Financial Statements and Reports of Independent Certified Public Accountants

INTO Illinois State University, LLC

June 30, 2022 and 2021

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
INTO Illinois State University, LLC

Report on the financial statements

Opinion

We have audited the financial statements of INTO Illinois State University, LLC (the "Entity"), which comprise the balance sheets of June 30, 2022, and June 30,2021, and the related statements of operations and comprehensive loss, members' deficit and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as of June 30, 2022, and June 30, 2021, and the results of its operations cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 Financial Statements section of our report. We are required to be independent of the Entity 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.

Emphasis of matter

We draw your attention to Note 1 of the financial statements, which describes management's plans to cease operations, effective August 1, 2020, through December 31, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of management for the financial statements

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity'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.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2022, on our consideration of the Entity'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 the Entity'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 the Entity’s internal control over financial reporting and compliance.

Grant Thornton LLP

San Francisco, California
October 4, 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Directors
INTO Illinois State University, LLC

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of INTO Illinois State University, LLC (the "Entity"), which comprise the balance sheets as of June 30, 2022 and 2021, and the related statements of operations and comprehensive loss, members deficit, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2022.

Report on internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the Entity'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 Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Management Response as item 2022-01, that we consider to be significant deficiencies in the Entity's internal control.

Report on compliance and other matters
As part of obtaining reasonable assurance about whether the Entity'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 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*.

Entity's response to findings
Government Auditing Standards requires the auditor to perform limited procedures on the Entity's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Entity's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the Entity's response.

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 report is not suitable for any other purpose.

Grant Thornton LLP

San Francisco, California
October 4, 2022

INTO Illinois State University, LLC

BALANCE SHEETS

June 30,

		2022		2021
ASSETS				
Current assets				
Cash and cash equivalents	$	220,575	$	367,552
Accounts receivable		-		9,336
Other receivable		1,834,989		1,519,899
Prepaid and other current assets		40,431		55,069
Due from INTO NA		70,203		128,988
Due from ISU		131,421		217,575
Due from IUP		2,145		2,145
Total current assets		2,299,764		2,300,564
Total assets	$	2,299,764	$	2,300,564
LIABILITIES AND MEMBERS' DEFICIT				
Current liabilities				
Accounts payables and accrued expenses	$	147,329	$	125,920
Due to ISU, current portion		3,109,696		2,656,098
Due to INTO ASIA TOPCO		4,346		6,484
Due to INTO WFOE		8,075		9,497
Due to UAC VIETNAM		534		91
Total current liabilities		3,269,980		2,798,090
Long-term liabilities				
Partner loans - INTO NA		6,000,000		6,000,000
Due to ISU		2,850,963		3,133,172
Due to INTO NA		1,500,928		1,328,303
Due to IUP		783,037		797,336
Total long-term liabilities		11,134,928		11,258,811
Total liabilities		14,404,908		14,056,901
Members' deficit				
Common stock, $0.001 par value, 200 shares authorized, issued and outstanding		-		-
Additional paid-in capital		50,000		50,000
Accumulated deficit		(12,155,144)		(11,806,337)
Total members' deficit		(12,105,144)		(11,756,337)
Total liabilities and members' deficit	$	2,299,764	$	2,300,564

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

INTO Illinois State University, LLC

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

June 30,

	2022	2021
Revenues		
Tuition income	$ -	$ 59,437
Other operating revenue	26,065	76,312
Total revenues	26,065	135,749
Expenses		
Cost of instruction	6,370	56,318
Indirect staff costs	-	125,540
Marketing	-	201,866
Compensation and employee benefits	-	71,440
Rent expenses	-	7,396
Depreciation and amortization	-	5,642
Administrative and service charges	-	42,285
Impairment	-	350,560
Other operating expenses	368,502	400,749
Total expenses	374,872	1,261,796
Operating loss	(348,807)	(1,126,047)
NET AND COMPREHENSIVE LOSS	$ (348,807)	$ (1,126,047)

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

INTO Illinois State University, LLC

STATEMENTS OF MEMBERS' DEFICIT

Years ended June 30, 2022 and 2021

	Common Stock		Additional	Accumulated	
	Shares	**Amount**	**Paid-in Capital**	**Deficit**	**Total**
Balances at June 30, 2020	200	$ -	$ 50,000	$ (10,680,290)	$ 10,630,290
Net loss	-	-	-	(1,126,047)	(1,126,047)
Balances at June 30, 2021	200	-	50,000	(11,806,337)	(11,756,337)
Net loss	-	-	-	(348,807)	(348,807)
Balances at June 30, 2022	200	$ -	$ 50,000	$ (12,155,144)	$ (12,105,144)

