Financial Statements and Reports of Independent Certified Public Accountants

INTO Illinois State University, LLC

June 30, 2023 and 2022

Contents

GRANT THORNTON LLP
101 California St., Suite 2700
San Francisco, CA 94111-5830

D +1 415 986 3900
F +1 415 986 3916

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 as of June 30, 2023 and June 30, 2022, 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, 2023 and June 30, 2022, and the results of its operations and its 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 audits. 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 the decision to dissolve the Entity effective July 6, 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 September 29, 2023, 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
September 29, 2023

GRANT THORNTON LLP
101 California St., Suite 2700
San Francisco, CA 94111-5830

D +1 415 986 3900
F +1 415 986 3916

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, 2023 and 2022, 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 September 29, 2023.

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 items 2023-001, that we consider to be significant deficiencies in the Entity's internal control.

GrantThornton

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
September 29, 2023

INTO Illinois State University, LLC

BALANCE SHEETS

June 30,

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	$ -	$ 220,575
Accounts receivable	-	-
Other receivable	-	1,834,989
Prepaid and other current assets	-	40,431
Due from INTO NA	-	70,203
Due from ISU	-	131,421
Due from IUP	-	2,145
Total current assets	-	2,299,764
Total assets	$ -	$ 2,299,764
LIABILITIES AND MEMBERS' DEFICIT		
Current liabilities		
Accounts payables and accrued expenses	-	147,329
Due to INTO NA	-	-
Due to ISU, current portion	-	3,109,696
Due to INTO ASIA TOPCO	-	4,346
Due to INTO WFOE	-	8,075
Due to UAC VIETNAM	-	534
Total current liabilities	-	3,269,980
Long-term liabilities		
Partner loans - INTO NA	-	6,000,000
Due to ISU	-	2,850,963
Due to INTO NA	-	1,500,928
Due to IUP	-	783,037
Total long-term liabilities	-	11,134,928
Total liabilities	$ -	$ 14,404,908
Members' deficit		
Common stock, $0.001 par value, 200 shares authorized, issued and outstanding	-	-
Additional paid-in capital	12,533,087	50,000
Accumulated deficit	(12,533,087)	(12,155,144)
Total members' deficit	-	(12,105,144)
Total liabilities and members' deficit	$ -	$ 2,299,764

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

INTO Illinois State University, LLC

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

June 30,

	2023	2022
Revenues		
Tuition income	$ -	$ -
Other operating revenue	9,496	26,065
Total revenues	9,496	26,065
Expenses		
Cost of instruction	-	6,370
Indirect staff costs	-	-
Marketing	-	-
Compensation and employee benefits	-	-
Rent expenses	-	-
Depreciation and amortization	-	-
Administrative and service charges	-	-
Impairment	-	-
Interest due to related parties	82,265	97,792
Other operating expenses	305,174	270,710
Total expenses	387,439	374,872
Operating loss	(377,943)	(348,807)
NET AND COMPREHENSIVE LOSS	$ (377,943)	$ (348,807)

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

INTO Illinois State University, LLC

STATEMENTS OF MEMBERS' EQUITY (DEFICIT)

Years ended June 30, 2023 and 2022

	Common Stock		Additional	Accumulated	
	Shares	Amount	Paid-in Capital	Deficit	Total
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)
Net loss	-	-	-	(377,943)	(377,943)
Forgiveness of amounts due to members	-	-	12,483,087	-	12,483,087
Balances at June 30, 2023	$ -	$ -	$ 12,533,087	$ (12,533,087)	$ -

