JAKMA INVESTMENTS, LLC d/b/a
ENVIRONMENTAL TECHNICAL INSTITUTE

BALANCE SHEET

December 31, 2008

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 1,000,086</td>
</tr>
<tr>
<td>Accounts receivable (net of allowance for doubtful accounts of $270,000)</td>
<td>2,488,807</td>
</tr>
<tr>
<td>Due from seller</td>
<td>197,809</td>
</tr>
<tr>
<td>Inventory</td>
<td>33,980</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>138,112</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>3,858,794</strong></td>
</tr>
<tr>
<td><strong>PROPERTY, PLANT, AND EQUIPMENT</strong></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>120,000</td>
</tr>
<tr>
<td>Land improvements</td>
<td>94,374</td>
</tr>
<tr>
<td>Building and building improvements</td>
<td>480,215</td>
</tr>
<tr>
<td>Equipment</td>
<td>41,214</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>153,854</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>78,219</td>
</tr>
<tr>
<td>Vehicles</td>
<td>8,720</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>976,596</strong></td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(19,965)</td>
</tr>
<tr>
<td><strong>Net property, plant, and equipment</strong></td>
<td><strong>956,631</strong></td>
</tr>
<tr>
<td><strong>OTHER ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>26,250</td>
</tr>
<tr>
<td>Deferred financing costs, net</td>
<td>28,544</td>
</tr>
<tr>
<td>Student contracts, net</td>
<td>884,888</td>
</tr>
<tr>
<td>Goodwill</td>
<td>7,622,562</td>
</tr>
<tr>
<td><strong>Total other assets</strong></td>
<td><strong>8,562,244</strong></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$ 13,377,669</strong></td>
</tr>
</tbody>
</table>
JAKMA INVESTMENTS, LLC d/b/a
ENVIRONMENTAL TECHNICAL INSTITUTE

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Net income $ 767,627
Adjustments to reconcile net income to net cash from operating activities
Depreciation 19,965
(Increase) decrease in
Accounts receivable 162,469
Inventories 15,492
Prepaid expenses and other assets (120,330)
Deferred financing costs, net (28,544)
Increase (decrease) in
Accounts payable (7,514)
Accrued expenses - payroll related 95,942
Other liabilities 40,848
Deferred student tuition (655,314)

Total adjustments (476,986)

Net cash from operating activities 290,641

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Environmental Technical Institute (3,679,966)

Net cash from investing activities (3,679,966)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on long-term debt (130,545)
Contributions from members 4,557,368
Distributions to members (403,398)

Net cash from financing activities 4,023,425

NET INCREASE IN CASH AND CASH EQUIVALENTS 634,100

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 365,986

CASH AND CASH EQUIVALENTS, END OF YEAR $ 1,000,086

See accompanying notes to consolidated financial statements.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

<table>
<thead>
<tr>
<th></th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land improvements</td>
<td>15</td>
</tr>
<tr>
<td>Buildings and building improvements</td>
<td>10-40</td>
</tr>
<tr>
<td>Equipment</td>
<td>5-7</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>15</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>7</td>
</tr>
<tr>
<td>Vehicles</td>
<td>5</td>
</tr>
</tbody>
</table>

Goodwill and Other Intangible Assets

Goodwill represents the excess of costs over fair value of assets of businesses acquired. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead are tested for impairment at least annually in accordance with the provisions of the Financial Accounting Standards Board (FASB) Statement No. 142, Goodwill and Other Intangible Assets. Intangible assets with estimable useful lives are amortized over their respective estimated useful lives to their estimated residual values.

Deferred Student Tuition

Deferred student tuition consists of the unearned portion of tuition for which a student is contracted. Tuition revenue is recognized ratably over the term of instruction. The deferred student tuition amount was calculated using the actual students' tuition based on the number of months remaining in the program.

Use of Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The Company adopted SFAS No. 157, Fair Value Measurement, as of January 1, 2008 and there was no material impact to the financial statements. SFAS No. 157 currently applies to all financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value on a recurring basis. In February 2008, FASB issued FASB Staff Position SFAS No. 157-2, Effective Date of FASB Statement No. 157, which defers the application date of the provisions of SFAS No. 157 for all nonfinancial assets and liabilities until the beginning of fiscal 2009 except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. SFAS No. 157 requires disclosure that establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. SFAS No. 157 is intended to enable the readers of financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. SFAS No. 157 requires the assets and liabilities carried at fair value be classified and disclosed in one of the following categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

The Company did not have any material level 1, 2, or 3 inputs December 31, 2008.