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

INTO Illinois State University, LLC

STATEMENTS OF CASH FLOWS

Years ended June 30, 2022 and 2021

	2022	2021
Operating activities:		
Net loss	$ (348,807)	$ (1,126,047)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	-	5,642
Impairment	-	350,560
Changes in operating assets and liabilities:		
Accounts receivable and other receivable	(305,754)	(1,453,226)
Prepaid and other current assets	14,638	101,609
Due from INTO NA	58,785	(128,945)
Due from ISU	86,154	(170,510)
Accounts payables and accrued expenses	21,409	(117,817)
Deferred revenue	-	(815,305)
Due to ISU	171,389	2,836,982
Due to INTO NA	172,625	400,496
Due to IUP	(14,299)	244,081
Due to INTO ASIA TOPCO	(2,138)	2,611
Due to INTO WFOE	(1,422)	6,860
Due to UAC VIETNAM	443	91
Net cash provided by (used in) operating activities	(146,977)	137,082
Investing activities:		
Purchases of intangible assets	-	(21,217)
Net cash used in investing activities	-	(21,217)
NET DECREASE IN CASH	(146,977)	115,865
Cash:		
Beginning of year	367,552	251,687
End of year	$ 220,575	$ 367,552
Supplemental cash flow information:		
Cash paid for interest	$ -	$ -

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

NOTE 1 - DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

INTO Illinois State University, LLC ("INTO Illinois State University" or the "Company" or "INTO ISU") was established on March 22, 2018 as a joint venture between INTO North America, Inc. ("INTO NA") and Illinois State University Global LLC ("ISU Global"), collectively the "Members," for the purpose of building the international profile of Illinois State University (the "University" or "ISU"). The principal business of INTO Illinois State University is to provide management, marketing, and administrative services to Illinois State University and its diverse students in connection with the international pathway programs, which are subject to the academic authority of Illinois State University. INTO Illinois State University provides continuous support by managing the areas of the students' cultural experience, English language courses, and eventual matriculation to Illinois State University. The purpose of the partnering between INTO Illinois State University and Illinois State University is to support the recruitment of intellectual talent to Illinois State University, enhance the quality and relevance of education, extend the University's global reach, transform service quality, broaden Illinois State University's global brand identity and recognition, provide an economic stimulus for the broader community, and generate revenue for reinvestment in Illinois State University.

INTO Illinois State University operates an international student center located on Illinois State University's Normal, Illinois campus. INTO Illinois State University and Illinois State University offer a range of academic preparatory courses and English language programs to international students, which, when successfully completed, enable qualified international students the ability to progress to undergraduate and graduate degree programs at Illinois State University.

On March 22, 2018, the Members each contributed cash of $25,000 for equal shares of the Company.

Basis of Presentation

The accompanying financial statements of INTO Illinois State University have been prepared on the accrual basis of accounting and are prepared under the guidance of the Accounting Standards Codification ("ASC") 205, *Presentation of Financial Statements*, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). In May 2019, the Board of Directors approved changing the Company's elected year end from July 31 to June 30.

Liquidity and Management's Plans

The Company generated negative cash flows from operations and net losses from operations during the years ended June 30, 2022 and 2021. As of June 30, 2022 and 2021, the Company had an accumulated deficit of $12,155,144 and $11,806,337, respectively. Historically, the Company's liquidity needs have been met through borrowings under its partner loans from INTO NA and payment deferrals from ISU.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. As a result of the pandemic, international travel to the U.S., on which the Company is dependent, has been significantly limited, and it is currently unclear when this will return to normal levels.

The Company's recurring losses and negative cash flows, including the impact of the COVID-19 pandemic, have raised substantial doubt regarding the Company's ability to continue as a going concern. In response to this, both Members of the Company executed amendments to the International Student Center Services Agreement, the IT Services Agreement, the Deferral Letter, the Teaching/Administration Building(s) Facilities License Agreement, and the Promissory Note, reflecting the intent for the Company to cease operations for a period of up to 23 months, effective August 1, 2020 (the "Deferment Term"). During August

2021, both Members of the Company executed additional amendments to extend the Deferment Term through December 31, 2023. During the Deferment Term, the Company will not receive any revenue, will terminate all employees, will have minimal expenditures, and all parties agree to defer payment on any outstanding payables/loans.

The Third Amendment to the International Student Center Services Agreement includes the deferment of all payments, fees, reimbursements and other amounts due by the Company to ISU or IUP for the duration of the Deferment Term, and the Company is not obligated to pay any amount or interest during that period. All such deferred amounts shall accrue interest at a rate of 3% per annum for the duration of the Deferment Term. ISU will be responsible for paying all costs of delivery in respect of the English and Pathway programs starting August 1, 2020 through the period of deferment. ISU will continue to pay the required scholarship payments to the Company during the Deferment Term. Both Members of the Company agree to hold quarterly meetings with senior business leaders of each such party to confer regarding the status of the Company during the Deferment Term and desired changes to this amendment or the International Student Center Services agreement during the Deferment Term. All terms and conditions of the International Student Center Services Agreement shall automatically be reinstated at the end of the Deferment Term. IUP and/or the Company will hire an Executive Director for the Company by the conclusion of the Deferment Term.

