HULT INTERNATIONAL BUSINESS SCHOOL, INC.

Financial Statements

Years ended July 31, 2024 and 2023

CONTENTS

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

Opinion

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, 2024 and 2023, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2024 and 2023, and the changes in its net assets 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 in accordance with auditing standards generally accepted in the United States of America. 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 School 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 opinions.

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 School's ability to continue as a going concern within one year after the date that the financial statements are available to be 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.

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INDEPENDENT AUDITOR'S REPORT

(continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 generally accepted 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted 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 Schools'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 School'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.

Leonard, Mulherin & Greene, P.C.

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

February 6, 2025

HULT INTERNATIONAL BUSINESS SCHOOL, INC.

Statements of Financial Position
July 31, 2024 and 2023

		2024		2023
ASSETS				
Current Assets				
Cash and cash equivalents	$	**46,556,569**	$	80,739,968
Accounts receivable, net of allowance for credit losses		**6,554,318**		7,709,353
Contribution receivable		**6,000,000**		-
Other receivables (see Note 5)		**2,740,918**		913,619
Investments		**25,693,901**		-
Prepaid expenses and other assets		**12,789,716**		10,735,362
Total current assets		**100,335,422**		100,098,302
PROPERTY AND EQUIPMENT,				
net of accumulated depreciation		**863,449**		1,085,150
OTHER ASSETS				
Operating leases, right-of-use, net		**15,040,556**		33,479,856
Restricted deposits		**300,000**		600,000
Total assets	$	**116,539,427**	$	135,263,308
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued expenses	$	**6,873,903**	$	6,625,183
Deferred revenue		**68,442,916**		63,315,304
Operating lease liabilities, current portion		**5,042,845**		18,271,793
Other current liabilities (see Note 5)		**7,884,397**		16,760,987
Total current liabilities		**88,244,061**		104,973,267
LONG-TERM LIABILITIES				
Operating lease liabilities, less current portion		**10,654,000**		15,741,672
Total liabilities		**98,898,061**		120,714,939
COMMITMENTS AND CONTINGENCIES				
NET ASSETS				
Without donor restrictions		**17,641,366**		14,548,369
Total net assets		**17,641,366**		14,548,369
Total liabilities and net assets	$	**116,539,427**	$	135,263,308

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

HULT INTERNATIONAL BUSINESS SCHOOL, INC.

Statements of Activities
Years ended July 31, 2024 and 2023

	Without Donor Restrictions	
	2024	2023
REVENUE AND SUPPORT		
Tuition and fees	**$ 176,325,522**	$ 185,107,587
Student scholarships	**(46,653,140)**	(46,282,895)
Other income	**7,035,773**	6,878,246
Contribution	**6,000,000**	-
Grant revenue	**1,616,000**	649,847
Exchange gains (losses)	**2,495**	(3,406,867)
Investment income	**2,321,786**	2,094,701
Total revenue and support	**146,648,436**	145,040,619
EXPENSES		
Property and office related costs	**43,059,789**	42,594,168
Purchased goods and services	**34,892,017**	32,450,104
Student enrollment and marketing	**40,319,304**	52,315,125
Staff costs	**25,284,329**	26,529,204
Total expenses	**143,555,439**	153,888,601
CHANGE IN NET ASSETS	**3,092,997**	(8,847,982)
NET ASSETS, beginning of year	**14,548,369**	23,396,351
NET ASSETS, end of year	**$ 17,641,366**	$ 14,548,369

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

Statements of Cash Flows
Years ended July 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ 3,092,997**	$ (8,847,982)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	**400,036**	631,935
Unrealized gains on investments	**(89,149)**	-
Operating leases, net adjustment under ASC 842	**122,680**	533,609
Loss on disposal of fixed assets	**-**	13,000
(Increase) decrease in asset accounts		
Accounts receivable	**1,155,035**	(413,087)
Contribution receivable	**(6,000,000)**	-
Other receivables	**(1,827,299)**	(898,002)
Prepaid expenses and other assets	**(2,054,354)**	(2,525,431)
Increase (decrease) in liability accounts		
Accounts payable and accrued expenses	**248,720**	(2,265,203)
Deferred revenue	**5,127,612**	(4,057,549)
Other current liabilities	**(8,876,590)**	6,895,071
Net cash provided by (used in) operating activities	**(8,700,312)**	(10,933,639)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	**(178,335)**	(400,421)
Proceeds from sale of investments	**8,408,911**	-
Purchase of investments	**(34,013,663)**	-
Net cash provided by (used in) investing activities	**(25,783,087)**	(400,421)
Net increase (decrease) in cash, cash equivalents and restricted cash	**(34,483,399)**	(11,334,060)
Cash, cash equivalents and restricted cash, beginning of year	**81,339,968**	92,674,028
Cash, cash equivalents and restricted cash, end of year	**$ 46,856,569**	$ 81,339,968

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

The School paid no interest or income taxes during the years ended July 31, 2024 and 2023.

