

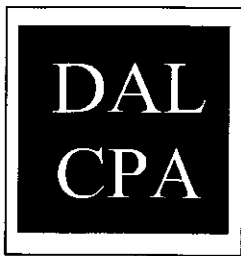
ENTITY NO. 22-3145831
OPE ID NO. 031226-00
DUNS NO. 78-398-4073
ACCSC NO. M70039/B70386

**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, 2017 AND 2016**

**EASTERN INTERNATIONAL COLLEGE
DECEMBER 31, 2017 AND 2016
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, 2017 and 2016, 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, 2017 and 2016, 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 14, 2018 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.

A handwritten signature in black ink that reads "David A. Levy CPA PC". The signature is written in a cursive, flowing style.

David A Levy CPA PC
Needham, Massachusetts
June 14, 2018

**EASTERN INTERNATIONAL COLLEGE
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2017 AND 2016**

ASSETS

	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,999,586	\$ 3,874,168
Accounts Receivable Students (Less Allowance)	104,010	71,473
TOTAL CURRENT ASSETS	4,103,596	3,945,641
 PROPERTY & EQUIPMENT, NET	 7,180,948	 7,523,418
Security Deposits	41,154	41,154
 TOTAL ASSETS	\$ 11,325,698	11,510,213
 LIABILITIES & STOCKHOLDER'S EQUITY		
 CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 271,469	405,486
Deferred Tuition	21,624	33,478
Current portion of Notes Payable	492,153	531,964
TOTAL CURRENT LIABILITIES	785,246	970,928
 LONG TERM LIABILITIES		
Notes Payable, net of current portion	4,168,829	4,693,531
 TOTAL LIABILITIES	4,954,075	5,664,459
 STOCKHOLDER' EQUITY		
Capital Stock	224,393	224,393
Paid in Capital	249,518	249,518
Retained Earnings	5,897,712	5,371,843
TOTAL STOCKHOLDER'S EQUITY	6,371,623	5,845,754
 TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	\$ 11,325,698	11,510,213

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

**EASTERN INTERNATIONAL COLLEGE
CONSOLIDATED STATEMENTS OF INCOME
AND STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

REVENUE	<u>2017</u>	<u>2016</u>
Gross Earned Tuition & Fees	\$ 9,722,894	\$ 8,534,796
Less: Tuition Refunds	(412,019)	(386,226)
Rental	-	
TOTAL REVENUE	<u>9,310,875</u>	<u>8,148,570</u>
 EXPENSES		
Administrative	898,514	680,446
Payroll and Related Costs	4,933,418	4,149,973
Operating	1,102,786	976,248
Occupancy	630,614	675,572
Depreciation	352,486	342,470
TOTAL OPERATING EXPENSES	<u>7,917,818</u>	<u>6,824,709</u>
NET INCOME FROM OPERATIONS	1,393,057	1,323,861
Interest Expenses	<u>214,364</u>	<u>232,973</u>
NET INCOME FOR THE YEAR	1,178,693	1,090,888
STOCKHOLDER'S EQUITY BEGINNING OF YEAR	5,845,754	5,374,012
Stockholder's Distribution	(652,824)	(619,146)
STOCKHOLDER'S EQUITY END OF YEAR	<u>\$ 6,371,623</u>	<u>5,845,754</u>