The First Amendment to the IT Services Agreement suspends such agreement in full and shall not have force or effect during the Deferment Term. No information technology services or support shall be provided to the Company for the duration of the Deferment Term unless mutually agreed by the parties. ISU and IUP agree to cooperate to maintain existing technology integrations and infrastructure to support all ongoing operations conducted by IUP and the University for the Deferment Term. Each party agrees to bear its own costs related to IT services and such maintenance and support for the duration of the Deferment Term. No payments shall be charged to the Company for the duration of the Deferment Term.

The First Amendment to the Deferral Letter suspends in full the payment of all amounts due to ISU shall continue to be deferred for the duration of the Deferment Term. The deferred amounts due to ISU shall continue to accrue interest at a rate of 3% per annum during the Deferment Term. All of the terms and conditions of the Deferral Letter shall be automatically reinstated in full at the end of the Deferment Term.

The First Amendment to the Teaching/Administration Building(s) Facilities License Agreement suspends such agreement and the University resumes control of, and responsibility for, the premises, during the Deferment Term. The University shall provide office space for one IUP employee in the premises for the duration of the Deferment Term. Any Company property or equipment that remains in the premises during the Deferment Term may be used by the University for University purposes; provided, that the University shall be solely responsible for any damage arising from such use.

The First Amendment to the Promissory Note states that no principal or interest outstanding under the Promissory Note (the “Partner Loans”) shall be due and payable by the Company to INTO NA during the Deferment Term. The outstanding principal amount shall accrue interest at a rate of 3% per annum for the duration of the Deferment Term. All of the terms and conditions of the Promissory Note shall be automatically reinstated in full at the end of the Deferment Term.

While there continues to be uncertainty regarding this unprecedented time, the Company believes that the existing cash balance on hand, combined with the actions taken through the aforementioned amendments to cease operations and defer payments effective August 1, 2020, will be sufficient to fund currently anticipated cash requirements for the 12 months following October 4, 2022, the date that these financial statements were available for issuance.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

INTO Illinois State University considers all highly liquid investments with original maturities of three months or less when purchased to be cash and cash equivalents. The carrying value of cash and cash equivalents reported on the financial statements approximates its fair value. INTO Illinois State University had no cash equivalents at June 30, 2022 and 2021. At times, the Company's cash balances may be in excess of federally insured limits. The Company maintains its accounts with two high-quality financial institutions and believes that any risk of loss is minimal. As of June 30, 2022 and 2021, cash deposits exceeded federally insured limits by $0 and $117,552, respectively.

Accounts Receivable

Accounts receivable consist of trade receivables due to the Company for student tuition and fees invoiced during periods prior to August 1, 2020, when the Company ceased operations. Accounts receivable are recorded net of any allowance for doubtful accounts. Allowance for doubtful accounts are reported based on management's best estimate considering type, age, collection history and other factors as deemed appropriate. Any change in the assumptions used may result in an allowance for doubtful accounts being recognized in the period in which the change occurs.

Accounts receivable are written off when deemed uncollectible. The Company had no allowance for doubtful accounts for the years ended June 30, 2022 and 2021.

Other Receivable

During the Deferment Term, the Company has agreed to invoice and collect tuition and other fees from students on behalf of ISU. Amounts collected from students on behalf of ISU will subsequently be remitted by the Company to ISU in accordance with the terms of the Third Amendment to the International Student Services Center Agreement. Other receivable represents amounts invoiced to students on behalf of ISU, which have not yet been collected. Tuition and fees collected from students on behalf of ISU, which have not yet been remitted to ISU, are recorded in Due to ISU, current portion in the accompanying balance sheets.

Fair Values of Financial Instruments

The Company applies ASC 820, *Fair Value Measurements*, for fair value measurements of financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC 820 defines fair value, establishes a framework for the measurement of fair value, and enhances disclosures about fair value measurements.

Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

Level 1 Quoted prices in active markets for identical assets or liabilities;

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The carrying amounts of financial instruments such as cash, accounts receivable, accounts payable, related party payables, or receivables, and accrued liabilities approximate fair value due to their short maturities.

Prepaid and Other Current Assets

Prepaid expenses for marketing and other prepaids consist of amounts paid in advance for goods or services that had not yet been rendered as of the end of the fiscal year. Prepaid commissions consist of amounts paid to agents that will be recognized over the life of the student's study plan.

	2022	2021
Prepaid commissions	$ 38,366	$ 43,755
Other prepaids	2,065	11,314
	$ 40,431	$ 55,069

Impairment Loss

INTO Illinois State University evaluates the recoverability of its long-lived assets whenever adverse events or changes in the business climate indicate that the expected undiscounted future cash flows from the related asset may be less than its carrying value. If the net book value of the related asset exceeds the undiscounted future cash flows of the asset, the carrying amount is reduced to the present value of its expected future cash flows, and an impairment loss is recognized.

During the year ended June 30, 2021, the Company recorded impairment losses totaling $350,560 to reduce the carrying values of its equipment, furniture, and fixtures and intangible assets to zero as a result of the Members of the Company suspending operations for the duration of the Deferment Term.

