>net of allowance for doubtful accounts</i>		2,748,920
3	Related party receivables		163,000
4	Prepaid expenses		422,666
5	Inventory		101,340
6	Total current assets		<u>4,079,522</u>

PROPERTY AND EQUIPMENT:

7	Building and improvements		2,780,757
8	Computer equipment and software		1,154,496
9	Furniture and fixtures		413,346
10	Office equipment		646,984
11	Vehicles		72,468
			<u>5,068,051</u>
12	Less: accumulated depreciation		<u>(3,002,490)</u>
13	Property and equipment - <i>net of accumulated depreciation</i>		<u>2,065,561</u>

OTHER ASSETS:

14	Licensing agreements - <i>net of accumulated amortization</i>		1,039,999
15	Security deposits		99,078
16	Total other assets		<u>1,139,077</u>
17	TOTAL ASSETS	\$	<u>7,284,160</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

18	Accounts payable and accrued expenses	\$	612,987
19	Student refunds payable		5,307
20	Unearned tuition		2,492,860
21	HERFF funds - unused		138,772
22	Current portion of loans payable		122,355
23	Current portion of capitalized leases		50,521
24	Total current liabilities		<u>3,422,802</u>

LONG TERM LIABILITIES:

25	Capitalized leases payable, net of current maturities		6,347
26	Loans payable		356,964
27	Total long term liabilities		<u>363,311</u>
28	TOTAL LIABILITIES		<u>3,786,113</u>

STOCKHOLDERS' EQUITY

29	Common stock, \$ 1 par value		10,000
	10,000 share authorized, issued and outstanding		
30	Additional paid in Capital		422,960
31	Retained earnings		3,065,087
32	Total stockholders' equity		<u>3,498,047</u>
	TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	<u>7,284,160</u>

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, 2020

REVENUES

33 Tuition	\$ 19,953,037
34 Less: Refunds and recoveries	(1,884,474)
	<u>18,068,563</u>
35 Other student service income	51,422
36 Grant income	3,032,631
37 Other income	714,132
38 Total revenues	<u><u>21,866,748</u></u>

EXPENSES

39 Salaries and related payroll costs	10,041,549
40 Instructional	846,203
41 Student recruitment	1,548,747
42 Occupancy	3,253,522
43 General and administrative	2,552,014
44 Depreciation	311,744
45 Total expenses	<u>18,553,779</u>
46 Net income from operations	3,312,969
47 Retained earnings - beginning of year	1,686,563
48 Less: drawings	(1,934,445)
49 Retained earnings - end of year	<u><u>\$ 3,065,087</u></u>

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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Income	<u>\$ 3,312,969</u>
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	311,744
<i>(Increase) / Decrease</i>	
Tuition receivable	116,551
Related party receivables	59,033
Other receivables	23,668
Prepaid expenses	(334,687)
Inventory	(1,829)
Security deposit	(1,500)
<i>(Decrease) / Increase</i>	
Accounts payable	(189,422)
Unearned tuition	(115,398)
Student refunds payable	(1,608)
Total adjustments	<u>(133,448)</u>
Net cash provided by operating activities	<u>3,179,521</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Licensing agreements	(1,094,736)
Purchase of fixed assets	(45,905)
Net cash used in investing activities	<u>(1,140,641)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

HEERF funds - received	2,453,939
HEERF funds - expensed	(2,315,167)
Net decrease in loans	417,444
Net decrease capitalized lease	(75,269)
Stockholder distributions	(1,934,445)
Net cash used in financing activities	<u>(1,453,498)</u>

Net increase in cash and cash equivalents 585,382

Cash and cash equivalents - beginning of year 58,214

Cash and cash equivalents - end of year \$ 643,596

SUPPLEMENTAL DISCLOSURES:

Income taxes paid	<u>\$ -</u>
Interest expense paid	<u>\$ 38,438</u>

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

UNITECH TRAINING ACADEMY, INC.

Notes to the Financial Statements

December 31, 2020

NOTE 1 – 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash and cash equivalents represent cash in deposit accounts at financial institutions. The balances at times, may exceed federally insured limits. The School has not experienced any losses in such accounts.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable and 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.

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.