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

EASTERN INTERNATIONAL COLLEGE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2017</u>	<u>2016</u>
NET INCOME	\$ 1,178,693	\$ 1,090,888
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	352,486	342,470
Changes in Operating Assets and Liabilities:		
Accounts Receivable Students	(32,537)	40,489
Accounts Payable and Accrued Expenses	(134,017)	74,819
Unearned Tuition	(11,854)	(4,605)
Cash Provided by Operating Activities	<u>1,352,771</u>	<u>1,544,061</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Notes Payable	(564,513)	(204,199)
Equipment and Fixtures	(10,016)	(279,640)
Construction of new facility	-	-
Cash Used by Investing Activities	<u>(574,529)</u>	<u>(483,839)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Stockholder's Distribution	(652,824)	(619,146)
Cash Used by Financing Activities	<u>(652,824)</u>	<u>(619,146)</u>
Net Increase (Decrease) in Cash	125,418	441,076
BEGINNING CASH BALANCE	3,874,168	3,433,092
ENDING CASH BALANCE	<u>\$ 3,999,586</u>	<u>\$ 3,874,168</u>
<u>Supplemental Information</u>		
Cash Paid For		
Income Taxes	\$ -	\$ -
Interest Expenses	\$ 214,364	\$ 232,973

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

EASTERN INTERNATIONAL COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

Incorporation

Eastern International College began operations in 2002 and was incorporated by the State of New Jersey in 1992.

Principal Activity

The principle 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 (66 credit hours)
- Diagnostic Medical Sonography- BS Degree (122 credit hours)
- Nursing-AAS Degree (70 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.

EASTERN INTERNATIONAL COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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, 2017 and 2016, the Institution had cash accounts totaling \$3,147,483 in excess of these limits.

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.

EASTERN INTERNATIONAL COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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 14, 2018, 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.

EASTERN INTERNATIONAL COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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, 2017 and 2016, the allowance for uncollectable accounts was \$5,500 and \$5,900.

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, 2016, the following table represents the remaining contracts vs. the accrual method reported in accordance with GAAP.

	Contract	Accrual	Contract vs Accrual
Deferred Tuition	\$ 7,231,889	\$ 21,624	\$ 7,210,265
Accounts Receivable	\$ 7,319,775	\$ 109,510	7,210,265
Less: Allowance for doubtful accounts		(5,500)	
Accounts Receivable, Net		<u>\$ 104,010</u>	

EASTERN INTERNATIONAL COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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, 2017 and 2016 consisted of the following:

	<u>Estimated Life</u>	<u>2017</u>	<u>2016</u>
Building & Improvements	15-39 Years	7,871,432	7,871,432
Equipment and Fixtures	5-7 Years	1,609,054	1,599,038
Gross Property & Equipment		<u>\$ 9,480,486</u>	<u>\$ 9,470,470</u>
Less: Accumulated Depreciation		<u>(2,299,538)</u>	<u>(1,947,052)</u>
Property & Equipment, Net		<u>\$ 7,180,948</u>	<u>\$ 7,523,418</u>
Depreciation		\$ 352,486	\$ 342,470

NOTE 4: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As of December 31, 2017 and 2016, the institution had accounts payable and accrued expenses of \$271,469 and \$405,486 as detailed below:

	<u>2016</u>	<u>2015</u>
Credit Cards	\$ 46,752	\$ 48,862
Accrued Rent	-	3,260
Payroll Liabilities	195,776	151,002
Accounts Payable-Others	28,941	211,328
	<u>\$ 271,469</u>	<u>\$ 405,486</u>

EASTERN INTERNATIONAL COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 5: NOTES PAYABLE

As of December 31, 2017 and 2016, the Institution had notes payable outstanding of \$5,225,495 and \$5,429,694 respectively as detailed below:

Description	2017			2016		
	Short Term	Long Term	Total	Short Term	Long Term	Total
Microtech Training Center, Inc.						
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	206,082	215,502	421,584
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	103,079	79,768	182,847
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.	\$ 50,613	148,663	199,276	48,807	199,161	247,968
Total	332,459	148,663	481,122	357,968	494,431	852,399
Huda & Hassan LLC						
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.	\$ 101,416	2,391,427	2,492,843	96,345	2,490,992	2,587,337
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	\$ 58,278	1,628,739	1,687,017	77,651	1,708,108	1,785,759
Total	159,694	4,020,166	4,179,860	173,996	4,199,100	4,373,096
Grand Total	\$ 492,153	4,168,829	4,660,982	531,964	4,693,531	5,225,495

Future maturities of above debt as of December 31, 2016 are as follows:

Year	Amount
2018	\$ 502,946
2019	220,347
2020	230,875
2021 & Thereafter	3,706,814
Total	\$ 4,660,982

As of December 31, 2017 and 2016, the Institution paid \$214,364 and \$232,973 of interest expense respectively on the above notes.