Right-of-use assets recorded upon adoption of ASC 842	**$ -**	$ 51,356,716

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 Accounting Principle
In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses (Topic 326).* This ASU replaces the previous "incurred loss" methodology for measuring credit losses related to certain financial assets and requires the consideration of relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of financial assets. The adoption of ASU 2016-13 did not have a material effect on the School's financial statements for the year ended July 31, 2024.

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.

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, 2024 and 2023:

	2024	2023
Cash and cash equivalents	**$ 46,556,569**	$ 80,739,968
Restricted deposits	**300,000**	600,000
Total cash, cash equivalents and restricted cash	**$ 46,856,569**	$ 81,339,968

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded net of any allowance for credit losses and are reported as a single portfolio segment. Management considers relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of accounts receivable in connection with estimating any allowance for credit losses. The allowance estimate is derived from a review of the School's historical losses based on historical loss rates. In addition, at each reporting date, this estimate is updated to reflect any changes in credit risk since the accounts receivable were initially recorded. As applicable, this estimate is calculated by pooling amounts with similar characteristics. In addition, as applicable, an account receivable is evaluated individually when specifics facts and circumstances indicate it may not be collectible. Risk characteristics used by the School to pool accounts receivable amounts consisted of historical or expected credit loss patterns.

Activity in the allowance for credit losses for accounts receivable is as follows for the year ended July 31, 2024:

Beginning balance, August 1, 2023	**$4,848,172**
Credit loss expense	**5,672,879**
Write-offs charged against the allowance	**(2,866,140)**
Ending balance, July 31, 2024	**$7,654,911**

Investments

In accordance with GAAP, investments in equity securities with readily determinable fair values and all investments in debt securities are reported at market value in the Statement of Financial Position. Realized and unrealized gains or losses are included in the change in net assets on the Statement of Activities.

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.

Leases

The School applies Accounting Standards Codification ("ASC") 842, *Leases* ("ASC 842"), in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property or equipment for a period of time in excess of twelve months in exchange for consideration.

The School defines control of the assets as the right to obtain substantially all of the economic benefits from use of the identified assets as well as the right to direct the use of the identified assets. The School further determined if its existing leases are operating leases, which are included as right-of-use ("ROU") assets and lease liabilities in the Statements of Financial Position. ROU assets represent the School's right to use leased assets over the term of the lease. Lease liabilities represent the School's contractual obligation to make lease payments and are measured at the present value of the future lease payments over the lease term. ROU assets are calculated as the present value of the future lease payments adjusted by any initial direct costs, deferred rent liability and lease incentives. ROU assets and lease liabilities are recognized at the lease commencement date.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The School uses the rate implicit in the leases if it is determinable. When the rate implicit in the leases is not determinable, the School uses the risk-free rate as permitted in ASU 2021-09, *Discount Rate for Lessees That Are Not Public Business Entities*. The risk-free rate is applied to all classes of leased assets. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight-line basis over the lease term. The School's lease agreements do not contain any material residual value guarantees or material restrictive covenants and to the extent a lease arrangement includes both lease and non-lease components, the components are accounted for separately. In addition, the School applies the short-term lease exemption of not recognizing a ROU asset and lease liability for leases that have terms of twelve months or less.

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.

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, 2024 and 2023.

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.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 years ended July 31, 2024 and 2023 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.

Year ended July 31, 2024	**Program Services**	**Supporting Services**	**Total Expenses**
Property and office related costs	**$ 25,556,931**	**$ 17,502,858**	**$ 43,059,789**
Purchased goods and services	**34,892,017**	**-**	**34,892,017**
Student enrollment and marketing	**40,319,304**	**-**	**40,319,304**
Staff costs	**23,846,763**	**1,437,566**	**25,284,329**
Total	**$ 124,615,015**	**$ 18,940,424**	**$ 143,555,439**

Year ended July 31, 2023	Program Services	Supporting Services	Total Expenses
Property and office related costs	$ 26,738,094	$ 15,856,074	$ 42,594,168
Purchased goods and services	32,450,104	-	32,450,104
Student enrollment and marketing	52,315,125	-	52,315,125
Staff costs	24,169,435	2,359,769	26,529,204
Total	$ 135,672,758	$ 18,215,843	$ 153,888,601

Advertising

Advertising and promotional costs are expensed as incurred and totaled $7,797,824 and $7,224,573 for the years ended July 31, 2024 and 2023, 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.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2021.