Advertising Costs

Advertising costs are expensed as they are incurred. Advertising costs for the year ended December 31, 2020 were \$ 1,548,747.

UNITECH TRAINING ACADEMY, INC.

Notes to the Financial Statements

December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The School recognizes tuition income on a straight-line basis over the number of months of the student's period of enrollment.

In May 2014 the Financial Accounting Standards Board issued ASU 2014-09 Revenue from Contracts with Customers, which amended the existing accounting standards for revenue recognition. The new guidance is effective for annual periods beginning after December 15, 2019. Management has determined that this ASU does not have a material impact on the amount and timing of revenue recognized in the College's financial statements.

The School's revenues consist primarily of tuition revenue arising from education services provided in the form of classroom instruction. Tuition revenue includes revenue from tuition and associated fees such as books, supplies and fees. Tuition revenue is deferred and recognized on a straight-line basis over the number of months of the student's period of enrollment. The School charges student's tuition at set points throughout the course of their program as governed by the student's contract. At the point in which the School charges tuition, the School records a liability for academic services to be provided (contract liability) and a receivable for tuition due from students (contract asset).

All tuition and related fees are due when incurred. Any amounts paid in excess of tuition and fees billed are recorded as a liability and included in student credit balances (contract liability) on the balance sheet. Revenues earned but not yet received are included in accounts receivable, net of allowance for doubtful accounts (contract asset) on the balance sheet. Accounts receivable, net of allowance for doubtful accounts was approximately \$ 2,748,920 and \$ 2,865,471 as of December 31, 2020 and 2019, respectively. Tuition billed and received in advance of being earned is included as unearned tuition (contract liability) on the balance sheet. Deferred tuition totaled was \$ 2,492,860 and \$ 2,608,258 as of December 31, 2020 and 2019, respectively.

The College has a tuition refund policy which provides that there is no refund for the applicable tuition charged to the student once they are past 50% completion of the program, based on scheduled hours. Any cancellation of attendance prior to 50% completion, based on scheduled hours, will result in a pro rata refund of the applicable tuition charged.

Unearned Tuition

Tuition is deferred at registration and is recognized, net of refunds, as students progress through the curriculum. Tuition received in advance of being earned is shown on the balance sheet as unearned tuition.

UNITECH TRAINING ACADEMY, INC.

Notes to the Financial Statements

December 31, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2020, 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 2017. It is the School's policy to recognize any interest and penalties.

Leases- ASU 2016-02- New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases(Topic 842). ASU 2016-02 provides guidance in GAAP about the recognition of assets, liabilities by lessees for those leases classified as operating leases under GAAP. The guidance requires that a lessee should recognize in the statement of financial position a liability to make lease payments and a right-to-use asset representing the company's right to use the underlying assets for the term of the lease. The guidance allows a lessee who enters into a lease with a term of 12 months or less to make an accounting policy election by class of the underlying assets not to recognize assets and liabilities. The provisions of ASU 2016-02 are effective for the fiscal periods beginning after December 15, 2021, as per FASB updated on June 20, 2020. As such, the School is not required to adopt ASU 2016-02 and has not elected early adoption.

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.

UNITECH TRAINING ACADEMY, INC.

Notes to the Financial Statements

December 31, 2020

NOTE 3 - 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, 2020 consisted of the following:

Gross accounts receivable	\$ 2,893,600
Less: net allowance for doubtful accounts	<u>(144,680)</u>
Net accounts receivable	<u>\$ 2,748,920</u>

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 4 – PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost and consists of the following:

Building and Improvements	\$ 2,780,757
Computer equipment and software	1,154,496
Furniture and fixtures	413,346
Office equipment	646,984
Vehicles	72,468
Total	5,068,051
Less: Accumulated depreciation	(3,002,490)
Property and equipment – net	\$ 2,065,561

On September 23, 2019, the Department of Education finalized regulations related to the Composite Score calculation. As such, the following table 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.

A	Pre-implementation Property and Equipment	\$ 2,028,836
B	Post-Implementation Property, and Equipment with debt	36,725
C	Construction in progress	-0-
D	Post-Implementation Property and Equipment, with no outstanding debt	-0-
	Total	\$ 2,065,561

UNITECH TRAINING ACADEMY, INC.