EASTERN INTERNATIONAL COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 6: STOCKHOLDER'S EQUITY

Stockholder's Equity as of December 31, 2017 and 2016 was \$6,371,623 and \$5,845,754 respectively as detailed below:

	Issued & Outstanding, No Par Value (Authorized 1000 Shares)	Common Stock	Retained Earnings	Addition al Paid In Capital	Total
Balance, December 31, 2015	1000	\$ 224,393	4,900,101	249,518	\$ 5,374,012
Net Profit for the year			1,090,888	-	1,090,888
Stockholders' Distributions			(619,146)	-	(619,146)
Balance, December 31, 2016	1000	\$ 224,393	5,371,843	249,518	5,845,754
Net Profit for the year			1,178,693	-	1,178,693
Stockholders' Distributions			(652,824)	-	(652,824)
Balance, December 31, 2017	1000	\$ 224,393	5,897,712	249,518	\$ 6,371,623

NOTE 7: LEASE OBLIGATIONS

The Institution has been at the Jersey City location since 1999. As of December 31, 2017 and 2016 the Institution paid \$550,000 and \$650,000 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, 2017 and 2016, total payments to related party towards rent for Belleville location were \$330,000 and \$390,000 respectively, for the fiscal year ended December 31, 2017 and 2016.

Occupancy expense for the fiscal years ended December 31, 2017 and 2016, after all eliminations, was \$630,614 and \$675,572, respectively, comprised of the following:

	2017	2016
Rent	\$ 335,449	\$ 404,985
Repairs & Maintenance	101,382	104,398
Security	90,363	66,535
Utilities	103,420	99,654
Total	\$ 630,614	\$ 675,572

Security deposit

As of December 31, 2017 and 2016 the Institution has security deposits with the utility companies in the amounts of \$41,154 and \$41,154 respectively.

EASTERN INTERNATIONAL COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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

As of December 31, 2017 and 2016, 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, 2017 and 2016 as the owner reports their share of taxable income on their individual tax return.

EASTERN INTERNATIONAL COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 10: FINANCIAL RESPONSIBILITY COMPOSITE SCORE

The U.S. Department of Education will determine an Institution to be financially responsible if the school has a composite score of at least 1.5, the school 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 school is current in its debt payments, and the school 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.

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, 2017 as detailed below.

<u>Type</u>	<u>Ratio</u>	<u>Weight</u>	<u>Weighted Ratio</u>
Primary Reserve	3.000	30%	0.9000
Equity	3.000	40%	1.2000
Net Income	3.000	30%	0.9000
Composite Score			<u>3.0</u>

This ratio in 2016 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, 2017 AND 2016

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. The regulations restrict the proportion of cash receipts for tuition, fees and other institutional charges from eligible programs to not be more than 90% from Title IV programs. The failure of the Institution to meet the 90% limitation for two consecutive years will result in the loss of the Institution's ability to participate in Title IV Programs. If a school receives more than 90% of its revenue from Title IV programs during its fiscal year, the school becomes provisionally certified for the next two fiscal years.

For the fiscal year ended December 31, 2016, Eastern International College received \$4,034,235 of Title IV funds and total eligible cash receipts of \$6,727,817, resulting in a percentage of 59.96%.