3. CASH FLOW INFORMATION

Net cash from operating activities shown on the statement of cash flows includes cash payments for interest and income taxes for the period ended December 31, 2008 as follows:

| INTEREST PAID          | $109,910 |

The allocation of the excess of the fair value of net assets acquired over the purchase price paid as a result of the transaction resulted in a noncash transaction in 2008, not reflected on the statement of cash flows. Debt in the amount of $5,658,250 was issued in the transaction.
6. RELATED PARTY TRANSACTIONS

The Company participates in the Student Financial Aid (SFA) under the Title IV programs administered by the U.S. Department of Education (the DOE) pursuant to the Higher Education Act of 1965, as amended (HEA). The Company 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. There is $600 due to JAKMA Farms as of December 31, 2008.

7. ATTESTATION OF REVENUE SOURCES

The Company derives a substantial portion of its revenues from Federal Student Aid (FSA) received by its students under Title IV programs administered by the DOE pursuant to the HEA. To continue to participate in the FSA programs, the Company must comply with the regulations promulgated under HEA. The regulations restrict the proportion of cash receipts for tuition and fees from eligible programs to not more than 90% from the Title IV programs. The failure of the Company to meet the 90% limitation will result in the loss of the Company’s ability to participate in FSA programs. For the year ended December 31, 2008, the Company received $4,166,369 of Title IV funds, total eligible cash receipts of $5,331,656 resulting in a percentage of 78.14%. 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.

8. FINANCIAL RESPONSIBILITY COMPOSITE SCORE

The DOE has established a composite score which it uses to ascertain whether or not institutions of higher education who participate in Title IV programs are deemed to be financially responsible. The composite score is calculated using the institution's financial data in accordance with DOE regulations. The financial responsibility composite score ranges from a high of 3.0 to a low of negative 1.0. A school with a score below 1.5 is subject to additional financial and reporting requirements, which may include a letter of credit to ensure the school will be able to meet its financial obligations under the Title IV programs. For the year ended December 31, 2008, the composite score for the Company was .2.
10. OPERATING LEASES

The Company leases a building and office equipment under various operating and capital lease agreements. The expiration dates of the leases expire through August of 2013. Lease expense for the year ended December 31, 2008 totaled $108,122.

Future minimum lease payments under operating leases as of December 31, 2008 are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$325,415</td>
</tr>
<tr>
<td>2010</td>
<td>325,560</td>
</tr>
<tr>
<td>2011</td>
<td>324,964</td>
</tr>
<tr>
<td>2012</td>
<td>315,936</td>
</tr>
<tr>
<td>2013</td>
<td>210,000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$1,501,875</td>
</tr>
</tbody>
</table>

11. CONCENTRATION OF CREDIT RISK

The Company maintains cash balances at certain financial institutions. Certain of these accounts exceeded insured limits during the year ended December 31, 2008. Management does not expect any loss from these concentrations.
JAKMA INVESTMENTS, LLC d/b/a  
ENVIRONMENTAL TECHNICAL INSTITUTE  

SCHEDULE OF INCOME FROM OPERATIONS  

For the Year Ended December 31, 2008

<table>
<thead>
<tr>
<th></th>
<th>O'Hare</th>
<th>Blue Island</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition</td>
<td>$1,326,750</td>
<td>$1,526,686</td>
<td>$2,853,436</td>
</tr>
<tr>
<td>Registration fees</td>
<td>7,350</td>
<td>11,250</td>
<td>18,600</td>
</tr>
<tr>
<td>Supply fees</td>
<td>65,388</td>
<td>82,658</td>
<td>148,046</td>
</tr>
<tr>
<td>EPA test fees</td>
<td>7,575</td>
<td>6,425</td>
<td>14,000</td>
</tr>
<tr>
<td>Bookstore</td>
<td>388</td>
<td>468</td>
<td>856</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>6,120</td>
<td>7,624</td>
<td>13,744</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>1,413,571</td>
<td>1,635,111</td>
<td>3,048,682</td>
</tr>
<tr>
<td><strong>COST OF REVENUES</strong></td>
<td>433,399</td>
<td>407,834</td>
<td>841,233</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>980,172</td>
<td>1,227,277</td>
<td>2,207,449</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling</td>
<td>221,684</td>
<td>195,583</td>
<td>417,267</td>
</tr>
<tr>
<td>General and administrative</td>
<td>564,144</td>
<td>350,173</td>
<td>914,317</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>785,828</td>
<td>545,756</td>
<td>1,331,584</td>
</tr>
<tr>
<td><strong>INCOME FROM OPERATIONS</strong></td>
<td>$194,344</td>
<td>$681,521</td>
<td>$875,865</td>
</tr>
</tbody>
</table>

