

**HULT INTERNATIONAL
BUSINESS SCHOOL, INC.**

Financial Statements

Years ended September 30, 2020 and 2019

HULT INTERNATIONAL BUSINESS SCHOOL, INC.

Financial Statements
Years ended September 30, 2020 and 2019

CONTENTS

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 14



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 September 30, 2020 and 2019, and the related statements of activities and cash flows for the years 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.

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 September 30, 2020 and 2019, 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.

Leonard, Mulherin & Greene, P.C.

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

October 29, 2020

HULT INTERNATIONAL BUSINESS SCHOOL, INC.Statements of Financial Position
September 30, 2020 and 2019

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 85,861,306	\$ 84,144,667
Accounts receivable, current portion	159,100	145,094
Other receivables (see Note 4)	3,595,777	3,530,319
Prepaid expenses and other assets	5,855,667	1,550,986
Total current assets	95,471,850	89,371,066
PROPERTY AND EQUIPMENT, net of accumulated depreciation	1,799,653	1,942,041
OTHER ASSETS		
Accounts receivable, net of current portion	11,358	12,296
Restricted deposits	600,000	3,496,526
Total assets	\$ 97,882,861	\$ 94,821,929
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 15,100,027	\$ 14,611,283
Deferred revenue	59,883,836	71,666,515
Other current liabilities (see Note 4)	1,126,776	2,388,267
Total liabilities	76,110,639	88,666,065
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Without donor restrictions	21,772,222	6,155,864
Total net assets	21,772,222	6,155,864
Total liabilities and net assets	\$ 97,882,861	\$ 94,821,929

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

HULT INTERNATIONAL BUSINESS SCHOOL, INC.

Statements of Activities

Years ended September 30, 2020 and 2019

	Without Donor Restrictions	
	2020	2019
REVENUE AND SUPPORT		
Tuition and fees	\$ 155,739,510	\$ 115,249,153
Student scholarships	(34,456,672)	(24,016,889)
Grant revenue	811,103	-
Other income	904,939	5,431,866
Interest income	541,579	358,538
Exchange gains (losses)	893,552	(214,845)
Total revenue and support	124,434,011	96,807,823
EXPENSES		
Property and office related costs	33,142,594	30,172,181
Student enrollment and marketing	29,599,225	33,509,525
Purchased goods and services	23,295,699	16,043,678
Staff costs	22,780,135	25,504,573
Total expenses	108,817,653	105,229,957
CHANGE IN NET ASSETS	15,616,358	(8,422,134)
NET ASSETS , beginning of year	6,155,864	14,577,998
NET ASSETS , end of year	\$ 21,772,222	\$ 6,155,864

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

HULT INTERNATIONAL BUSINESS SCHOOL, INC.

Statements of Cash Flows

Years ended September 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 15,616,358	\$ (8,422,134)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	794,422	1,251,811
(Increase) decrease in asset accounts		
Accounts receivable	(13,068)	(6,512)
Other receivables	(65,458)	(3,188,837)
Prepaid expenses and other assets	(4,304,681)	(568,366)
Increase (decrease) in liability accounts		
Accounts payable and accrued expenses	488,744	4,569,325
Deferred revenue	(11,782,679)	29,726,531
Other current liabilities	(1,261,491)	(373,300)
Net cash provided by (used in) operating activities	(527,853)	22,988,518
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(652,034)	(731,763)
Net cash provided by (used in) investing activities	(652,034)	(731,763)
Net increase (decrease) in cash, cash equivalents and restricted cash	(1,179,887)	22,256,755
Cash, cash equivalents and restricted cash, beginning of year	87,641,193	65,384,438
Cash, cash equivalents and restricted cash, end of year	\$ 86,461,306	\$ 87,641,193

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

The School paid no interest or income taxes during the years ended September 30, 2020 and 2019.

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

HULT INTERNATIONAL BUSINESS SCHOOL, INC.

Notes to Financial Statements
September 30, 2020 and 2019

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-year Master's Programs in 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 also services students in London, United Kingdom, Dubai, United Arab Emirates and Shanghai, China.

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.

Changes in Accounting Principles

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU provides the framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and not-for-profit entities. This ASU is effective for years beginning after December 15, 2018 and has been applied by the School on a retrospective basis.

In August 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This ASU provides guidance related to the reporting of restricted cash on the Statement of Cash Flows. This ASU is effective for years beginning after December 15, 2018 and has been applied by the School on a retrospective basis.

