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**MICRO TECH TRAINING CENTER, INC.**  
**DBA EASTERN INTERNATIONAL COLLEGE**  
**& AFFILIATES**  
**HUDA & HASSAN LLC**  
**(TAX ID No. 27-1773080) &**  
**JERSEY CITY DENTAL HEALTH CENTER**  
**CONSOLIDATED AUDITED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

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**EASTERN INTERNATIONAL COLLEGE**  
**DECEMBER 31, 2018 AND 2017**  
**CONSOLIDATED AUDITED FINANCIAL STATEMENTS**

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### **INDEPENDENT AUDITOR'S REPORT**

To the Stockholder  
Micro Tech Training Institute, Inc.  
dba Eastern International College  
684 Newark Avenue  
Jersey City, NJ 07306

#### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying consolidated financial statements of Micro Tech Training Center, Inc. dba Eastern International College, and Huda & Hassan LLC (hereinafter collectively referred to as “Eastern International College”) which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of income, changes in stockholder’s equity, and consolidated 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; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 the 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 the 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.

#### **OPINION**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern International College as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **OTHER MATTERS**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Note 11 on the Institution's calculation of its Title IV 90/10 revenue test and Note 12 on related party transactions are required by the U.S. Department of Education and are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Note 10 on the Institution's composite score is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### **OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2019 on our consideration of Eastern International College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eastern International College's internal control over financial reporting and compliance.



David A Levy CPA PC  
Needham, Massachusetts  
June 12, 2019

**EASTERN INTERNATIONAL COLLEGE**  
**BALANCE SHEETS**  
**AS OF DECEMBER 31, 2018 AND 2017**

**ASSETS**

	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 5,192,794	\$ 3,999,586
Accounts Receivable - Students	183,855	104,010
<b>TOTAL CURRENT ASSETS</b>	<u>5,376,649</u>	<u>4,103,596</u>
PROPERTY & EQUIPMENT, NET	6,829,996	7,180,948
<b>OTHER ASSETS</b>		
Security Deposit	41,154	41,154
<b>TOTAL ASSETS</b>	<u>\$ 12,247,799</u>	<u>\$ 11,325,698</u>

**LIABILITIES & STOCKHOLDER'S EQUITY**

<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 273,064	\$ 271,469
Deferred Tuition	17,381	21,624
Current Portion of Notes Payable	220,348	492,153
<b>TOTAL CURRENT LIABILITIES</b>	<u>510,793</u>	<u>785,246</u>
<b>LONG TERM LIABILITIES</b>		
Notes Payable, Net of Current Portion	3,947,417	4,168,829
<b>TOTAL LIABILITIES</b>	<u>4,458,210</u>	<u>4,954,075</u>
<b>STOCKHOLDER'S EQUITY</b>		
Capital Stock	224,393	224,393
Additional Paid in Capital	249,518	249,518
Retained Earnings	7,315,678	5,897,712
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<u>7,789,589</u>	<u>6,371,623</u>
<b>TOTAL LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>	<u>\$ 12,247,799</u>	<u>\$ 11,325,698</u>

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

**EASTERN INTERNATIONAL COLLEGE**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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<b>REVENUE</b>	<u>2018</u>	<u>2017</u>
Earned Tuition	\$ 12,373,470	\$ 9,722,894
Less- Tuition Refunds	(602,491)	(412,019)
<b>TOTAL REVENUE</b>	<u>11,770,979</u>	<u>9,310,875</u>
 <b>EXPENSES</b>		
Administrative	1,326,279	898,514
Payroll and Payroll Taxes	5,631,964	4,933,418
Occupancy	878,855	630,614
Operating	1,294,006	1,102,786
Depreciation and Amortization	352,742	352,486
<b>TOTAL OPERATING EXPENSES</b>	<u>9,483,846</u>	<u>7,917,818</u>
<b>NET INCOME FROM OPERATIONS</b>	2,287,133	1,393,057
Interest Expenses	199,885	214,364
<b>NET INCOME FOR THE PERIOD</b>	<u>\$ 2,087,248</u>	<u>\$ 1,178,693</u>