Subsequent Events

The School evaluated events that occurred after July 31, 2024, the date of the Statement of Financial Position, but before the date the financial statements were available to be issued, February 6, 2025, for potential recognition or disclosure in the financial statements. Except for the information disclosed in Note 10, 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, 2024, 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	**$ 46,556,569**
Accounts receivable, net of allowance for credit losses	**6,554,318**
Contribution receivable	**6,000,000**
Investments	**25,693,901**
Total financial assets available within one year	**$ 84,804,788**

4 – FAIR VALUE MEASUREMENTS

The School applies the provisions of GAAP which establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), a lower priority to significant other observable inputs (Level 2 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under these provisions are described below:

4 – FAIR VALUE MEASUREMENTS (continued)

Basis of Fair Value Measurement

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access.

Treasury bills are valued at quoted market prices held by the School at year end.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents assets that are measured at fair value on a recurring basis at July 31, 2024:

	Total	**Level 1**	**Level 2**	**Level 3**
Investments:				
United States Treasury Bills	**$25,692,887**	**$25,692,887**	**$ -**	**$ -**
Cash	**1,014**	**1,014**	**-**	**-**
Total Investments	**$25,693,901**	**$25,693,901**	**$ -**	**$ -**

Investment income consisted of the following for the years ended July 31:

	2024	2023
Interest income	**$2,232,637**	$2,094,701
Unrealized gains on investments	**89,149**	-
Investment income	**$2,321,786**	$2,094,701

5 – 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. Expenses incurred under the agreements have been priced using a fair market value analysis as determined by an independent third party. Activities with significant parties are 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 $21,847,422 and $15,193,064 during the years ended July 31, 2024 and 2023, respectively. At July 31, 2024 and 2023, the School owed HSS $483,074 and $515,239, respectively, which is included in "Other current liabilities" on the accompanying Statements of Financial Position.

The School has a contractual agreement with EF Services, Inc. ("EF Services") for certain local administrative services. EF Services provides payroll processing, health insurance and retirement plan administration and other administrative support services to the School. The School and EF Services contracted these services under an agreement that is subject to renewal on October 1 of each year. The School was charged $3,195,075 and $2,747,865 by EF Services for these services during the years ended July 31, 2024 and 2023, respectively. At July 31, 2024 and 2023, the School owed EF Services $1,091,979 and $235,068 which is included in "Other current liabilities" on the accompanying Statements of Financial Position.

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 $6,606,010 and $5,607,839 for the years ended July 31, 2024 and 2023, respectively. At July 31, 2024 and 2023, the School owed FZ-LLC $1,109,508 and $769,860, respectively, which is included in "Other current liabilities" on the accompanying Statements of Financial Position.

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 $22,761,146 and $20,602,899 for the years ended July 31, 2024 and 2023, respectively. At July 31, 2024, Hult Ltd. owed the School $1,246,250 which is included in "Other receivables" on the accompanying Statements of Financial Position. At July 31, 2023, the School owed Hult Ltd. $930,662 which is included in "Other current liabilities" on the accompanying Statements of Financial Position.

The School is the sole member of Hult Prize Foundation, Inc. ("Hult Prize)", a non-profit corporation organized in Massachusetts. The School and Hult Prize have entered a contractual agreement whereby Hult Prize provides marketing activities for the School. Marketing costs incurred by the School totaled $933,000 and $1,867,000 for the years ended July 31, 2024 and 2023, respectively. At July 31, 2024, Hult Prize owed the School $6,623 which is included in "Other receivables" on the accompanying Statements of Financial Position. At July 31, 2023, the School owed Hult Prize $1,867,000 which is included in "Other current liabilities" on the accompanying Statements of Financial Position.

5 – SIGNIFICANT PARTY TRANSACTIONS (continued)

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 year ended July 31, 2024 and 2023 are as follows:

	Year ended July 31, 2024	Year ended July 31, 2023
Hult Recruiting Services, Ltd. (United Kingdom)	**$1,005,575**	$5,975,499
Hult Investments FZ-LLC (United Arab Emirates)	**5,201,823**	6,442,041
Hult Recruitment Services GmbH (Switzerland)	**2,494,824**	6,472,943
Hult International Business School, Ltd. (Hong Kong)	**2,352,709**	2,397,038

The amounts due to/from the above entities for student enrollment and recruitment services at July 31, 2024 and 2023 are included as either "Other current liabilities" or "Other current receivables" in the accompanying Statements of Financial Position.