In June 2018, FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU is intended to clarify and improve the accounting guidance for contributions received and contributions made. The guidance includes clarification regarding accounting for grants and contracts as exchange transactions or contributions as well as guidance to better distinguish between conditional and unconditional contributions. This ASU is effective for years beginning after December 15, 2018 and has been applied by the School on a modified prospective basis.

The adoption of these ASUs did not have a material effect on the School's financial statements.

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.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***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.

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 September 30:

	2020	2019
Cash and cash equivalents	\$ 85,861,306	\$ 84,144,667
Restricted deposits	600,000	3,496,526
Total cash, cash equivalents and restricted cash	\$ 86,461,306	\$ 87,641,193

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. At September 30, 2019, the School had established a valuation allowance of \$787,723. The School considers all accounts receivable at September 30, 2020 to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded at September 30, 2020.

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 September 30, 2020 and 2019.

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.

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 September 30, 2020 and 2019 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.

HULT INTERNATIONAL BUSINESS SCHOOL, INC.

Notes to Financial Statements
September 30, 2020 and 2019

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses (continued)

	Program Services	Supporting Services	Total Expenses
2020			
Property and office related costs	\$ 21,564,753	\$ 11,577,841	\$ 33,142,594
Student enrollment and marketing	29,599,225	-	29,599,225
Purchased goods and services	23,295,699	-	23,295,699
Staff costs	21,297,465	1,482,670	22,780,135
Total	\$ 95,757,142	\$ 13,060,511	\$ 108,817,653
2019			
Property and office related costs	\$ 18,399,560	\$ 11,772,621	\$ 30,172,181
Student enrollment and marketing	33,509,525	-	33,509,525
Purchased goods and services	16,043,678	-	16,043,678
Staff costs	22,996,945	2,507,628	25,504,573
Total	\$ 90,949,708	\$ 14,280,249	\$ 105,229,957

Advertising

Advertising and promotional costs are expensed as incurred and totaled \$588,932 and \$725,871 for the years ended September 30, 2020 and 2019, respectively.

Foreign Currency Transactions

Revenue and expense transactions in a foreign currency 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 2017.

Subsequent Events

The School evaluated events that occurred after September 30, 2020, the date of the Statement of Financial Position, but before the date the financial statements were available to be issued, October 29, 2020, 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.

HULT INTERNATIONAL BUSINESS SCHOOL, INC.

Notes to Financial Statements
September 30, 2020 and 2019

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 September 30, 2020, 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	\$ 85,861,306
Accounts receivable, current portion	159,100
Total financial assets available within one year	\$ 86,020,406

4 – SIGNIFICANT PARTY TRANSACTIONS

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

Contractual Agreements

The School had a contractual agreement with Hult Educational Services, Inc. (“HES”), a Massachusetts nonprofit charitable organization that provided enrollment, management, marketing, IT and financial services to the School. The School was charged \$1,091,569 for these services during the year ended September 30, 2019. As of September 30, 2019, the School no longer receives services from HES nor were there any amounts due to or from HES.

The School entered into 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 \$9,703,928 and \$10,523,365 during the years ended September 30, 2020 and 2019, respectively. At September 30, 2020 and 2019, the School owed HSS \$32,788 and \$106,146, 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 \$1,928,683 and \$1,969,526 by EF Institute for these services during the years ended September 30, 2020 and 2019, respectively. No amounts were payable to or receivable from EF Institute at September 30, 2020 and 2019.

The School entered into 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 \$5,841,334 and \$6,030,589 for the years ended September 30, 2020 and 2019, respectively.

HULT INTERNATIONAL BUSINESS SCHOOL, INC.

Notes to Financial Statements
September 30, 2020 and 2019

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. At September 30, 2019, FZ-LLC owed the School \$ \$413,217, which is included in “Other receivables” on the accompanying Statements of Financial Position.

Beginning on January 1, 2019, the School and Hult International Business School, Ltd. (“Hult Ltd.”), a charitable organization in the United Kingdom (“UK”), entered into 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 \$15,387,855 and \$2,379,270 for the years ended September 30, 2020 and 2019, respectively. At September 30, 2020 and 2019, Hult Ltd. owed the School \$3,579,508 and \$2,939,277, respectively, which is included in “Other current receivables” on the accompanying Statements of Financial Position.