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

**EASTERN INTERNATIONAL COLLEGE  
STATEMENTS OF STOCKHOLDER'S EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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	<u>2018</u>	<u>2017</u>
<b>STOCKHOLDER'S EQUITY BEGINNING OF YEAR</b>	\$ 6,371,623	\$ 5,845,754
<b>NET INCOME FOR THE PERIOD</b>	2,087,248	1,178,693
Stockholder's Distribution	(669,282)	(652,824)
<b>STOCKHOLDER'S EQUITY END OF YEAR</b>	<u>\$ 7,789,589</u>	<u>\$ 6,371,623</u>

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

**EASTERN INTERNATIONAL COLLEGE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>	<u>2018</u>	<u>2017</u>
NET INCOME	\$ 2,087,248	\$ 1,178,693
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and Amortization	352,742	352,486
Loss on Relinquishment of Assets		
Changes in Operating Assets and Liabilities:		
Accounts Receivable Students	(79,845)	(32,537)
Accounts Payable and Accrued Expenses	1,595	(134,017)
Unearned Tuition	(4,243)	(11,854)
Cash Provided by Operating Activities	<u>2,357,497</u>	<u>1,352,771</u>
 <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Notes Payable	(493,217)	(564,513)
Equipment and Fixtures	(1,790)	(10,016)
Cash Used by Investing Activities	<u>(495,007)</u>	<u>(574,529)</u>
 <b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>		
Stockholder's Contribution/(Distributions)	(669,282)	(652,824)
Cash Used by Financing Activities	<u>(669,282)</u>	<u>(652,824)</u>
 Change in Cash and Cash Equivalents	1,193,208	125,418
 BEGINNING CASH BALANCE	3,999,586	3,874,168
 ENDING CASH BALANCE	<u>\$ 5,192,794</u>	<u>\$ 3,999,586</u>
 Supplementary information:		
<u>Cash Paid for:</u>		
Income Taxes	\$ -	\$ -
Interest Expenses	\$ 199,885	\$ 214,364

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



**NOTE 1: NATURE OF BUSINESS & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Incorporation***

Micro Tech Training Center, Inc. dba Eastern International College (the Institution) began operations in 2002 and was incorporated by the State of New Jersey in 1992.

***Principal Activity***

The principal activity of the Institution is the teaching of students in the field of Medical Technology.

***Education Programs***

The Institution currently offers the following educational programs:

- Dental Hygiene- AAS Degree (78 credit hours)
- Dental Hygiene- Completion for BS (60 credit hours)
- Medical Assistant- AAS Degree (60 credit hours)
- Cardiovascular Technology- AAS Degree (65 credit hours)
- Diagnostic Medical Sonography- BS Degree (128 credit hours)
- Diagnostic Medical Sonography (65 credit hours)
- Nursing-AAS Degree (78 credit hours)

***Licenses & Accreditation***

The Institution is licensed by the State of New Jersey and accredited by the Accredited Commission of Career Schools and Colleges (ACCSC) and is approved by the United States Department of Education (USDOE) for participation in Federal Title IV Student Financial Assistance Programs. In 2008, the Institution changed its name to Eastern International College.

***A) Basis of Accounting***

The Financial Statements are prepared on the accrual basis of accounting in accordance with the U.S. generally accepted accounting principles (GAAP).

***B) Revenue and Cost Recognition***

The Institution bills tuition throughout the period of enrollment and recognizes the revenue on a pro rata basis over the period of instruction. As of the end of the fiscal year, the Institution had tuition from academic periods where the associated revenue has not yet been earned in accordance with GAAP. Accordingly, these amounts have been recorded as unearned tuition in the accompanying balance sheets.

If a student withdraws from the Institution, the standards of the U.S. Department of Education, the state education authority, the accrediting commission that accredit the Institution and the Institution's own internal policies (collectively, "Refund Policies") limit a student's obligation for tuition and fees to the school depending on when the student withdraws during the period of enrollment. The greater the portion of the enrollment period that has elapsed at the time the student withdraws, the greater the student's obligation to the school. The Institution records revenue after applying all applicable refund policies.

**NOTE 1: NATURE OF BUSINESS & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*C) Cash and Cash Equivalents*

For purposes of reporting cash flows, cash equivalents include highly liquid assets with an original maturity of three months or less. Highly liquid assets include cash, federal funds and certificates of deposit.

*D) Concentrations of Credit Risk*

The Institution maintains its cash balances at various local financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to the legal limit. As of December 31, 2018 and 2017, the Institution had cash accounts totaling \$4,520,725 and \$3,147,483 in excess of these limits, respectively.