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

INTO Illinois State University, LLC

STATEMENTS OF CASH FLOWS

Years ended June 30,

	2023	2022
Operating activities:		
Net loss	$ (377,943)	$ (348,807)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	-	-
Impairment	-	-
Changes in operating assets and liabilities:		
Accounts receivable and other receivable	1,964,762	(305,754)
Prepaid and other current assets	-	14,638
Due from INTO NA	408,986	58,785
Due from ISU	100,607	86,154
Due from IUP	2,145	86,154
Accounts payables and accrued expenses	(435,344)	21,409
Deferred revenue	-	-
Due to ISU	(1,664,949)	171,389
Due to INTO NA	(574,822)	172,625
Due to IUP	(11,194)	(14,299)
Due to INTO ASIA TOPCO	(7,742)	(2,138)
Due to INTO WFOE	(1,061)	(1,422)
Due to INTO Global Indonesia	(129)	
Due to UAC VIETNAM	(1,833)	443
Net cash provided by (used in) operating activities	(220,575)	(146,977)
Investing activities:		
Purchases of intangible assets	-	-
Net cash used in investing activities	-	-
NET DECREASE IN CASH	(220,575)	(146,977)
Cash:		
Beginning of year	220,575	367,552
End of year	$ -	$ 220,575
Supplemental cash flow information:		
Cash paid for interest	$ -	$ -
Supplemental schedule of noncash investing and financing activities:		
Noncash forgiveness of amounts due to members	$ 12,483,087	$ -

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, 2023 and 2022, as well as in prior periods. As of June 30, 2023, the Company had an accumulated deficit of $12,533,087, prior to the forgiveness of loans from members discussed below. 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 previous levels.

The Company’s recurring losses and negative cash flows, including the impact of the COVID-19 pandemic, 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 suspended 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.

On February 06, 2023, the Members signed the Termination and Forgiveness of Promissory Note Agreement (“Termination Agreement”) after determining that the Company’s business activity would not return to a level sufficient to justify its ongoing existence. The various agreements described above were terminated and all related party loans were forgiven pursuant to the provisions of the Termination Agreement, including $12,483,087 stated in the Debt Waiver Agreement which was signed and effected as of May 31, 2023. The Company was legally terminated on July 6, 2023.

In connection with the forgiveness of debt, the members assumed responsibility for any obligations that may arise after June 30, 2023, but which are not known at the date the 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, 2023 and 2022.

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, 2023 and 2022.

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 costs consists 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.

	2023	2022
Prepaid commissions	$ -	$ 38,366
Other prepaids	-	2,065
	$ -	$ 40,431

Revenues

In May 2014, the Financial Accounting Standards Board ("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. Remained student deposits were transferred to ISU prior to May 31, 2023, as stipulated in the Deferment agreement.

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.

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.

Reclassifications

Certain 2022 amounts have been reclassified to conform to the 2023 presentation.

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, however, pursuant to the deferment of lease payments and subsequent termination of the Company, Topic 842 was not implemented.

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 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. This is with the goal of ensuring that appropriate resources and courses at both INTO ISU and Illinois State University were available to provide a quality academic experience. The Service Agreement, effective as of March 22, 2018 terminated on February 6, 2023 where both parties mutually agreed to terminate the LLC Service Agreement which included Facility license and IT agreements, as well as Deferral Letter.

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

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 years ended June 30, 2023 and ended June 30, 2022 INTO ISU didn't incur any expenses from Illinois State University in relation to International Student Center Services Agreement, neither IT Services Agreement nor Facility Agreement.

As of June 30, 2023 and 2022, INTO ISU accrued $0 and $168,639, respectively, for other operating expenses and information technology expenses.

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, 2023 and 2022, $0 and $1,964,762, respectively, was due to ISU for student payments collected by INTO ISU on behalf of the University that had not yet been remitted. $1,383,979 of that amount was paid to ISU and $580,783 was included in the debt waiver agreement as part of LLC termination process.

Illinois State University remitted $100,607 and $57,033 to INTO ISU for scholarships during the years ended June 30, 2023 and 2022, respectively, per Section 4.04 of the Service Agreement. Illinois State University owed INTO ISU $0 and $131,421 for scholarship funds at June 30, 2023 and 2022, respectively.

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 was reimbursed by ISU to INTO ISU. As of June 30, 2023 and 2022, ISU owed INTO ISU $0 for the reimbursement of prepaid commissions.

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 June 30, 2023. 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. For the periods ended June 30, 2023 and 2022, INTO ISU incurred $82,265 and $97,792, respectively, for interest expense in other operating expenses, which is included in the accompanying statements of operations and comprehensive loss. The deferred amount of $3,313,890 including interest was forgiven and included in the Debt Waiver Agreement dated May 31, 2023, which was part of the LLC Termination Agreement.