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

90-10 ANALYSIS: REVENUE BY SOURCE- CASH BASIS

<u>ADJUSTED STUDENT TITLE IV REVENUE</u>	
Subsidized Loan	\$ 1,673,444
Unsubsidized loan	2,255,801
Pell	1,753,987
Seog (less match)	46,900
Total Draws (G5)	5,730,132
Title IV funds Refunded/Returned	(64,577)
Total Student Title IV Revenue (Net draws G5)	5,665,555
Revenue Adjustment	(337,389)
<u>TOTAL ADJUSTED STUDENT TITLE IV REVENUE</u>	<u>5,328,166</u>
<u>STUDENT NON TITLE IV REVENUE</u>	
Non Title IV Grant Funds	1,666,312
Student Payments	1,223,923
<u>TOTAL STUDENT NON-TITLE IV REVENUES</u>	<u>2,890,235</u>
<u>REVENUES FROM OTHER SOURCES</u>	
Clinic / Training Activities	160,123
<u>TOTAL REVENUES FROM OTHER SOURCES</u>	<u>160,123</u>
Total Adj. Student Title IV Revenue	\$ 5,328,166
Total Adj. Student Title IV Revenue	\$ 5,328,166
Student Non IV Revenue	2,890,235
Other Source Revenue	160,123
	\$ 8,378,524
90/10 Ratio	<u>63.59%</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.

EASTERN INTERNATIONAL COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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, 2017 and 2016, rent expense from this location was \$550,000 and \$650,000 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, 2017 and 2016 rent expense from this location was \$330,000 and \$390,000 respectively.

Distributions

As of December 31, 2017 and 2016 the stockholder of the Institution received cash distributions in the amounts of \$652,824 and \$619,146 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, 2017 AND 2016

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

Profitability

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Gross Income	\$ 9,310,875	8,148,570	6,971,876
Total Expenses (excluding Taxes)	(8,132,182)	(7,057,682)	(6,021,473)
Profit before Tax	1,178,693	1,090,888	950,403
Tax Expenses	-	-	-
Net Profit After Taxes	<u>1,178,693</u>	<u>1,090,888</u>	<u>950,403</u>

Acid Test Ratio

As of December 31, 2017 and 2016 the Institution's acid test ratio was as detailed below:

	<u>2017</u>	<u>2016</u>
Current Assets	\$ 4,103,596	3,945,641
Current Liabilities	785,246	970,928
Acid Test Ratio	<u>5.23:1</u>	<u>4.06:1</u>

Tangible Net Worth

The tangible net worth of the Institution as of December 31, 2017 and 2016 was as detailed below:

	<u>2017</u>	<u>2016</u>
Total Assets	\$ 11,325,698	11,510,213
Less: Total Liabilities	(4,954,075)	(5,664,459)
Equity	6,371,623	5,845,754
Less: Intangible Assets	-	-
Tangible Net Worth	<u>6,371,623</u>	<u>5,845,754</u>

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, 2017 AND 2016

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 0.0% (FY 2014).

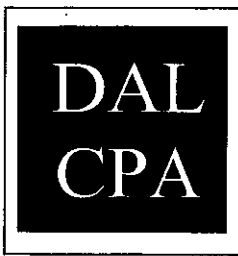
This information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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.



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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, 2017 and 2016 and the related statements of income, changes in shareholders' 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 14, 2018.

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.

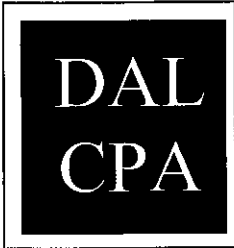
PURPOSE OF THIS REPORT

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.

A handwritten signature in black ink that reads "David A. Levy CPA PC". The signature is written in a cursive, flowing style.