*E) Inventory*

Inventory consists of goods purchased primarily for resale to the students and clientele. It is stated at the lower of cost or market.

*F) Property and Equipment*

Property and Equipment are stated at cost, net of accumulated depreciation. The cost of property and equipment is depreciated over the estimated useful lives of the related assets.

*G) Advertising Costs*

Advertising costs, except for direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are to be received. There were no direct-response advertising costs for the current fiscal year.

*H) Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

*I) Concentration of Economic Dependency*

The Institution derives a significant portion of its revenue from student financial assistance originating from the U.S. Department of Education's Title IV Higher Education Act of 1965. For the students to receive financial assistance at the Institution, it must maintain eligibility requirements established by the U.S. Department of Education.

**NOTE 1: NATURE OF BUSINESS & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*J) Fair Value Measurement*

The Institution reports its qualified assets and liabilities in accordance with the Fair Value Measurements and Disclosure Standards and accounting principles generally accepted in the United States. These standards define fair value, establish a framework for measuring fair value, and expand disclosures about fair value measurements. This policy establishes a Fair Value framework that prioritizes the inputs and assumptions used to measure fair value. The three levels of the fair value hierarchy and a description of the valuation techniques used for instruments measured at fair value are as follows:

- Level 1- Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date.
- Level 2- Pricing inputs other than quoted prices included in Level 1, which are either directly observable or that can be derived or supported from observable data as of the reporting date.
- Level 3- Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are generally less observable from objective sources. These inputs may be used with internally developed techniques that result in management's best estimate of fair value.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The Institution's qualifying assets or liabilities are recorded at fair value using Level 1 inputs.

*K) Uncertain Tax Positions*

The company accounts for uncertain tax positions in accordance with FASB ASC 740.

*L) Subsequent Events*

The Institution evaluates subsequent events through June 12, 2019, the date of this report. No material subsequent events have occurred that require recognition or disclosure in these financial statements.

*M) Reclassification*

The presentation of certain prior year balances has been reclassified to conform to the current year presentation.

**NOTE 2: ACCOUNTS RECEIVABLE, BAD DEBTS AND DEFERRED TUITION**

Accounts Receivable at the balance sheet date consist of amounts related to revenue from current or former students for classes that have been completed, or obligations of current students for tuition in progress for which payment has not been received in accordance with GAAP. If a student withdraws from the Institution, the standards of the U.S. Department of Education, the state education authority, the accrediting commission that accredit the Institution and the Institution’s own internal policies (collectively, “Refund Policies”) limit a student’s obligation for tuition and fees to the school depending on when the student withdraws during the period of enrollment. The greater the portion of the enrollment period that has elapsed at the time the student withdraws, the greater the student’s obligation to the school. The Institution records revenue after applying all applicable refund policies.

***Allowance for Doubtful Accounts***

The Institution maintains an allowance for doubtful accounts and has established a reserve based on the likelihood of collection. As of December 31, 2018 and 2017, the allowance for uncollectable accounts was \$9,700 and \$5,500, respectively.

***Accounts Receivable & Deferred Tuition***

Upon student admission, the contract price is recorded in a subsidiary ledger. As the student progresses through the program, the Institution earns the contract tuition ratably. Accounts receivable represent balances owed to the school for education provided but not yet paid for.

Deferred tuition represents payments paid on accounts in excess of amounts earned for tuition.

As of December 31, 2018, the following table represents the remaining contracts vs. the accrual method reported in accordance with GAAP:

	Contract	Accrual	Contract vs Accrual
Deferred Tuition	\$ 13,781,199	17,381	\$ 13,763,818
Accounts Receivable	13,957,373	193,555	13,763,818
Less: Allowance for Doubtful Accounts		(9,700)	
Accounts Receivable, Net		<u>\$ 183,855</u>	

**EASTERN INTERNATIONAL COLLEGE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

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**NOTE 3: PROPERTY & EQUIPMENT**

Property and equipment are recorded at cost. Depreciation and amortization of property and equipment are provided on the straight-line method over their estimated useful lives. Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expenses as incurred.