Other Contractual Agreements

The School entered into 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 September 30, 2020 are as follows:

	2020	2019
Hult Recruiting Services, Ltd. (United Kingdom)	\$4,418,079	\$4,113,780
Hult Investments FZ-LLC (United Arab Emirates)	4,293,526	3,958,076
Hult Recruitment Services GmbH (Switzerland)	2,835,977	3,248,642
EF Language Colleges, Ltd. (Switzerland)	2,540,000	3,243,216
Hult International Business School, Ltd. (Hong Kong)	2,302,829	2,472,642

The amounts due to/from the above entities for student enrollment and recruitment services at 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 years ended September 30, 2020 and 2019, the School paid Hult International Business School, AG, a Swiss corporation, a license fee totaling \$25,000 each year.

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.

HULT INTERNATIONAL BUSINESS SCHOOL, INC.

Notes to Financial Statements
September 30, 2020 and 2019

5 – PROPERTY AND EQUIPMENT

Property and equipment at September 30 are summarized below:

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

2019	Cost	Accumulated Depreciation
Leasehold improvements	\$ 54,866	\$ 32,107
Computer equipment	166,577	31,601
Office equipment and furnishings	4,812,582	3,028,276
Total	\$ 5,034,025	\$ 3,091,984

Depreciation expense for the years ended September 30, 2020 and 2019 totaled \$794,422 and \$1,251,811, 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 \$264,518 and \$263,541 for the years ended September 30, 2020 and 2019, respectively.

7 – COMMITMENTS

Operating Leases - Efekta

The School has entered into a variety of 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 for the year ended September 30, 2020:

Campus	Purpose	Expiration Date
San Francisco, CA	Classroom and administrative space	07/31/2028
Cambridge, MA	Classroom and administrative space	09/30/2021
Cambridge, MA	Undergraduate campus	09/30/2021
Cambridge, MA	Undergraduate dormitories	08/31/2021

Rent expense under the agreements for the Cambridge, MA locations totaled \$11,495,618 and \$6,016,313 for the years ended September 30, 2020 and 2019, respectively.

Total rent expense for the San Francisco location (including Oakland, CA for the year ended September 30, 2019) with Efekta totaled \$3,167,943 and \$4,868,538 for the years ended September 30, 2020 and 2019, respectively.

HULT INTERNATIONAL BUSINESS SCHOOL, INC.

Notes to Financial Statements
September 30, 2020 and 2019

7 – COMMITMENTS (continued)

Operating Leases – Efekta (continued)

Included in total rent expense is base rent as well as additional amounts the School pays 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 and \$1,703,823 for the years ended September 30, 2020 and 2019, respectively, and are included in the total rent expense for San Francisco noted above.

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 September 30, 2020 and 2019. 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 September 30, 2020 and 2019.

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 for enrollment services that expires on February 28, 2022. Rent expense paid to EF Language Schools, Inc. under this agreement totaled \$122,619 and \$118,216 during the years ended September 30, 2020 and 2019, respectively.

Operating Leases – Other

The School also leases space for residential and classroom space in Boston and San Francisco (and New York for the year ended September 30, 2019). Rent expense paid under these leases totaled \$665,727 and \$1,212,730 during the years ended September 30, 2020 and 2019, respectively.

Future minimum lease payments under the above agreements are as follows for the years ending September 30:

2021	\$ 14,253,516
2022	3,190,683
2023	3,221,223
2024	3,317,929
2025	3,417,616
Thereafter	10,242,264
	\$ 37,643,231

Total Rent Expense – Facilities

Rent expense for all facilities totaled \$15,451,907 and \$12,215,797 for the years ended September 30, 2020 and 2019, respectively.

7 – COMMITMENTS (continued)***Operating Leases – Equipment***

The School has entered into 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 September 30:

2021	\$ 1,996
2022	1,996
2023	1,996
2024	1,996
	<hr/> \$ 7,984

Rent expense for office equipment totaled \$3,409 and \$22,214 for the years ended September 30, 2020 and 2019, respectively.

8 – CONTINGENCIES AND CONCENTRATIONS OF CREDIT RISK***Contingencies***

On March 13, 2020, a national emergency was declared in the United States as a result of the COVID-19 pandemic. This ongoing public health crisis has had a significant and wide-ranging effect on the United States and local economies. Although management continues to actively assess and respond to the pandemic and related government orders for public health and safety, the longer-term impact of the pandemic on the School's operations and financial position cannot be reasonably determined at this time.

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.

As part of its financial aid program with the U.S. Department of Education, the School was required to maintain a stand-by letter of credit with a bank totaling \$2,896,526 as of September 30, 2019. This amount is included as "Restricted deposits" on the accompanying Statement of Financial Position at September 30, 2019. During 2020, the letter of credit expired and this deposit was released from restriction.