Notes to the Financial Statements

December 31, 2020

NOTE 5 – COMMITMENTS

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

December 31, 2020	2,020,000
2021	2,020,000
2022	2,020,000
2023	2,020,000
2024	2,020,000

FASB, ASU 2016-02 provided updated guidance on June 20, 2020 stating adoption has been deferred to fiscal periods beginning after December 31, 2021.

On September 23, 2019, the Department of Education finalized regulations related to the Composite Score calculation. As such, the following table 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.

A	Lease right of use assets – pre-implementation	\$ -0-
B	Lease right of use assets – post-implementation	-0-
C	Lease right of use assets liability– pre-implementation	-0-
D	Lease right of use assets liability – post-implementation	-0-

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.

The School is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of the ultimate liability (if any) with respect to any actions not covered by insurance will not materially affect the financial position of the School.

UNITECH TRAINING ACADEMY, INC.

Notes to the Financial Statements

December 31, 2020

NOTE 7 – LONG-TERM DEBT AND LEASES

	<u>Short-term</u>	<u>Long-term</u>
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	\$ 50,521	\$ 6,347
Revolving line of credit with payments of interest only at prime	33,113	-0-
Loan payable for licensing agreement due in equal payment by December 2025. No interest on amounts payable	89,242	356,964
Total	<u>\$ 172,876</u>	<u>\$ 363,311</u>

Future minimum payments approximate the following:

2021	\$ 172,876
2022	91,892
2023	91,892
2024	90,286
2025	89,241
Total	\$ 536,187

On September 23, 2019, the Department of Education finalized regulations related to the Composite Score calculation. As such, the following table 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.

A	Pre-implementation Long Term Debt	\$ 8,997
B	Allowable Post-Implementation Long-term Debt	
C	Construction in progress – debt	-0-
D	Long-term debt not for the purchase of Property and Equipment or liability greater than assets value	446,206
E	Total	\$ 455,203

UNITECH TRAINING ACADEMY, INC.

Notes to the Financial Statements

December 31, 2020

NOTE 8 – GOVERNMENT GRANTS

Paycheck Protection Program

In April of 2020, the School received from the Small Business Administration (SBA) \$ 1,942,100 in forgivable Payroll Protection loans as part the *Cares Act Legislation*. The loans are forgiven when certain approved costs are incurred and paid within a statutory period. These forgivable loans are subject to the SBA approval. The loans were forgiven in 2021.

The PPP funds were accounted for on the gross method by disclosing the funds as grant income in following the IAS 20 standards. All related costs were expensed.

United States Department of Education (US DOE) Cares Act Advance

In April of 2020 under the legislative CARES ACT, the College received \$ 2,453,939 from the US DOE under the "Higher Education Emergency Relief (HEERF) Fund" with \$ 1,226,970 earmarked to go directly to students and \$ 1,226,969 provided to the School to compensate for costs incurred as a result of COVID-19 and other costs incurred by the College to adapt to remote instruction.

As of December 31, 2020, the School expended \$ 1,090,531 of the institutional portion and distributed \$ 1,224,636 to its students. The unused balance of \$ 138,772 is reflected as a liability and the School has to December 31, 2021 to either use or repay the funds.

The HEERF funds provided to the School to compensate for costs incurred as a result of COVID-19 and other costs incurred by the School to adapt to remote instruction were accounted for the on the gross method in accordance with ASC 958-605. All related costs were expensed or capitalized.

The HEERF funds earmarked to go directly to students were accounted for on the net method following the IAS 20 standards. All funds received were netted off to related expenses.

NOTE 9 – SUBSEQUENT EVENTS

Management evaluated the activity of the School through June 8, 2021, 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.

In March 2020, the World Health Organization (“WHO”) classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have, if any, on the School’s financial condition, liquidity, and future results of operations. Management is actively monitoring these events however, given the daily evolution of the COVID-19 outbreak, the School is not able to estimate any effects, if any, on its operations, financial condition, or liquidity for the fiscal year 2021.

SUPPLEMENTARY INFORMATION

UNITECH TRAINING ACADEMY, INC.

