HULT INTERNATIONAL BUSINESS SCHOOL, INC.

Financial Statements

Ten-month Period ended July 31, 2021
and Year ended September 30, 2020

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Leonard, Mulherin & Greene, P.C.
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hult International Business School, Inc.
Cambridge, Massachusetts

Report on the Financial Statements
We have audited the accompanying financial statements of Hult International Business School, Inc. (a Massachusetts nonprofit corporation) (the "School"), which comprise the statements of financial position as of July 31, 2021 and September 30, 2020, and the related statements of activities and cash flows for the ten-month period and year then ended, and the related notes to the financial statements.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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INDEPENDENT AUDITOR'S REPORT

(continued)

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of July 31, 2021 and September 30, 2020, and the changes in its net assets and its cash flows for the ten-month period and year then ended in accordance with accounting principles generally accepted in the United States of America.

Leonard, Mulherin & Greene, P.C.

LEONARD, MULHERIN & GREENE, P.C.
Braintree, Massachusetts

October 27, 2021

HULT INTERNATIONAL BUSINESS SCHOOL, INC.

Statements of Financial Position
July 31, 2021 and September 30, 2020

		July 31, 2021		September 30, 2020
ASSETS				
Current Assets				
Cash and cash equivalents	$	**94,032,198**	$	85,861,306
Accounts receivable, current portion		**884,609**		159,100
Other receivables (see Note 4)		**3,142,662**		3,595,777
Prepaid expenses and other assets		**5,721,718**		5,855,667
Total current assets		**103,781,187**		95,471,850
PROPERTY AND EQUIPMENT,				
net of accumulated depreciation		**1,857,422**		1,799,653
OTHER ASSETS				
Accounts receivable, net of current portion		**-**		11,358
Restricted deposits		**600,000**		600,000
Total assets	$	**106,238,609**	$	97,882,861
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued expenses	$	**11,956,438**	$	15,100,027
Deferred revenue		**68,236,524**		59,883,836
Other current liabilities (see Note 4)		**69,693**		1,126,776
Total liabilities		**80,262,655**		76,110,639
COMMITMENTS AND CONTINGENCIES				
NET ASSETS				
Without donor restrictions		**25,975,954**		21,772,222
Total net assets		**25,975,954**		21,772,222
Total liabilities and net assets	$	**106,238,609**	$	97,882,861

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

HULT INTERNATIONAL BUSINESS SCHOOL, INC.

Statements of Activities

Ten-month Period ended July 31, 2021 and Year ended September 30, 2020

	Without Donor Restrictions	
	Ten-month period ended July 31, 2021	Year ended September 30, 2020
REVENUE AND SUPPORT		
Tuition and fees	**$ 127,802,152**	$ 155,739,510
Student scholarships	**(36,443,217)**	(34,456,672)
Other income	**4,260,320**	904,939
Exchange gains	**916,182**	893,552
Interest income	**94,255**	541,579
Grant revenue	**-**	811,103
Total revenue and support	**96,629,692**	124,434,011
EXPENSES		
Property and office related costs	**26,900,045**	33,142,594
Purchased goods and services	**23,616,954**	23,295,699
Student enrollment and marketing	**23,062,536**	29,599,225
Staff costs	**18,846,425**	22,780,135
Total expenses	**92,425,960**	108,817,653
CHANGE IN NET ASSETS	**4,203,732**	15,616,358
NET ASSETS, beginning of period	**21,772,222**	6,155,864
NET ASSETS, end of period	**$ 25,975,954**	$ 21,772,222

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

HULT INTERNATIONAL BUSINESS SCHOOL, INC.

Statements of Cash Flows

Ten-month Period ended July 31, 2021 and Year ended September 30, 2020

	Ten-month period ended July 31, 2021	Year ended September 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ 4,203,732**	$ 15,616,358
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	**567,448**	794,422
(Increase) decrease in asset accounts		
Accounts receivable	**(714,151)**	(13,068)
Other receivables	**453,115**	(65,458)
Prepaid expenses and other assets	**133,949**	(4,304,681)
Increase (decrease) in liability accounts		
Accounts payable and accrued expenses	**(3,143,589)**	488,744
Deferred revenue	**8,352,688**	(11,782,679)
Other current liabilities	**(1,057,083)**	(1,261,491)
Net cash provided by (used in) operating activities	**8,796,109**	(527,853)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	**(625,217)**	(652,034)
Net cash provided by (used in) investing activities	**(625,217)**	(652,034)
Net increase (decrease) in cash, cash equivalents and restricted cash	**8,170,892**	(1,179,887)
Cash, cash equivalents and restricted cash, beginning of year	**86,461,306**	87,641,193
Cash, cash equivalents and restricted cash, end of year	**$ 94,632,198**	$ 86,461,306

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

The School paid no interest or income taxes during the ten-month period ended July 31, 2021 and the year ended September 30, 2020.