The major classifications of property and equipment as of December 31, 2018 and 2017 consisted of the following:

	<u>Estimated Useful Life</u>	<u>2018</u>	<u>2017</u>
Building & Improvements	15-39 Years	\$ 7,871,432	\$ 7,871,432
Equipment & Furniture	5-7 Years	1,610,844	1,609,054
Gross Property & Equipment		<u>9,482,276</u>	<u>9,480,486</u>
Less: Accumulated Depreciation & Amortization		<u>(2,652,280)</u>	<u>(2,299,538)</u>
Property & Equipment, Net		<u>\$ 6,829,996</u>	<u>\$ 7,180,948</u>
 Depreciation & Amortization		 \$ 352,742	 \$ 352,486

**NOTE 4: ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

As of December 31, 2018 and 2017, the Institution had accounts payable and accrued expenses of \$273,064 and \$271,469, respectively, as detailed below:

	<u>2018</u>	<u>2017</u>
Credit Cards	\$ 16,334	\$ 16,752
Accrued Rent	30,000	30,000
Payroll Liabilities	(60,680)	195,776
Accounts Payable-Others	287,410	28,941
	<u>\$ 273,064</u>	<u>\$ 271,469</u>

**EASTERN INTERNATIONAL COLLEGE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 5: NOTES PAYABLE**

As of December 31, 2018 and 2017, the Institution had notes payable outstanding of \$4,167,765 and \$5,225,495, respectively, as detailed below:

Description	2018			2017		
	Short Term	Long Term	Total	Short Term	Long Term	Total
<b>Microtech Training Center, Inc.</b>						
Business loan from Citibank, \$1,000,000 at 3.073% for 5 years. Loan date December 10, 2013, maturity date December 10, 2018. Secured by real estate property.	\$ -	-	-	202,004	-	202,004
Business loan from Citibank, \$400,000 at 4.02% for 4 years. Loan date September 30, 2014, maturity date September 30, 2018. Secured by real estate property.	\$ -	-	-	79,842	-	79,842
Business loan from Citibank, \$260,000 at 3.64% for 5 years. Loan date September 23, 2016, maturity date September 23, 2021. Secured by equipment owned by the Institution.	\$ 52,487	96,269	148,756	50,613	148,663	199,276
<b>Total</b>	<b>52,487</b>	<b>96,269</b>	<b>148,756</b>	<b>332,459</b>	<b>148,663</b>	<b>481,122</b>
<b>Huda &amp; Hassan LLC</b>						
Business loan from Citibank, \$2,815,920 at 5.14% for 10 years. Loan date March 31, 2014, maturity date March 1, 2024. Secured by real estate property.	\$ 106,753	2,284,674	2,391,427	101,416	2,391,427	2,492,843
Business loan with Wells Fargo. Original SBA 504 program \$2,000,000 at 3.51651% for 20 years. Loan date January 15, 2014, maturity date January 14, 2034. Loan secured by real estate property.	\$ 61,108	1,566,474	1,627,582	58,278	1,628,739	1,687,017
<b>Total</b>	<b>167,861</b>	<b>3,851,148</b>	<b>4,019,009</b>	<b>159,694</b>	<b>4,020,166</b>	<b>4,179,860</b>
<b>Grand Total</b>	<b>\$ 220,348</b>	<b>3,947,417</b>	<b>4,167,765</b>	<b>531,964</b>	<b>4,693,531</b>	<b>\$ 5,225,495</b>

Future maturities of above debt as of December 31, 2018 are as follows:

Year	Amount
2019	\$ 220,348
2020	230,875
2021	227,610
2022 & Thereafter	3,268,584
<b>Total</b>	<b>\$ 3,947,417</b>

As of December 31, 2018 and 2017, the Institution paid \$199,885 and \$214,364, of interest expense respectively on the above notes.

**EASTERN INTERNATIONAL COLLEGE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

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**NOTE 6: STOCKHOLDER'S EQUITY**

Stockholder's Equity as of December 31, 2018 and 2017 was \$7,789,589 and \$6,371,623, respectively, as detailed below:

Balance, January 1, 2017	5,845,754
Net Profit for the Year	1,178,693
Stockholder's Distributions	<u>(652,824)</u>
Balance, January 1, 2018	6,371,623
Net Profit for the Year	2,087,248
Stockholder's Distributions	<u>(669,282)</u>
Balance, December 31, 2018	<u>\$ 7,789,589</u>

**NOTE 7: LEASE OBLIGATIONS**

The Institution has been at the Jersey City location since 1999. As of December 31, 2018 and 2017, the Institution paid \$300,000 and \$550,000, respectively, for this location to Huda & Hassan, LLC, a VIE which was eliminated during the consolidation.