Revenues

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which outlines a single, principles-based five-step model for entities to use in accounting for revenue arising from contracts with customers that supersedes most current revenue recognition guidance. This guidance requires an entity to recognize revenue when it transfers control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On July 1, 2020, the Company adopted the provisions of this guidance using the modified retrospective approach. The adoption did not have a material impact on the measurement or recognition of revenue within the Company's financial statements.

Tuition is collected by INTO ISU from international students for academic preparatory courses and English language programs. Other operating revenue primarily consists of accommodation, student insurance fees, and cancellation fee income. Revenues are recognized over the program service period as services are performed, except for cancellation fee income, which is recognized as incurred.

Refunds

Students may be eligible for a refund, less the deposit, if they cancel or withdraw from an INTO ISU program before the published start date. INTO ISU temporarily implemented a deposit refund policy in direct response to the impact of COVID-19 which states that students may receive a refund of their deposit for a variety of reasons, including but not limited to, inability to obtain a visa, travel restrictions, personal or family sickness, etc. Deposits are recorded in accrued expenses within the accompanying balance sheets.

Scholarship Fund

The purpose of the scholarship fund is to provide financial scholarships to students admitted into the INTO ISU programs. Upon matriculating to ISU, the University remits a percentage of the student's tuition to INTO ISU for the purpose of funding scholarships. Any scholarship amounts awarded to students that exceed the available balance in the scholarship fund are expensed.

INTO ISU incurred $0 and $769 for scholarship fund expense for the years ended June 30, 2022 and 2021, respectively. These amounts are netted against tuition revenue on the statements of operations and comprehensive loss.

Deferred Revenue

Deferred revenue consists of cash receipts for student services, tuition, and fees received in advance of the related academic program start date. INTO ISU recognizes the amounts received as revenue in the statements of operations and comprehensive loss ratably over the period of the underlying academic program.

Marketing

Marketing costs consist of fees paid to a related party, IUP, for marketing and recruitment services per the International Student Center Services Agreement. These costs are expensed over the time period that the services are provided.

Other marketing costs consist of brochures, advertising and other marketing activities and are expensed as incurred or when the first run of advertising occurs.

Income Taxes

INTO ISU is a limited liability company and is a disregarded entity for U.S. federal, state and local income tax purposes. The Members have limited individual liability for the obligation or debts of INTO ISU. Accordingly, no provision for income taxes is made in the financial statements since such taxes, if any, are the responsibility of the individual Members.

Agent Commissions

The majority of the commissions paid to third-party agents are deferred on the balance sheets and recognized over the same period as the related student revenue in cost of instruction on the accompanying statements of operations and comprehensive loss. In some cases, INTO ISU has recourse to recover all or part of payments made to third-party agents.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheets and disclosing key information about leasing arrangements. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous U.S. GAAP. There continues to be a differentiation between finance leases and operating leases; however, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be presented on the balance sheet. This update is effective for the Company for fiscal year 2023. INTO ISU is evaluating the impact of this ASU on its financial statements.

NOTE 3 - RELATED-PARTY TRANSACTIONS

For the purposes of the financial statements, the Company considers INTO NA, IUP, INTO University Partnerships (Asia), Ltd. ("INTO ASIA TOPCO"), Guangzhou WOFE INTO Education, Ltd. ("INTO WFOE"), ISU Global, ISU and members of the INTO Illinois State University Board of Directors to be related parties.

Illinois State University and Illinois State University Global LLC

INTO ISU has entered into an International Student Center Services Agreement ("Service Agreement") with Illinois State University, which provides that Illinois State University will create and develop the INTO ISU programs jointly with INTO ISU, with the goal of ensuring that appropriate resources and courses at both INTO ISU and Illinois State University are available to provide a quality academic experience. The Service Agreement, effective as of March 22, 2018, continues through March 22, 2028. The Service Agreement may be terminated without liability to either party upon the event of certain criteria established per the Service Agreement. No such event occurred as of June 30, 2022 and 2021.

The Service Agreement provides that credits earned by students who successfully complete the INTO ISU Pathways Program will be recognized by Illinois State University toward completion of an appropriate Illinois State University undergraduate or graduate degree program. Illinois State University will provide and supervise the administration of student admissions to the INTO ISU Program and will provide support and mentoring services to the students during their enrollment.

Per the terms of the Service Agreement, Illinois State University will provide INTO ISU access to Illinois State University facilities and student services, Illinois State University will provide for the planning, construction, and use of living and learning facilities based on the achievement of program milestones, including various enrollment thresholds. In addition, access to appropriate Illinois State University staff for delivery of the INTO ISU Programs will be provided to INTO Illinois State University. Illinois State University will incur the payroll and other expenses for leased employees, and INTO ISU will reimburse Illinois State University for these costs.