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

1 – NATURE OF ORGANIZATION

Hult International Business School, Inc. (the "School") is a nonprofit organization that was incorporated in Massachusetts in September 1996. The School offers one or multi-year Post Graduate Programs, in among others, Business Administration, Finance, International Business and International Marketing, as well as a Bachelor's Program in Business Administration.

The School is accredited by the New England Commission of Higher Education, Inc. and is a member of the American Assembly of Collegiate Schools of Business ("AACSB").

The School has campus locations in Cambridge, Massachusetts and San Francisco, California, and services students in London, United Kingdom, Dubai, United Arab Emirates, Shanghai, China and New York, USA.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements of the School have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Change in Fiscal Year
During 2021, the School elected to change its fiscal year end from September 30 to July 31. Accordingly, these financial statements report the School's financial position as of July 31, 2021 and September 30, 2020 and activities and cash flows for the ten-month period ended July 31, 2021 and the year ended September 30, 2020.

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

Fair Value Measurements
The School follows the provisions of GAAP for fair value measurements of financial assets and financial liabilities, and for fair value measurements of non-financial items that are recognized and disclosed at fair value in the financial statements on a recurring basis. These provisions define fair value as the price that would be received in selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These provisions also establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Application of these provisions has not resulted in any change in the measurement of the carrying value of the School's financial assets or liabilities.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash, Cash Equivalents and Restricted Cash

For purposes of the Statements of Cash Flows, the School considers all highly liquid investments available for current use with an initial maturity of three months or less, to be cash equivalents.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Statements of Financial Position to the sum of those amounts reported in the Statements of Cash Flows as of July 31, 2021 and September 30, 2020:

	July 31, 2021	September 30, 2020
Cash and cash equivalents	**$ 94,032,198**	$ 85,861,306
Restricted deposits	**600,000**	600,000
Total cash, cash equivalents and restricted cash	**$ 94,632,198**	$ 86,461,306

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The School considered all accounts receivable at July 31, 2021 and September 30, 2020 to be fully collectible. Accordingly, no allowance for doubtful accounts had been recorded as of that date.

Property and Equipment

Property and equipment are recorded at cost. Depreciation expense has been calculated using the straight-line method over the estimated useful lives of the assets, which range from three to five years. Significant fixed asset additions are capitalized, while expenditures for maintenance and repairs are expensed as incurred. The School purchases classroom supplies which include textbooks, literature and other materials to carry on educational activities. These purchases are expensed as incurred.

Net Assets

Net assets, revenue, support, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Consist of net assets available for use in general operations that are not subject to donor-imposed restrictions.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Net Assets With Donor Restrictions – Consist of net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or the expending of the net assets for particular purposes as specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the principal is to be maintained in perpetuity (donor-restricted endowment) and only the income from such net assets may be expended as specified by the donor or in accordance with the applicable Massachusetts law. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released to net assets without donor restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

The School had no net assets with donor restrictions as of July 31, 2021 and September 30, 2020.

Revenue Recognition

The School's revenues are primarily generated by tuition and fees received from students enrolled in and attending the School's academic programs. Revenue is recognized as the services are provided to students. Student payments received in advance of services provided are recorded as deferred revenue.

During the ten-month period ended July 31, 2021 and year ended September 30, 2020, the School recognized tuition reductions for students who, due to Covid-19 implications, started their program remotely, totaling $8,169,524 and $1,383,936, respectively.

Contributions

Contributions are recognized at the earlier of when received or when a donor declares an unconditional promise to give cash or other assets to the School. Donor-restricted contributions are reported as increases in net assets without donor restrictions if the restrictions are satisfied or expire in the same fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction has been satisfied or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barriers to be overcome before the School is entitled to the assets transferred or promised, and a right of return or release, are not recognized as contributions revenue until the conditions have been substantially met or waived.