In 2005, the Institution opened an additional location in Belleville, New Jersey owned by the stockholder.

***Occupancy Expenses***

As of December 31, 2018 and 2017, total payments to related party towards rent for Belleville location were \$485,000 and \$330,000, respectively, for the fiscal year ended December 31, 2018 and 2017.

Occupancy expense for the fiscal years ended December 31, 2018 and 2017, after all eliminations, was \$878,855 and \$630,614, respectively, comprised of the following:

	<u>2018</u>	<u>2017</u>
Rent	501,798	335,449
Repairs & Maintenance	113,061	101,382
Security	150,765	90,363
Utilities	<u>113,231</u>	<u>103,420</u>
	<u>\$ 878,855</u>	<u>\$ 630,614</u>

***Security deposit***

For both December 31, 2018 and 2017, the Institution has security deposits with the utility companies in the amount of \$41,154.

**NOTE 8: REFUNDS AND REPAYMENTS TO THE U.S. DEPARTMENT OF EDUCATION**

As of December 31, 2018 and 2017, there were no unpaid refunds to the U.S. Department of Education or to lenders who issued SFA loans. Accordingly, no portion of the current liabilities consists of repayment obligations. The Institution processes and posts students' refunds within 45 days of the date a student withdraws or is terminated from the Institution. The Institution had no monetary obligations as a result of the most recent SFA audit and there are currently no outstanding obligations with the U.S. Department of Education.

**NOTE 9: INCOME TAXES**

Micro Tech Training Center, Inc. as a Sub Chapter S Corporation and Huda & Hassan LLC, as a single member LLC, are treated as non-taxable entities for federal income tax purposes. Jersey City Dental Health Center is also structured as a single member LLC and treated as non-taxable entity for federal income tax purposes. Therefore, no federal income tax expense has been recorded for these entities during the fiscal year ended December 31, 2018 and 2017 as the owner reports their share of taxable income on their individual tax return.



**NOTE 10: FINANCIAL RESPONSIBILITY COMPOSITE SCORE**

The U.S. Department of Education determines an Institution to be financially responsible if the Institution has a composite score of at least 1.5, the Institution has sufficient cash reserves to make the required refunds, including the return of Title IV funds (these requirements are known as the *refund reserve standards*), the Institution is current in its debt payments, and the Institution is meeting all of its financial obligations, including making required refunds, including the return of Title IV funds and making repayments to cover FSA program debts and liabilities. For an Institution to participate in any Title IV, HEA program, the Institution must be financially responsible (34 C.F.R. § 668.171(a)). An Institution that is not financially responsible because its composite score is between 1.0 and 1.4 but meets all other standards of financial responsibility may participate in the Title IV programs under the Zone Alternative, as described in 34 C.F.R. § 668.175(d). In general, Institutions participating under the Zone Alternative receive a letter from ED notifying the Institution of this condition of its participation. These Institutions are required to use the cash monitoring or reimbursement payment method of funding (34 C.F.R. § 668.175(d)(2)(i)).

**Composite Score**

The composite score standard combines different measures of fundamental elements of financial responsibility to yield a single measure of a school’s overall financial responsibility. This score, which has not been calculated by the U.S. Department of Education, is currently 3.0 as of December 31, 2018 as detailed below.

<u>Type</u>	<u>Ratio</u>	<u>Weight</u>	<u>Weighted Ratio</u>
Primary Reserve	3.0000	30%	0.9000
Equity	3.0000	40%	1.2000
Net Income	3.0000	30%	0.9000
Composite Score			<u>3.0</u>

This ratio in 2017 was 3.0. This information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

**EASTERN INTERNATIONAL COLLEGE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 11: 90/10 REVENUE TEST**

Eastern International College derives a substantial portion of its revenues from financial aid received by its students under programs authorized by Title IV of the HEA, which are administered by the U.S. Department of Education. To continue to participate in the programs, Eastern International College must comply with the regulations promulgated under HEA. According to 34 C.F.R. § 668.28(c)(i) if an Institution does not derive at least 10 percent of its revenue from sources other than Title IV program funds for two consecutive fiscal years, it loses its eligibility to participate in the Title IV programs for at least two fiscal years. For any fiscal year an Institution does not derive at least 10 percent of its revenue from sources other than Title IV program funds, it becomes provisionally certified under 34 C.F.R. § 668.13(c)(1)(ii) for two fiscal years after the fiscal year it fails to satisfy the revenue requirement (34 C.F.R. § 668.28(c)(2)). The Institution must notify ED no later than 45 days after the end of its fiscal year that it failed to meet the 90/10 revenue requirement (34 C.F.R. § 668.28(c)(3)). If the Institution has one year above 90 percent, it becomes provisionally certified for two fiscal years.