Notes to Financial Statements
For the year ended December 31, 2020

NOTE A - RELATED PARTY TRANSACTIONS:

The School participates in the Student Financial Aid under 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, specifically 34 CFR, 668.23(d) require that all related party transactions be disclosed, regardless of their materiality to the financial statements.

Deana Head the majority owner withdrew \$ 1,934,445 and the related party receivable was:

NOIT: Note payable bearing interest 3.75% with monthly payments of \$1,000.61 with final payments on August 21, 2029	\$ 163,000
--	------------

NOTE B - COMPOSITE SCORE

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, 2020 was 1.9. The components of the score were:

Primary reserve weighted score	0.1
Equity weighted score	0.9
Net income weighted score	0.9
Total Composite Score	<u><u>1.9</u></u>

The financial elements required to compute the composite score can be found on the next page.

UNITECH TRAINING ACADEMY, INC.

Notes to Financial Statements
For the year ended December 31, 2020

NOTE B - COMPOSITE SCORE (continued)

Primary Reserve Ratio			
Line	<u>Adjusted Equity</u>		
32	Total equity		3,498,047
3	Secure and Unsecured related party receivables and /or other related party assets	163,000	
3	Unsecured related party receivables		163,000
N/A	Other Unsecured related party assets		-
13	Property, plant and equipment, net - including construction in progress and capital leases	2,065,561	
FS Note 4 Line A	Property, plant and equipment, net - pre-implementation less any construction in progress		2,028,836
FS Note 4 Line B	Property, plant and equipment, net - post-implementation less any construction in progress with outstanding debt for original purchase with debt - with debt		36,725
FS Note 4 Line D	Property, plant and equipment, net - post-implementation less any construction in progress with outstanding debt for original purchase - without debt		-
FS Note 4 Line C	Construction in progress		-
FS Note 5 Line A and B	Lease right-of use asset	-	
FS Note 5 Line A	Lease right-of use asset - pre-implementation		-
FS Note 5 Line B	Lease right-of use asset - post implementation		-
14	Intangible assets		1,039,999
N/A	Post-employment and defined pension plan liabilities		-
FS Note 7 Line E	Long-term debt - for long-term purposes and Construction in Process debt	445,203	
FS Note 7 Line A	Long-term debt for long-term purposes pre-implementation		8,997
FS Note 7 Line B	Qualified long-term debt for long-term purposes post-implementation for purchase of Property, Plant and Equipment		-
FS Note 7 Line C	Line of Credit for Construction in progress		-
FS Note 5 Line C and D	Lease right- of-use asset liability	-	
FS Note 5 Line C	Pre-implementation right-of-use leases liabilities		-
FS Note 5 Line D	Post-implementation right-of-use leases liabilities		-
<u>Total Expenses and Losses</u>			
45	Total Expenses and Losses	18,553,779	
45	Total Operating Expenses and Losses		18,553,779
N/A	Total Non Operating Expenses and Losses		-
N/A	Comprehensive Losses		-
N/A	Discontinued Operations not classified as operating expenses	-	
N/A	Loss on impairment of assets		-
N/A	Loss on disposal of assets		-
N/A	Change in accounting principle		-
N/A	Investment losses		-
N/A	of net periodic pension and other post-employment plan expenses		-

UNITECH TRAINING ACADEMY, INC.

Notes to Financial Statements

For the year ended December 31, 2020

NOTE B - COMPOSITE SCORE (continued)

Equity Ratio			
Line	<u>Modified Equity</u>		
32	Total equity		3,498,047
FS Note 5 Line A	Lease right-of use asset - pre-implementation		-
FS Note 5 Line C	Pre-implementation right-of-use leases liabilities		-
14	Intangible assets		1,039,999
3	Secure and Unsecured related party receivables and /or other related party assets	163,000	
3	Unsecured related party receivables and Other Unsecured related party assets		163,000
<u>Modified Assets</u>			
17	Total assets		7,284,160
FS Note 5 Line A	Lease right-of use asset - pre-implementation		-
14	Intangible assets		1,039,999
3	Secure and Unsecured related party receivables and /or other related party assets	163,000	
3	Unsecured related party receivables and Other Unsecured related party assets		163,000