Functional Allocation of Expenses

The costs of providing program and supporting services activities for the ten-month period ended July 31, 2021 and year ended September 30, 2020 have been summarized on a functional basis below. Expenses directly attributable to a specific functional activity are reported as expenses of those functional activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated include employee compensation, occupancy, various other program and administrative costs and depreciation. These expenses have been allocated on the basis of estimated time and effort, square footage as well as other reasonable allocation methods.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses (continued)

Ten-month Period ended July 31, 2021	**Program Services**	**Supporting Services**	**Total Expenses**
Property and office related costs	**$ 16,409,348**	**$ 10,490,697**	**$ 26,900,045**
Purchased goods and services	**23,616,954**	**-**	**23,616,954**
Student enrollment and marketing	**23,062,536**	**-**	**23,062,536**
Staff costs	**18,322,262**	**524,163**	**18,846,425**
Total	**$ 81,411,100**	**$ 11,014,860**	**$ 92,425,960**

Year ended September 30, 2020	Program Services	Supporting Services	Total Expenses
Property and office related costs	$ 21,564,753	$ 11,577,841	$ 33,142,594
Purchased goods and services	23,295,699	-	23,295,699
Student enrollment and marketing	29,599,225	-	29,599,225
Staff costs	22,103,281	676,854	22,780,135
Total	$ 96,562,958	$ 12,254,695	$ 108,817,653

Advertising
Advertising and promotional costs are expensed as incurred and totaled $4,722,530 and $4,149,256 for the ten-month period ended July 31, 2021 and year ended September 30, 2020, respectively.

Foreign Currency Transactions
Revenue and expense transactions in foreign currencies are converted into United States dollars at the specific rate of exchange on the date of the transactions. In addition, assets and liabilities held in foreign currencies are converted into United States dollars at the applicable rate of exchange at fiscal year-end. Gains and losses on foreign exchange transactions are reflected on the Statements of Activities.

Tax Status
The School is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and contributions to it are tax deductible within the limitations prescribed by the Code.

The School is subject to routine examinations by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The School believes it is no longer subject to income tax examinations for years prior to 2018.

Subsequent Events
The School evaluated events that occurred after July 31, 2021, the date of the Statement of Financial Position, but before the date the financial statements were available to be issued, October 27, 2021, for potential recognition or disclosure in the financial statements. The School did not identify any subsequent events that had a material effect on the accompanying financial statements.

Reclassifications
Certain amounts in the prior year column have been reclassified from the prior year audited financial statements to conform to the current year presentation. These reclassifications had no effect on the change in net assets.

3 - LIQUIDITY AND AVAILABILITY

The School regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its ongoing activities of its programs as well as the conduct of services undertaken to support those activities to be general expenditures.

At July 31, 2021, financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date consist of the following:

Cash and cash equivalents	**$ 94,032,198**
Accounts receivable, current portion	**884,609**
Total financial assets available within one year	**$ 94,916,807**

4 – SIGNIFICANT PARTY TRANSACTIONS

In connection with the recruitment of students and administration of its educational programs, in prior years, the School entered into various agreements with significant parties as described below:

Contractual Agreements
The School has a management services agreement with Hult Support Services, Ltd. ("HSS"), a for profit entity owned by the School. HSS provides administrative (legal support, cash flow management support and risk management services) and IT support services to the School. The School was charged $8,572,179 and $9,703,928 during the ten-month period ended July 31, 2021 and year ended September 30, 2020, respectively. At July 31, 2021 and September 30, 2020, the School owed HSS $58,941 and $32,788, respectively, which is included in "Other current liabilities" on the accompanying Statements of Financial Position.

The School has a contractual arrangement with EF Institute for Cultural Exchange, Inc. ("EF Institute") for certain local administrative services. EF Institute provides payroll processing, health insurance and retirement plan administration and other administrative support services to the School. The School and EF Institute contract these services under an agreement that is subject to renewal on October 1 of each year. The School was charged $2,189,020 and $1,928,683 by EF Institute for these services during the ten-month period ended July 31, 2021 and year ended September 30, 2020, respectively. At July 31, 2021 the School owed EF Institute $4,993 which is included in "Other current liabilities" on the accompanying Statements of Financial Position. No amounts were payable to or receivable from EF Institute at September 30, 2020.

The School has a contractual agreement with Hult Investments FZ-LLC ("FZ-LLC") an LLC organized in the United Arab Emirates, whereby FZ-LLC delivers all local operational and administrative services relating to the School's academic programs in Dubai, including general and administrative services (finance, payroll, facilities management, etc.), recruitment, and curriculum implementation. Service costs incurred by the School with FZ-LLC totaled $5,060,287 and $5,841,334 for the ten-month period ended July 31, 2021 and year ended September 30, 2020, respectively.