As part of the Service Agreement, Illinois State University granted INTO ISU a nonexclusive, royalty-free, nontransferable worldwide license for the term of the agreement to use the Illinois State University trademarks, trade names, service marks, service names, brand names, domain names, URLs or logos for the purpose of the INTO ISU programs. For the year ended June 30, 2022, INTO ISU incurred expenses from Illinois State University of $0 for compensation and benefits and $0 for cost of instruction, per the International Student Center Services Agreement, which are included in the accompanying statements of operations and comprehensive loss. For the year ended June 30, 2021, INTO ISU incurred expenses from Illinois State University of $20,624 for compensation and benefits and $37,849 for cost of instruction, per the International Student Center Services Agreement, which are included in the accompanying statements of operations and comprehensive loss. As of June 30, 2022 and 2021 respectively, INTO ISU accrued $2,170,896 for compensation and benefits and costs of instruction in Due to ISU, noncurrent on the accompanying balance sheet, with such noncurrent presentation being in accordance with the terms of the Third Amendment to the Service Agreement.

For the years ended June 30, 2022 and 2021, INTO ISU incurred expenses from Illinois State University of $0 and $7,395, respectively, for rent, per the Teaching/Administration Building(s) Facilities License Agreement, which is included in the accompanying statements of operations and comprehensive loss. As of June 30, 2022 and 2021 respectively, INTO ISU accrued $402,116 for rent expense in Due to ISU, noncurrent on the accompanying balance sheet, with such presentation in accordance with the terms of the First Amendment to the Teaching/Administrative Building(s) Facilities License Agreement.

For the years ended June 30, 2022 and 2021, INTO ISU incurred expenses from Illinois State University of $0 and $18,375, respectively, for administration and service charges, per Section 4.01 of the Service Agreement, which are included in the accompanying statements of operations and comprehensive loss. As of June 30, 2022, INTO ISU accrued $273,875 for administration and service charges in Due to ISU, noncurrent on the accompanying balance sheet, with such presentation being in accordance with the terms of the Third Amendment to the Service Agreement, as of June 30, 2021, INTO ISUE accrued $273,875 for administration and service charges in Due to ISU, current portion on the accompanying balance sheet.

For the years ended June 30, 2022 and 2021, INTO ISU incurred expenses from Illinois State University of $0 and $1,369, respectively, for other operating expenses, per the Service Agreement, which are included in the accompanying statements of operations and comprehensive loss. For the years ended June 30, 2022 and 2021, INTO ISU incurred information technology expenses, per the IT Services Agreement, from Illinois State University of $0 and $7,356, respectively, which are included in other operating expenses in the accompanying statements of operations and comprehensive loss. As of June 30, 2022, INTO ISU accrued $168,639 for other operating expenses and information technology expenses in Due to ISU, noncurrent on the accompanying balance sheets, with such presentation being in accordance with the terms of the First and Third Amendments to the Service Agreement and IT Services Agreement, respectively. As of June 30, 2021, INTO ISU accrued $168,639 for other operating expenses and information technology expenses in Due to ISU, current portion in the accompanying balance sheet.

The Third Amendment to International Student Services Agreement ceased operations for the Company as of August 1, 2020. During the period of ceased operations, the Company agreed to continue to process student applications, invoices and payments on behalf of the University. As of June 30, 2022 and 2021, $3,109,696 and $2,656,098, respectively, was due to ISU for student payments collected by INTO ISU on behalf of the University that had not yet been remitted. These amounts are recorded in Due to ISU, current portion on the accompanying balance sheets.

Illinois State University remitted $57,033 and $137,693 to INTO ISU for scholarships during the years ended June 30, 2022 and 2021, respectively, per Section 4.04 of the Service Agreement. Illinois State University owed INTO ISU $131,421 and $188,224 for scholarship funds at June 30, 2022 and 2021, respectively. These amounts are included in due from ISU on the accompanying balance sheets.

Prior to the August 1, 2020, when the Company ceased operations, the Company had prepaid commissions to agents for future terms. As a result of entering into the Deferment Term, such balance is to be reimbursed by ISU to INTO ISU. Accordingly, as of June 30, 2022, ISU owed INTO ISU $0 for the reimbursement of prepaid commissions, which is recorded in Due from ISU on the accompanying balance sheet. Accordingly, as of June 30, 2021, ISU owed INTO ISU $29,351 for the reimbursement of prepaid commissions, which is recorded in Due from ISU on the accompanying balance sheet.

INTO ISU has an agreement with The Board of Trustees of Illinois State University that allows INTO ISU to defer the payment of the specified costs, as defined in the International Student Center Services Agreement, until the final day of the fiscal year immediately following the year end. An interest rate of 6% will be applied, commencing the first day of the fiscal year immediately following the year end, to any deferred amounts. The annual interest rate changed to 3%, commencing August 1, 2020. As of June 30, 2022 and 2021, INTO ISU has deferred $3,015,525 and $3,015,525, respectively. For the periods ended June 30, 2022 and 2021, INTO ISU incurred $97,792 and $87,915, respectively, for interest expense in other operating expenses, which is included in the accompanying statements of operations and comprehensive loss. As of June 30, 2022 and 2021, INTO ISU has accrued $215,438 and $117,646, respectively, for interest expense in Due to ISU on the accompanying balance sheets.