**Prior Year**

For the fiscal year ended December 31, 2017, the Institution received \$5,328,166 of Title IV funds and total eligible cash receipts of \$8,378,524, resulting in a percentage of 63.59%.

**Current Year**

For the fiscal year ended December 31, 2018, the Institution received \$7,018,260 of Title IV funds and total eligible cash receipts of \$11,687,418, resulting in a percentage of 60.05%.

**90-10 ANALYSIS: REVENUE BY SOURCE- CASH BASIS**

<b><u>ADJUSTED STUDENT TITLE IV REVENUE</u></b>		
Subsidized Loan		\$ -
Unsubsidized loan		5,242,686
Pell		2,335,524
<b>Total Draws (G5)</b>		<b><u>7,629,573</u></b>
Title IV funds Refunded/Returned		(108,120)
<b>Total Student Title IV Revenue (Net draws -G5)</b>		<b><u>7,521,453</u></b>
Revenue Adjustment		(503,193)
<b><u>TOTAL ADJUSTED STUDENT TITLE IV REVENUE</u></b>		<b><u>7,018,260</u></b>
<b><u>STUDENT NON TITLE IV REVENUE</u></b>		
Non Title IV Grant Funds		1,478,926
Student Payments		3,012,485
<b><u>TOTAL STUDENT NON-TITLE IV REVENUES</u></b>		<b><u>4,491,411</u></b>
<b><u>REVENUES FROM OTHER SOURCES</u></b>		
Clinic / Training Activities		177,746
Non- Title IV programs tuition		
<b><u>TOTAL REVENUES FROM OTHER SOURCES</u></b>		<b><u>177,746</u></b>
Total Adj. Student Title IV Revenue		\$ 7,018,260
Total Adj. Student Title IV Revenue	\$ 7,018,260	
Other Source Revenue	177,746	\$ 11,687,418
90/10 Ratio		<u>60.05%</u>

This information is required by the U.S. Department of Education and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

**NOTE 12: RELATED PARTY TRANSACTIONS**

Eastern International College participates in Federal programs authorized by Title IV of the Higher Education Act of 1965, as amended (HEA), which are administered by the U.S. Department of Education. The Institution must comply with the regulations promulgated under the HEA. Those regulations require that all related party transactions be disclosed, regardless of their materiality to the financial statements.

***Rent Paid***

The Institution rents space in its Jersey City location from the stockholder of the Institution. For the years ended December 31, 2018 and 2017, rent expense from this location was \$300,000 and \$550,000, respectively, paid to Huda & Hassan, LLC.

The Institution rents space in its Belleville location from the stockholder of the Institution. For the years ended December 31, 2018 and 2017, rent expense from this location was \$485,000 and \$330,000, respectively.

***Distributions***

As of December 31, 2018 and 2017, the stockholder of the Institution received cash distributions in the amounts of \$669,282 and \$652,824, respectively.

This information is required by the U.S. Department of Education and is presented for purposes of additional analysis and is not a required part of the basic financial statements.

**EASTERN INTERNATIONAL COLLEGE**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

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**NOTE 13: PROFITABILITY, ACID TEST RATIO AND TANGIBLE NET WORTH**

**Profitability**

The Institution's profitability for the current and two previous audit years were as follows:

<b>Description</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Gross Income	\$ 11,770,979	\$ 9,310,875	\$ 8,148,570
Total Expenses (excluding Taxes)	(9,683,731)	(8,132,182)	(7,057,682)
Profit before Tax	2,087,248	1,178,693	1,090,888
Tax Expenses	-	-	-
Net Profit After Taxes	<u>\$ 2,087,248</u>	<u>\$ 1,178,693</u>	<u>\$ 1,090,888</u>

**Acid Test Ratio**

As of December 31, 2018 and 2017, the Institution's acid test ratio were as detailed below:

<b>Description</b>	<b>2018</b>	<b>2017</b>
Current Assets	\$ 5,376,649	\$ 4,103,596
Current Liabilities	<u>510,793</u>	<u>785,246</u>
Acid Test Ratio	<u>10.5:1</u>	<u>5.2:1</u>

**Tangible Net worth**

The tangible net worth of the Institution as of December 31, 2018 and 2017 were as detailed below:

<b>Description</b>	<b>2018</b>	<b>2017</b>
Total Assets	\$ 12,247,799	\$ 11,325,698
Less: Total Liabilities	<u>(4,458,210)</u>	<u>(4,954,075)</u>
Equity	7,789,589	6,371,623
Less: Unsecured Related Party Receivables	-	-
Tangible Net Worth	<u>\$ 7,789,589</u>	<u>\$ 6,371,623</u>

This information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

**NOTE 14: COHORT DEFAULT RATE**

According to the USDOE, an Institution is not considered to be administratively capable, if its cohort default rate for Federal Stafford/SLD Loan or for Direct Loans made to students for attendance at the school equals or exceeds 30% for the three most recent financial years, or if the most recent cohort default rate is greater than 40%. The Institution must continue to have a default management plan in effect. Currently, the 3-year Cohort Default Rate published online by the USDOE for the Institution is 0% (FY 2015).

This information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

**NOTE 15: CONSOLIDATION OF VARIABLE INTEREST ENTITIES**

The consolidated financial statements include the accounts of Micro Tech Training Center, Inc. dba Eastern International College (Institute) and its consolidated entities Huda & Hassan LLC, and Jersey City Dental Health Center, LLC. These are presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Institute consolidates variable interest entities (“VIEs”) for which the Institute is the primary beneficiary.

Huda & Hassan LLC was formed for the purpose of acquiring and owning real estate occupied by Eastern International College. Jersey City Dental Health Center, LLC was established as a complimentary business venture. All activities for both LLC entities have been reported in the enclosed financial statements, and all intercompany activities have been eliminated.

The management of Eastern International College has determined that the Institution is the primary beneficiary of the variable interest entity Huda & Hassan LLC, and Jersey City Dental Health Center, LLC and as such, requires consolidation with this entity under FASB ASC 810.



**David A Levy CPA PC**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND ON OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

*(NO MATERIAL WEAKNESSES IDENTIFIED, NO SIGNIFICANT DEFICIENCIES IDENTIFIED, NO REPORTABLE INSTANCES OF NONCOMPLIANCE OR OTHER MATTERS IDENTIFIED)*

**INDEPENDENT AUDITOR'S REPORT**

To the Stockholder  
Eastern International College  
684 Newark Avenue  
Jersey City, NJ 07306

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Eastern International College, which comprise the balance sheets as of December 31, 2018 and 2017 and the related statements of income, changes in stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 12, 2019.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered Eastern International College's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Eastern International College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Eastern International College's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether Eastern International College's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such tests included compliance tests as set forth in the *Guide For Audits of Proprietary Schools and For Compliance Attestation Engagements of Third-Party Servicers Administering Title IV Programs*, issued by the U.S. Department of Education, Office of Inspector General (the Guide) including those relating to related parties and percentage of revenue derived from Title IV programs. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the Guide.

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.



David A Levy CPA PC  
Needham, Massachusetts  
June 12, 2019

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CONSOLIDATING INFORMATION

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**David A Levy CPA PC**

*Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT  
ON CONSOLIDATING INFORMATION**

To the Stockholder  
Eastern International College  
684 Newark Avenue  
Jersey City, NJ 07306

We have audited the consolidating financial statements of Eastern International College, and Huda & Hassan LLC as of and for the year ended December 31, 2018, and our report thereon dated June 12, 2019, which expressed an unmodified opinion on these consolidated financial statements as appears on page one of this report. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating balance sheet and statement of income and statement of stockholder's equity are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads 'David A Levy CPA PC'.