4 – SIGNIFICANT PARTY TRANSACTIONS (continued)

At September 30, 2020, the School owed FZ-LLC $452,211, which is included in "Other current liabilities" on the accompanying Statements of Financial Position. No amounts were payable to or receivable from FZ-LLC at July 31, 2021.

The School and Hult International Business School, Ltd. ("Hult Ltd."), a charitable organization in the United Kingdom ("UK"), have a contractual agreement, whereby Hult Ltd. delivers all local operational and administrative services relating to the School's academic programs in the UK. These services include general and administrative services (finance, payroll, facilities management, etc.), and curriculum implementation. Service costs incurred by the School with Hult Ltd. totaled $15,477,483 and $15,387,855 for the ten-month period ended July 31, 2021 and year ended September 30, 2020, respectively. At July 31, 2021 and September 30, 2020, Hult Ltd. owed the School $3,129,235 and $3,579,508, respectively, which is included in "Other current receivables" on the accompanying Statements of Financial Position.

Other Contractual Agreements

The School has contractual agreements with various significant parties to provide enrollment and recruitment services to the School. Amounts billed for student enrollment and recruitment services for the ten-month period ended July 31, 2021 and year ended September 30, 2020 are as follows:

	Ten-month Period ended July 31, 2021	**Year ended September 30, 2020**
Hult Recruiting Services, Ltd. (United Kingdom)	**$3,933,184**	$4,418,079
Hult Recruitment Services GmbH (Switzerland)	**3,608,598**	2,835,977
Hult Investments FZ-LLC (United Arab Emirates)	**2,933,258**	4,293,526
Hult International Business School, Ltd. (Hong Kong)	**1,235,908**	2,302,829
EF Language Colleges, Ltd. (Switzerland)	-	2,540,000

The amounts due to/from the above entities for student enrollment and recruitment services at July 31, 2021 and September 30, 2020 are included as either "Other current liabilities" or "Other current receivables" in the accompanying Statements of Financial Position.

License Fees

During the ten-month period ended July 31, 2021 and year ended September 30, 2020, the School paid Hult International Business School, AG, a Swiss corporation, a license fee totaling $25,000 each period.

Rental Agreements

The School rents classroom, dormitory and administrative space from Efekta Schools, Inc., Efekta Entrance, Inc., Efekta Three, Inc. (collectively "Efekta") and EF Language Schools, Inc. as described in Note 7.

5 – PROPERTY AND EQUIPMENT

Property and equipment at July 31, 2021 and September 30, 2020 are summarized below:

July 31, 2021	**Cost**	**Accumulated Depreciation**
Leasehold improvements	**$ 47,421**	**$ 39,653**
Computer equipment	**151,577**	**80,660**
Office equipment and furnishings	**3,092,710**	**1,313,973**
Total	**$ 3,291,708**	**$ 1,434,286**

September 30, 2020	Cost	Accumulated Depreciation
Leasehold improvements	$ 47,421	$ 33,290
Computer equipment	166,577	66,951
Office equipment and furnishings	2,801,862	1,115,966
Total	$ 3,015,860	$ 1,216,207

Depreciation expense for the ten-month period ended July 31, 2021 and year ended September 30, 2020 totaled $567,448 and $794,422, respectively.

6 – RETIREMENT PLAN

The School participates in a salary deferral "401(k) Plan" (the “Plan”), administered by EF Institute. The Plan allows employees to contribute a portion of their compensation to the Plan on a tax-deferred basis with a 25% matching contribution by the School. Contributions to the Plan charged to operations totaled $202,859 and $264,518 for the ten-month period ended July 31, 2021 and year ended September 30, 2020, respectively.

7 – COMMITMENTS

Operating Leases - Efekta

The School has several lease (or sublease) agreements with Efekta for classroom and administrative space, dormitories and campus facilities that expire at various times through July 2028. A summary of these agreements is as follows at July 31, 2021:

Campus	**Purpose**	**Expiration Date**
San Francisco, CA	Classroom and administrative space	07/31/2028
Cambridge, MA	Classroom and administrative space	09/30/2024
Cambridge, MA	Undergraduate campus	09/30/2024
Cambridge, MA	Undergraduate dormitories	08/31/2024

Rent expense under the agreements for the Cambridge, MA locations totaled $9,593,333 and $11,495,618 for the ten-month period ended July 31, 2021 and year ended September 30, 2020, respectively.