The table below reflects the amount of expenses incurred by INTO ISU for services provided by Illinois State University.

2022	INTO Illinois State University								
	Due to ISU	Due from ISU	Cost of Instruction	Compensation and Employee Benefits	Rent	Administration and Service Charges	Other Operating	IT	Interest
Receivable/Payable	$ 5,960,659	$ 131,421	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating expenses	-	-	-	-	-	-	-	-	97,792
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

2021	INTO Illinois State University								
	Due to ISU	Due from ISU	Cost of Instruction	Compensation and Employee Benefits	Rent	Administration and Service Charges	Other Operating	IT	Interest
Receivable/Payable	$ 5,789,270	$ 217,575	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating expenses	-	-	37,849	20,624	7,395	18,375	1,369	7,356	87,915
Total	$ 5,789,270	$ 217,575	$ 37,849	$ 20,624	$ 7,395	$ 18,375	$ 1,369	$ 7,356	$ 87,915

INTO NORTH AMERICA, INC. (“INTO NA”)

INTO ISU has incurred expenses of $0 and $17,636 to INTO NA for administrative services, per Article 4.0.1 of the International Student Center Services Agreement, for the years ended June 30, 2022 and 2021, respectively. These amounts are recorded in other operating expenses on the accompanying statements of operations and comprehensive loss. INTO ISU owed INTO NA $0 and $0 as of June 30, 2022 and 2021, respectively, related to the administrative expenses which were recorded in Due to INTO NA, current portion on the accompanying balance sheets.

INTO ISU has a Promissory Note with INTO NA which allows INTO ISU to borrow up to $6,000,000 in operating capital from INTO NA with an interest rate of 6%. The annual interest rate changed to 3%, commencing August 1, 2020. Borrowings on this note can be made at any time subject to the Limited Liability Company Agreement of INTO Illinois State University, LLC. The Company has outstanding borrowings with INTO NA in the amount of $6,000,000 for each of the years ended June 30, 2022 and 2021, which is recorded under partner loans – INTO NA in the accompanying balance sheet. As of June 30, 2022, the Company had accrued interest of $668,392 recorded in Due to INTO NA, noncurrent in the accompanying balance sheet, with such presentation being in accordance with the terms of the First Amendment to the Promissory Note. As of June 30, 2021, the Company had accrued interest of $488,392 in Due to INTO NA, current portion in the accompanying balance sheet. INTO ISU has incurred expenses of $180,000 and $195,575 to INTO NA for interest expense for the years ended June 30, 2022 and 2021, respectively. These amounts were recorded in other operating expenses on the accompanying statements of operations and comprehensive loss.

INTO ISU has incurred expenses of $5,804 and $100,196 to INTO NA for shared services and other operating costs, per the International Student Center Services Agreement, for the years ended June 30, 2022 and 2021, respectively. These amounts are recorded in indirect staff costs and other operating expenses on the accompanying statements of operations and comprehensive loss. INTO ISU owed INTO NA $460,415 for shared services and other operating costs at June 30, 2022, which was recorded in Due to INTO NA, noncurrent, in the accompanying balance sheet, with such presentation being in accordance with the terms of the Third Amendment to the International Student Center Services Agreement. INTO ISU owed INTO NA $437,801 for shared services and other operating costs as of June 30, 2021, which is recorded in Due to INTO NA, current portion on the accompanying balance sheet. INTO ISU has incurred expenses of $0 and $6,274 for management fees equal to 10% of the instructional fees charged to students for the INTO ISU programs, per the International Student Center Services Agreement, for the years ended June 30, 2022 and 2021, respectively. These amounts are recorded in other operating expenses on the accompanying statements of operations and comprehensive loss. INTO ISU owed INTO NA $389,049 for management fees as of June 30, 2022, which is recorded in Due to INTO NA, noncurrent in the accompanying balance sheet, with such presentation being in accordance with the terms of the Third Amendment to the International Student Center Services Agreement. INTO ISU owed INTO NA $389,049 for management fees as of June 30, 2021, which is recorded in Due to INTO NA, current portion on the accompanying balance sheet.

INTO ISU has incurred expenses of $0 and $652 from INTO NA for INTO Sourced Student Commissions for the years ended June 30, 2022 and 2021, respectively. These amounts are recorded in cost of instruction on the accompanying statements of operations and comprehensive loss. INTO ISU owed INTO NA $0 at both June 30, 2022 and 2021 for INTO Sourced Student Commissions. These amounts are recorded in Due to INTO NA on the accompanying balance sheets.

INTO ISU owed INTO NA ($16,928) and $13,061 as of June 30, 2022 and 2021, respectively, for commissions expense reimbursement. These amounts are recorded in Due to INTO NA, noncurrent on the accompanying balance sheets. INTO NA owed INTO ISU $55,180 and $49,294 as of June 30, 2022 and 2021, respectively, for commissions expense reimbursement. These amounts are recorded in Due from INTO NA on the accompanying balance sheets.