License Fees
The School has a licensing agreement with Hult International Business School AG ("AG"), a Swiss corporation, that allows the School to use certain trademarks, logos, domain names and other intangible assets owned by AG.

The School was charged a license fee according to the license agreement between the parties, priced using a fair market value analysis of the intangibles, as determined by an independent third party. During the years ended July 31, 2024 and 2023, the School incurred licensing expenses totaling $2,139,000 and $8,739,000, respectively. At July 31, 2024 and 2023, the School owed AG $2,139,000 and $8,739,000, respectively, which is included in "Other current liabilities" on the accompanying Statements of Financial Position.

Rental Agreements
The School rents classroom, dormitory and administrative space from Efekta Schools, Inc., Efekta Entrance, Inc., and Efekta Three, Inc. (collectively "Efekta") as described in Note 8.

6 – PROPERTY AND EQUIPMENT

Property and equipment at July 31, 2024 and 2023 are summarized below:

2024	**Cost**	**Accumulated Depreciation**
Leasehold improvements	**$ 67,148**	**$ 35,154**
Computer equipment	**728,996**	**303,315**
Office equipment and furnishings	**1,290,101**	**884,327**
Total	**$ 2,086,245**	**$ 1,222,796**

2023	Cost	Accumulated Depreciation
Leasehold improvements	$ 67,148	$ 24,705
Computer equipment	94,369	1,573
Construction in Process	231,381	-
Office equipment and furnishings	2,910,074	2,191,544
Total	$ 3,302,972	$ 2,217,822

Depreciation expense for the years ended July 31, 2024 and 2023 totaled $400,036 and $631,935, respectively.

7 – RETIREMENT PLAN

The School participates in a salary deferral "401(k) Plan" (the "Plan"), administered by EF Services. 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 $284,274 and $291,477 for the years ended July 31, 2024 and 2023, respectively.

8 – LEASES

Operating Leases

The School maintains operating leases for various classroom and administrative space with lease expiration dates through July 2028. Payments under three of the lease arrangements are all fixed with no annual increases. The Hult Campus - San Francisco lease arrangement has fixed payments with annual increases netted against any deferred rent. Under the terms of its office/property leases, the School bears its share of real estate taxes and maintenance costs.

As part of its lease agreement in San Francisco, the School is required to maintain a letter of credit with a bank totaling $300,000 at July 31, 2024 ($600,000 as of July 31, 2023). 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, 2024 and 2023.

As of July 31, 2024, the assets recorded under the operating leases totaled $51,163,830 with related accumulated amortization of $36,123,274. As of July 31, 2023, the assets recorded under the operating leases totaled $51,356,715 with related accumulated amortization of $17,876,859.

The weighted-average remaining lease term and discount rate related to the School's operating lease liabilities as of July 31, 2024 were 3.52 years and 2.67%, respectively.

Operating lease liability maturities as of July 31, 2024, are as follows:

2025	**$ 5,362,499**
2026	**3,502,402**
2027	**3,733,737**
2028	**3,841,645**
Total undiscounted lease payments	**16,440,283**
Less imputed interest	**(743,438)**
Total operating lease liabilities	**15,696,845**
Less current portion	**(5,042,845)**
Operating lease liabilities, less current portion	**$ 10,654,000**

Lease expenses from operating leases totaled $18,976,579 and $19,053,979 for the years ended July 31, 2024 and 2023, 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 totaled $560,000 for each of the years ended July 31, 2024 and 2023.

8 – LEASES (continued)

Short-Term Leases
Lease expenses from short-term leases less than 12 months totaled $80,864 and $174,228 for the years ended July 31, 2024 and 2023, respectively.

9 – CONTINGENCY AND CONCENTRATION OF CREDIT RISK

Contingency

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.

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.

The School holds investments primarily consisting of Treasury bills and similar low risk investments. Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is possible that changes in the value of investment securities could occur in the near term.

10 – SUBSEQUENT EVENTS

In September 2024, in connection with the School's federal financial aid program with the United States Department of Education, the School was required to begin maintaining a letter of credit with a bank totaling $2,954,576. The letter of credit is secured by cash accounts in the same amount.

In September and October 2024, the Organization extended three of its operating leases (see Note 8) for an additional three years, through August 2027 and September 2027. Under the terms of the lease agreement extended through August 2027, the monthly lease payment of $687,500 will increase annually by five percent. Under the terms of the remaining two leases extended through September 2027, the combined monthly lease payment of $765,397 will remain unchanged.

The contribution receivable included on the accompanying Statement of Financial Position on July 31, 2024 totaling $6,000,000 was received by the School in January 2025.