Total rent expense for the San Francisco, CA location with Efekta totaled $2,517,865 and $3,167,943 for the ten-month period ended July 31, 2021 and year ended September 30, 2020, respectively.

7 – COMMITMENTS (continued)

Operating Leases – Efekta (continued)
Included in total rent expense as of September 30, 2020, is base rent as well as additional amounts the School paid Efekta to cover the cost of tenant improvements made by Efekta on the School's behalf. Amounts paid for tenant improvements totaled $1,324,093 for the year ended September 30, 2020 and is included in the total rent expense for San Francisco noted above. There were no such costs paid to Efekta during the 10-month period ended July 31, 2021.

As part of its lease agreement in San Francisco, the School is required to maintain a letter of credit with a bank totaling $600,000 at July 31, 2021 and September 30, 2020. The letter of credit is secured by cash accounts in the same amount. This amount is included as "Restricted deposits" on the accompanying Statements of Financial Position at July 31, 2021 and September 30, 2020.

The lease agreements above contain provisions whereby the School is required to make additional lease payments should the landlord's real estate taxes and operating expenses exceed certain thresholds.

Operating Leases – Language Schools
The School has an additional agreement with EF Language Schools, Inc. to lease space in Miami, FL for enrollment services that expires on February 28, 2022. Rent expense paid to EF Language Schools, Inc. under this agreement totaled $129,287 and $122,619 for the ten-month period ended July 31, 2021 and year ended September 30, 2020, respectively.

Operating Leases – Other
The School also leased space for residential and classroom space in Boston, MA and San Francisco, CA during the year ended September 30, 2020. Rent expense paid under these leases totaled $665,727 for the year ended September 30, 2020. These leases were terminated in May 2020.

Future minimum lease payments under the above agreements are as follows for the years ending July 31:

2022	**$ 18,360,933**
2023	**18,806,235**
2024	**18,902,427**
2025	**5,375,833**
2026	**3,502,402**
Thereafter	**7,323,596**
	$ 72,271,426

Total Rent Expense – Facilities
Rent expense for all facilities totaled $12,240,485 and $15,451,907 for the ten-month period ended July 31, 2021 and year ended September 30, 2020, respectively.

7 – COMMITMENTS (continued)

Operating Leases – Equipment
The School has operating lease agreements for office equipment expiring at various times through September 2024. Future minimum lease payments under these agreements are as follows for the years ending July 31:

2022	**$ 1,996**
2023	**1,996**
2024	**1,996**
2025	**333**
	$ 6,321

Rent expense for office equipment totaled $2,765 and $3,409 for the ten-month period ended July 31, 2021 and year ended September 30, 2020, respectively.

Operating Sublease – EF International Language Schools, Inc.
Effective August 1, 2021, the School began subleasing a portion of the classroom and administrative space at its San Francisco location to EF International Language Schools, Inc. at an annual base rent of $560,000. Rent is payable to the School in monthly installments of $46,667 and the sublease expires on July 31, 2024.

Future minimum rental commitments due from EF International Language Schools, Inc. for the next three years ending July 31 are as follows:

2022	**$ 560,000**
2023	**560,000**
2024	**560,000**
	$1,680,000

8 – CONTINGENCIES AND CONCENTRATIONS OF CREDIT RISK

Contingencies

Covid -19 Pandemic
In January 2020, the World Health Organization ("WHO") announced a global health emergency as a result of the Covid-19 outbreak and in March 2020 classified the outbreak as a pandemic based on the rapid increase in exposure globally. The full impact of the Covid-19 outbreak continues to evolve as of the date of this report. Management has actively monitored the situation and has acted swiftly to protect its resources and make necessary adjustments to continue its operations in as normal process as possible.

School management continues to examine the impact that the pandemic may have on its operations and is confident that there will be no material impact on its financial position or results of operations.

Legal Matters
The School is party to claims arising in the normal course of business. While the ultimate resolution of these claims or other proceedings against the School cannot be predicted with certainty, management does not expect these matters to have a materially adverse effect on the School's financial position or results of operations.

8 – CONTINGENCIES AND CONCENTRATIONS OF CREDIT RISK (continued)

Concentrations of Credit Risk

The School maintains its cash in bank accounts with financial institutions that management believes to be of high credit quality. Balances in these accounts may, at times, exceed federal or other insured limits. The School has not experienced any losses in such accounts. The School believes it is not exposed to any significant credit risk relative to cash or cash equivalents.