David A Levy CPA PC  
Needham, Massachusetts  
June 12, 2019

**EASTERN INTERNATIONAL COLLEGE  
CONSOLIDATING BALANCE SHEET  
AS OF DECEMBER 31, 2018**

	Eastern International College	Huda & Hussan LLC	Jersey City Dental Health	Elimination	Consolidated
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 5,020,725	\$ 78,934	\$ 93,135		\$ 5,192,794
Accounts Receivable - Students	183,855	-	-		183,855
<b>TOTAL CURRENT ASSETS</b>	<b>5,204,580</b>	<b>78,934</b>	<b>93,135</b>		<b>5,376,649</b>
<b>PROPERTY &amp; EQUIPMENT, NET</b>	<b>564,543</b>	<b>6,265,453</b>	<b>-</b>		<b>6,829,996</b>
<b>OTHER ASSETS</b>					
Security Deposits	41,154	-	-	-	41,154
Due from Affiliates	2,804,212	-	-	(2,804,212)	-
<b>TOTAL OTHER ASSETS</b>	<b>2,845,366</b>	<b>-</b>	<b>-</b>		<b>41,154</b>
<b>TOTAL ASSETS</b>	<b>\$ 8,614,489</b>	<b>\$ 6,344,387</b>	<b>\$ 93,135</b>		<b>\$ 12,247,799</b>
<b>LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable and Accrued Expenses	\$ 273,064	\$ -	\$ -		\$ 273,064
Deferred Tuition	17,381	-	-		17,381
Note Payable - Current Portion	52,487	167,861	-		220,348
<b>TOTAL CURRENT LIABILITIES</b>	<b>342,932</b>	<b>167,861</b>	<b>-</b>		<b>510,793</b>
<b>LONG TERM LIABILITIES</b>					
Due to Affiliates	-	2,804,212	-	(2,804,212)	-
Note Payable, net of current portion	96,269	3,851,148	-		3,947,417
<b>TOTAL LIABILITIES</b>	<b>439,201</b>	<b>6,823,221</b>	<b>-</b>		<b>4,458,210</b>
<b>STOCKHOLDER'S EQUITY</b>					
Common Stock, Authorized 60,000 Shares, \$1 par Value 1000 No of Shares, Issued and Outstanding	224,393	-	-		224,393
Additional Paid in Capital	-	249,518	-		249,518
Retained Earnings	7,950,895	(728,352)	93,135		7,315,678
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>8,175,288</b>	<b>(478,834)</b>	<b>93,135</b>		<b>7,789,589</b>
<b>TOTAL LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>	<b>\$ 8,614,489</b>	<b>\$ 6,344,387</b>	<b>\$ 93,135</b>		<b>\$ 12,247,799</b>

See the Independent Auditor's Report on Consolidating Information

**EASTERN INTERNATIONAL COLLEGE  
CONSOLIDATING STATEMENT OF INCOME  
AND STOCKHOLDER'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Eastern International College	Huda & Hussan LLC	Jersey City Dental Health	<u>Elimination</u>	Consolidated
<b>REVENUE</b>					
Gross Earned Tuition	\$ 12,195,135	\$ -	\$ 178,335		\$ 12,373,470
Less- Tuition Refunds	(602,491)				(602,491)
Rent Income	-	300,000	-	(300,000)	-
<b>TOTAL REVENUE</b>	<u>11,592,644</u>	<u>300,000</u>	<u>178,335</u>		<u>11,770,979</u>
<b>EXPENSES</b>					
Administrative	1,325,688	-	591		1,326,279
Payroll & Payroll Taxes	5,534,383	-	97,581		5,631,964
Occupancy	1,178,855	-	-	(300,000)	878,855
Operating	1,281,538	12,468	-		1,294,006
Depreciation and Amortization	153,209	199,533	-		352,742
<b>TOTAL EXPENSES</b>	<u>9,473,673</u>	<u>212,001</u>	<u>98,172</u>		<u>9,483,846</u>
<b>NET INCOME FROM OPERATIONS</b>	2,118,971	87,999	80,163		2,287,133
Interest Expense	13,557	186,328	-		199,885
<b>NET INCOME FOR THE PERIOD</b>	<u>2,105,414</u>	<u>(98,329)</u>	<u>80,163</u>		<u>2,087,248</u>
<b>EQUITY BEGINNING OF YEAR</b>	6,687,046	(328,395)	12,972		6,371,623
Stockholder's Distributions	(617,172)	(52,110)	-		(669,282)
<b>EQUITY END OF YEAR</b>	<u>\$ 8,175,288</u>	<u>\$ (478,834)</u>	<u>\$ 93,135</u>		<u>\$ 7,789,589</u>

See the Independent Auditor's Report on Consolidating Information