Net Income Ratio			
Line	<u>Income Before Taxes</u>		
46	Net Income before income taxes (loss)		3,312,969
N/A	Net Comprehensive income (loss)		-
<u>Total Revenue and Gains</u>			
38	Total Operating Revenues and Gains		21,866,748
N/A	Total Other Revenue and Gains		-
N/A	Comprehensive Income and Gains		-
N/A	Discontinued Operations not classified as an operating Gain		-
N/A	Change in Accounting Principle Gains		-

Primary reserve ratio	Adjusted Equity	238,484	
	Total Expenses and Losses	18,553,779	0.0129

Equity weighted ratio	Modified Equity	2,295,048	
	Modified Assets	6,081,161	0.3774

Net income ratio	Income Before Taxes	3,312,969	
	Total Revenues and Gains	21,866,748	0.1515

	Ratios	Strength Factor	Weights	Composite Scores
Primary reserve weighted score	0.013	0.2571	30%	0.0771
Equity weighted score	0.377	2.2644	40%	0.9058
Net income weighted score	0.152	3.0000	30%	0.9000
Total Composite Score				1.8829
Total Composite Score - Rounded				1.9

UNITECH TRAINING ACADEMY, INC.

Notes to Financial Statements
For the year ended December 31, 2020

NOTE C - 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, 2020 the School's cash basis calculation is:

The cash basis revenue totaled \$ 18,705,006 of which \$ 16,701,650 (89.29%) was derived from Title IV funds for the year ended December 31, 2020. 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.

Revenue by Source - Cash Basis

TITLE IV 90/10 REVENUE PERCENTAGE

	Amount Disbursed	Adjusted Amount
Adjusted Student Title IV Revenue		
Subsidized Loan	\$ 3,097,716	\$ 3,097,716
Unsubsidized Loan	7,134,107	7,134,107
Plus Loan	580,962	580,962
Federal Pell Grant	7,390,139	7,390,139
FSEOG	-	-
Federal Work Study Applied to Tuition and Fees	-	-
Student Title IV Revenue	18,202,924	18,202,924
Revenue Adjustment		78,877
Title IV funds returned for a student under 34 C.F.R. §668.22		(1,580,151)
Adjusted Student Title IV Revenue		16,701,650

UNITECH TRAINING ACADEMY, INC.

Notes to Financial Statements

For the year ended December 31, 2020

NOTE C - PERCENTAGE OF REVENUE DERIVED FROM TITLE IV PROGRAMS (continued)

Student Non-Title IV Revenue		
Grant funds for the students from non-federal public agencies or private sources independent of the Company	472,195	
Fund provided for the student under a contractual arrangement with a Federal, State, or local government agency for the purpose of providing job training to low income individuals	115,173	
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	-	
School scholarships disbursed to the student	-	
Student payments on current charges	662,700	
Total Student Non-Title IV Revenue	1,250,068	
Revenue From Other Sources		
Activities conducted by the institution that are necessary for education and training (34 C.F.R. § 668.28 (a) (3) (ii))	735,288	
Funds paid by a student, or on behalf of a student by a party other than the school for an education or training program that is not eligible (34 C.F.R. § 668.28 (a) (3) (iii))	18,000	
Allowable student payments + allowable amounts from account receivable or institutional loan sales - any required payments under a recourse agreement	-	
Total Revenue From Other Sources	753,288	
Total Non-Title IV Revenue (Student Non-Title IV Revenue + Revenue From Other Sources)		2,003,356
Total Revenue (Adjusted Student Title IV Revenue + Total Non Title-IV Revenue + Revenue From Other Sources)		\$ 18,705,006
Percentage of Title IV revenue to Total Revenue		89.29%
Percentage of Non-Title IV and Other Source Revenue to Total Revenue		10.71%



ANDREW PIERI CPA, P.C.

86-119 Marengo Street, Holliswood, N.Y. 11423, Tel: 516-209-4001, Tel: 718-217-3941, Fax: 718-732-4596,
www.andrewpiericpa.com

Independent Auditor's 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, 2020 and the related statements of income and retained earnings, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College'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 significant 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 College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 College'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 College's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.



ANDREW PIERI, CPA
Queens, New York
June 8, 2020