David A Levy CPA PC
Needham, Massachusetts
June 14, 2018

CONSOLIDATING INFORMATION



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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, 2016, and our report thereon dated June 14, 2018, 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 14, 2018

**EASTERN INTERNATIONAL COLLEGE
CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2017**

	EASTERN INTERNATIONAL COLLEGE	HUDA & HASSAN LLC	Jersey City Dental Health	<u>ELIMINATION</u>	2017 CONSOLIDATED
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 3,792,592	\$ 190,691	\$ 16,303		\$ 3,999,586
Accounts Receivable Students (Less Allowance)	104,010	-	-		104,010
TOTAL CURRENT ASSETS	3,896,602	190,691	16,303		4,103,596
PROPERTY & EQUIPMENT, NET	715,962	6,464,986	-		7,180,948
OTHER ASSETS					
Security Deposits	41,154	-	-		41,154
Due from Affiliates	2,804,212	-	-	(2,804,212)	-
OTHER ASSETS NET	2,845,366	-	-		41,154
TOTAL ASSETS	\$ 7,457,930	\$ 6,655,677	\$ 16,303		\$ 14,129,910
LIABILITIES & STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Accounts Payable and Accrued Expenses	\$ 268,138	\$ -	\$ 3,331		\$ 271,469
Deferred Tuition	21,624	-	-		21,624
Current Portion of Notes Payable	332,459	159,694	-		492,153
TOTAL CURRENT LIABILITIES	622,221	159,694	3,331		785,246
Due to Affiliates	-	2,804,212	-	(2,804,212)	-
Notes Payable, net of Current Portion	148,663	4,020,166	-		4,168,829
TOTAL LIABILITIES	770,884	6,984,072	3,331		7,758,287
STOCKHOLDERS' EQUITY					
Capital Stock, 1,000 shares Authorized, no par value 1,000 shares issued and outstanding	224,393	-	-		224,393
Paid in Capital	-	249,518	-		249,518
Retained Earnings	6,462,653	(577,913)	12,972		5,897,712
TOTAL STOCKHOLDERS' EQUITY	6,687,046	(328,395)	12,972		6,371,623
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 7,457,930	\$ 6,655,677	\$ 16,303		\$ 14,129,910

See the Independent Auditor's Report on Consolidating Information

**EASTERN INTERNATIONAL COLLEGE
CONSOLIDATING STATEMENT OF INCOME
AND STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017**

REVENUE	<u>EASTERN INTERNATIONAL COLLEGE</u>	<u>HUDA & HASSAN LLC</u>	<u>JERSEY CITY DENTAL HEALTH</u>	<u>ELIMINATIO N</u>	<u>2017 CONSOLIDATE D</u>
Gross Earned Tuition & Fees	\$ 9,563,320	\$	\$ 159,574		\$ 9,722,894
Less: Tuition Refunds	(412,019)				(412,019)
Rent Income		550,000		(550,000)	-
TOTAL REVENUE	<u>9,151,301</u>	<u>550,000</u>	<u>159,574</u>		<u>9,310,875</u>
EXPENSES					
Administrative	895,792		2,722		898,514
Payroll and Related Costs	4,755,878		177,540		4,933,418
Operating	902,006	200,780			1,102,786
Occupancy	1,180,614	-	-	(550,000)	630,614
Depreciation	153,209	199,277			352,486
TOTAL OPERATING EXPENSES	<u>7,887,499</u>	<u>400,057</u>	<u>180,262</u>		<u>7,917,818</u>
NET INCOME FROM OPERATIONS	1,263,802	149,943	(20,688)		1,393,057
Interest Expenses	-	214,364			214,364
NET INCOME FOR THE YEAR	1,263,802	(64,421)	(20,688)		1,178,693
STOCKHOLDERS' EQUITY BEGINNING OF YEAR	6,144,739	\$ (298,985)	\$ -		\$ 5,845,754
Stockholder's Contribution/(Distribution)	(721,495)	35,011	33,660		(652,824)
STOCKHOLDERS' EQUITY END OF YEAR	<u>\$ 6,687,046</u>	<u>\$ (328,395)</u>	<u>\$ 12,972</u>		<u>\$ 6,371,623</u>

See the Independent Auditor's Report on Consolidating Information