The table below reflects the amount of expenses incurred by INTO ISU for services provided by Illinois State University. The amount due to ISU was fully forgiven as part of the LLC Termination Agreement and stated in the Debt Waiver Agreement effected May 31, 2023.

2023	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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating expenses	-	-	-	-	-	-	-	-	82,265
Total	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 82,265

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	$ 5,960,659	$ 131,421	$ -	$ -	$ -	$ -	$ -	$ -	$ 97,792

INTO NORTH AMERICA, INC. (“INTO NA”)

INTO ISU has incurred expenses of $1,779 and $0 to INTO NA for administrative services, as per Article 4.0.1 of the International Student Center Services Agreement, for the years ended June 30, 2023 and 2022, respectively. These amounts are recorded in other operating expenses on the accompanying statements of operations and comprehensive loss. The amount due to INA from INTO ISU was fully forgiven as part of the LLC Termination Agreement and stated in the Debt Waiver Agreement effected May 31, 2023.

INTO ISU had a Promissory Note with INTO NA which allowed 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 could be made at any time subject to the Limited Liability Company Agreement of INTO Illinois State University, LLC. INTO ISU has incurred expenses of $135,000 and $180,000 to INTO NA for interest expense for the years ended June 30, 2023 and 2022, respectively. These amounts were recorded in other operating expenses on the accompanying statements of operations and comprehensive loss. Outstanding borrowings with INTO NA as per Promissory Note gross of $6,803,392 including interest were forgiven in full and included in the termination agreement dated February 6, 2023 and debt waiver agreement dated May 31, 2023.

INTO UNIVERSITY PARTNERSHIP LIMITED ("IUP")

INTO ISU has not incurred any expenses from IUP for marketing and recruitment services fees as per Exhibit K of the International Student Center Services Agreement for the years ended June 30, 2023 and 2022, respectively. These amounts are recorded in marketing expenses on the accompanying statements of operations and comprehensive loss. There were no charges in relation to marketing and recruitment services, in accordance with the terms of the Third Amendment to the International Student Center Services

INTO ISU has not incurred any expenses from INTO WFOE, INTO ASIA TOPCO, UAC VIETNAM and other INTO associated companies in June 30, 2023 and 2022, respectively.

NOTE 4 - EQUIPMENT, FURNITURE AND FIXTURES, NET

There are no tangible assets recorded in INTO ISU therefore there was no depreciation expense on equipment, furniture and fixtures charged for the years ended June 30, 2023 and 2022 was $0 and $0, respectively.

NOTE 5 - INTANGIBLE ASSETS, NET

There are no intangible assets recorded in INTO ISU therefore there was no amortization expense charged to profit and loss for the years ended June 30, 2023 and 2022 was $0 and $0, respectively.

NOTE 6 - LEASES

INTO ISU conducted its operations in leased facilities from Illinois State University under an initial operating lease that began on March 22, 2018 would expired on March 22, 2028. INTO ISU did not have the right to sub-lease or assign the lease without prior written consent of Illinois State University. There were no provisions in the lease for transfer of ownership or bargain purchase options. The facility agreement was terminated as part of the LLC termination agreement dated February 6, 2023.

NOTE 7 - ACCRUED EXPENSES

Accrued expenses consist of the following at June 30:

	2023	2022
Payroll and other employee-related benefits	$ -	$ 2,798
Student deposits and refunds	-	84,597
Travel and marketing	-	-
Audit, insurance, legal and tax	-	59,944
Other	-	-
Total accrued expenses	$ -	$ 147,329

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 were made through employee-elected payroll withholdings and were subject to certain limitations. INTO ISU would match 100% of employee contributions into either plan up to 6% of each participant's earnings. INTO ISU didn't employ staff and therefore didn't contribute towards 401(k) plan in the years ended June 30, 2023 and 2022, 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, 2023 to September 29, 2023, the date the financial statements were available to be issued. As indicated in Note 1, the Company was terminated on July 6, 2023.

SUPPLEMENTAL INFORMATION

2023-01 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.