INTO UNIVERSITY PARTNERSHIP LIMITED (“IUP”)

INTO ISU has incurred expenses of $0 and $183,750 from IUP for marketing and recruitment services fees per Exhibit K of the International Student Center Services Agreement for the years ended June 30, 2022 and 2021, respectively. These amounts are recorded in marketing expenses on the accompanying statements of operations and comprehensive loss. As of June 30, 2022, INTO ISU owed IUP $551,732 for marketing and recruitment services, which is recorded in Due to IUP, noncurrent in the accompanying balance sheet, with such presentation being in accordance with the terms of the Third Amendment to the International Student Center Services Agreement. As of June 30, 2021, INTO ISU owed IUP $551,732 for marketing and recruitment services, which is recorded in Due to IUP, current portion in the accompanying balance sheet.

INTO ISU made advance payments of $0 to IUP for marketing fees during each of the years ended June 30, 2022 and 2021, which are recorded in prepaid and other current assets on the accompanying balance sheets.

INTO ISU has incurred expenses of $0 and $36,565 from IUP for shared services and other operating costs per Exhibit L of the International Student Center Services Agreement for the years ended June 30, 2022 and 2021, respectively. These amounts are recorded in indirect staff costs and other operating costs on the accompanying statements of operations and comprehensive loss. As of June 30, 2022, INTO ISU owed IUP $156,070 for shared services and other operating costs, which is recorded in Due to IUP, noncurrent in the accompanying balance sheet, with such presentation being in accordance with the terms of the Third Amendment to the Student Center Services Agreement. As of June 30, 2021, INTO ISU owed IUP $169,888 for shared services and operating costs, which is recorded in Due to IUP, current portion in the accompanying balance sheets. IUP owed INTO ISU $2,145 and $2,145 for shared services and other operating costs at June 30, 2022 and 2021, respectively. These amounts are recorded in Due from IUP in the accompanying balance sheets.

INTO ISU has incurred expenses of $0 and $0 from IUP for INTO Sourced Student Commissions for the years ended June 30, 2022 and 2021, respectively. These amounts are recorded in cost of instruction on the accompanying statements of operations and comprehensive loss. INTO ISU had no outstanding balances due to IUP as of June 30, 2022 and 2021 for INTO Sourced Student Commissions.

IUP invests in developing and customizing internal use software, which is then utilized by INTO ISU and other affiliate entities. IUP allocates a portion of those costs to INTO ISU, which are then capitalized in accordance with ASC 350-40 as described in Note 2. During the years ended June 30, 2022 and 2021, $0 and $21,217, respectively, of software costs were charged by IUP to INTO ISU and recorded within intangible assets on the accompanying balance sheets. As of June 30, 2022, INTO ISU owed IUP $75,716 for software development and customization fees incurred, which is recorded in Due to IUP, noncurrent in the accompanying balance sheet. As of June 30, 2021, INTO ISU owed IUP $75,716 for software development and customization fees incurred, which is recorded in Due to IUP, current portion on the accompanying balance sheet.

INTO ISU has incurred expenses of $0 and $6,860 from INTO WFOE related to shared services and operating expenses for the years ended June 30, 2022 and 2021, respectively. These amounts are recorded in other operating expenses on the accompanying statements of operations and comprehensive loss. INTO ISU owed INTO WFOE $8,075 and $9,497 as of June 30, 2022 and 2021, respectively, for other operating costs. These amounts are recorded in Due to INTO WFOE on the accompanying balance sheets. INTO WFOE is a wholly owned subsidiary of IUP.

INTO ISU has incurred expenses of $0 and $2,611 from INTO ASIA TOPCO, related to shared services and other operating expenses for the years ended June 30, 2022 and 2021, respectively. These amounts are recorded in other operating expenses on the accompanying statements of operations and comprehensive loss. INTO ISU owed INTO ASIA TOPCO $4,346 and $6,484 as of June 30, 2022 and 2021, respectively, for other operating costs. These amounts are recorded in Due to INTO ASIA TOPCO in the accompanying balance sheets. INTO ASIA TOPCO is a wholly owned subsidiary of IUP.

INTO ISU has incurred expenses of $0 and $91 from UAC VIETNAM, related to shared services and other operating expenses for the years ended June 30, 2022 and 2021, respectively. These amounts are recorded in other operating expenses on the accompanying statements of operations and comprehensive loss. INTO ISU owed UAC VIETNAM $534 and $91 as of June 30, 2022 and 2021, respectively, for other operating costs. These amounts are recorded in Due to UAC VIETNAM in the accompanying balance sheets. UAC VIETNAM is a wholly owned subsidiary of IUP.

NOTE 4 - EQUIPMENT, FURNITURE AND FIXTURES, NET

Depreciation expense on equipment, furniture and fixtures for the years ended June 30, 2022 and 2021 was $0 and $1,389, respectively. As discussed in Note 1, the Company recorded an impairment loss of $43,666 to reduce the carrying amounts of equipment, furniture, and fixtures to zero during the year ended June 30, 2021.

NOTE 5 - INTANGIBLE ASSETS, NET

Intangible assets consist of capitalized software costs and are carried at a gross cost of $0 and $0 at June 30, 2022 and 2021, respectively. Accumulated amortization was $0 and $0 at June 30, 2022 and 2021, respectively, and amortization expense was $0 and $4,253 for the years ended June 30, 2022 and 2021, respectively. As discussed in Note 1, the Company recorded an impairment loss of $306,894 to reduce the carrying amounts of intangible assets to zero during the year ended June 30, 2021.

NOTE 6 - LEASES

INTO ISU conducts its operations in leased facilities from Illinois State University under an initial operating lease that began on March 22, 2018 and expires on March 22, 2028. INTO ISU does not have the right to sub-lease or assign the lease without prior written consent of Illinois State University. There are no provisions in the lease for transfer of ownership or bargain purchase options. Pursuant to the terms of the Teaching/Administration Building(s) Facilities License agreement, effective March 22, 2018, Illinois State University granted a $50,000 per year rent abatement for the duration of the Service Agreement. During the year ended June 30, 2020, INTO ISU and Illinois State University agreed to reverse the previously granted $50,000 per year rent abatement. The $107,091 of the reversed rent abatement was recorded in rent expense during the year ended June 30, 2020 on the accompanying statements of operations and comprehensive loss. Pursuant to the terms of the First Amendment to the Teaching/Administration Building(s) Facilities License agreement, the Company will not be charged rental payments from Illinois State University during the Deferment Term. Total net rent expense for the years ended June 30, 2022 and 2021 was $0 and $7,396, respectively. The future minimum lease payments as of June 30, 2022 are referenced below.

FY2023	$ -
FY2024	92,658
FY2025	185,316
FY2026	185,316
FY2027	185,316
FY2028 and future	324,303
Total commitments	$ 972,909

NOTE 7 - ACCRUED EXPENSES

Accrued expenses consist of the following at June 30:

	2022	2021
Payroll and other employee-related benefits	$ 2,798	$ 5,597
Student deposits and refunds	84,597	63,342
Travel and marketing	-	-
Audit, insurance, legal and tax	59,944	54,249
Other	-	2,732
Total accrued expenses	$ 147,329	$ 125,920

NOTE 8 - EMPLOYEE BENEFIT PLANS

The INTO Illinois State University, LLC 401(k) plan is a contributory defined contribution plan designed to provide all employees who meet certain age and service requirements the opportunity to contribute a portion of their pre-tax or after-tax income to the traditional 401(k) or Roth 401(k) plan. Contributions are made through employee-elected payroll withholdings and are subject to certain limitations. INTO ISU matches 100% of employee contributions into either plan up to 6% of each participant's earnings. INTO ISU contributed $0 and $6,369 on behalf of its employees in the years ended June 30, 2022 and 2021, respectively.

NOTE 9 - SUBSEQUENT EVENTS

In connection with the preparation of the financial statements and in accordance with ASC 855, *Subsequent Events*, management has evaluated and reviewed the affairs of INTO Illinois State University, LLC for subsequent events that would impact the financial statements for the period ended June 30, 2022 to October 4, 2022, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

INTO Illinois State University, LLC

SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSE

June 30, 2022 and 2021

2022-01 JOURNAL ENTRIES (SIGNIFICANT DEFICIENCY)

Criteria:

Entities have a responsibility to design, implement and maintain an internal control environment relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, in accordance with accounting principles generally accepted in the United States of America.

Condition:

When considering the Entity's internal control over financial reporting, it was noted that users are able to create and post their own journal entries below $650,000 within the Entity's financial reporting system. Further, journal entries posted to the general ledger are not independently reviewed if they are less than $650,000.

Cause:

The Entity's financial reporting system does not have the ability to restrict users from creating and posting their own journal entries if the entry is less than $650,000.

Effect:

The inability to restrict users from creating and posting their own entries below $650,000, in conjunction with the absence of an independent review of journal entries posted below this threshold, creates an opportunity for inappropriate or unauthorized journal entries to be recorded, which could result in a material misstatement within the financial statements.

Recommendation:

We recommend that management implement a control to ensure that all journal entries recorded within the general ledger, regardless of dollar amount, are independently reviewed and approved.

Views of Responsible Officials:

Management believes that the multiple layers of financial review that are performed at month end mitigates any risk that a material misstatement could result from the lack of independent journal entry review. The month end asset and liability workpaper files are reviewed by the designated Manager of Accounting & Shared Services before they are distributed to the Commercial & Student Finance Analyst for review. The Commercial & Student Finance Analyst then runs the monthly Management Report which includes the statement of operations and comprehensive loss, and they provide commentary on the items that vary from the forecasted budget. That information is then submitted to the Central Finance Team at INTO NA for review by the appropriate Director of Commercial Finance and the VP Commercial Finance, North America. The VP Commercial Finance then presents the financial information to the Global CFO. This review process has been in place since the inception of INTO ISU.