(See independent auditor’s report.)
JAKMA INVESTMENTS, LLC d/b/a
ENVIRONMENTAL TECHNICAL INSTITUTE

SCHEDULE OF OPERATING EXPENSES

For the Year Ended December 31, 2008

<table>
<thead>
<tr>
<th></th>
<th>O'Hare</th>
<th>Blue Island</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SELLING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales salaries</td>
<td>$ 103,263</td>
<td>$ 85,164</td>
<td>$ 188,427</td>
</tr>
<tr>
<td>Advertising</td>
<td>87,183</td>
<td>86,877</td>
<td>174,060</td>
</tr>
<tr>
<td>Other</td>
<td>31,238</td>
<td>23,542</td>
<td>54,780</td>
</tr>
<tr>
<td><strong>Total selling expenses</strong></td>
<td>221,684</td>
<td>195,583</td>
<td>417,267</td>
</tr>
<tr>
<td><strong>GENERAL AND ADMINISTRATIVE EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Director’s salaries</td>
<td>43,113</td>
<td>39,545</td>
<td>82,658</td>
</tr>
<tr>
<td>Office salaries</td>
<td>37,250</td>
<td>38,440</td>
<td>75,690</td>
</tr>
<tr>
<td>Guaranteed payments</td>
<td>36,685</td>
<td>-</td>
<td>36,685</td>
</tr>
<tr>
<td>Liability insurance</td>
<td>7,188</td>
<td>1,076</td>
<td>8,264</td>
</tr>
<tr>
<td>Group medical insurance</td>
<td>21,872</td>
<td>11,842</td>
<td>33,714</td>
</tr>
<tr>
<td>Occupancy expense</td>
<td>116,844</td>
<td>-</td>
<td>116,844</td>
</tr>
<tr>
<td>Auto expense</td>
<td>7,852</td>
<td>787</td>
<td>8,639</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>8,800</td>
<td>8,857</td>
<td>17,657</td>
</tr>
<tr>
<td>Office expense</td>
<td>26,545</td>
<td>4,122</td>
<td>30,667</td>
</tr>
<tr>
<td>Security expense</td>
<td>207</td>
<td>378</td>
<td>585</td>
</tr>
<tr>
<td>Telephone</td>
<td>12,565</td>
<td>2,847</td>
<td>15,412</td>
</tr>
<tr>
<td>Postage</td>
<td>8,780</td>
<td>750</td>
<td>9,530</td>
</tr>
<tr>
<td>ATB Testing</td>
<td>1,341</td>
<td>1,981</td>
<td>3,322</td>
</tr>
<tr>
<td>Consulting fees</td>
<td>13,952</td>
<td>13,952</td>
<td>27,904</td>
</tr>
<tr>
<td>Professional services</td>
<td>115,394</td>
<td>154,040</td>
<td>269,434</td>
</tr>
<tr>
<td>Outside services</td>
<td>5,350</td>
<td>5,350</td>
<td>10,700</td>
</tr>
<tr>
<td>Utilities</td>
<td>21,315</td>
<td>11,228</td>
<td>32,543</td>
</tr>
<tr>
<td>Real estate taxes</td>
<td>25,629</td>
<td>24,500</td>
<td>50,129</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>17,078</td>
<td>15,349</td>
<td>32,427</td>
</tr>
<tr>
<td>Equipment lease</td>
<td>2,451</td>
<td>203</td>
<td>2,654</td>
</tr>
<tr>
<td>Travel expense</td>
<td>28,123</td>
<td>772</td>
<td>28,895</td>
</tr>
<tr>
<td>Depreciation</td>
<td>5,810</td>
<td>14,154</td>
<td>19,964</td>
</tr>
<tr>
<td><strong>Total general and administrative expenses</strong></td>
<td>564,144</td>
<td>350,173</td>
<td>914,317</td>
</tr>
</tbody>
</table>

**TOTAL OPERATING EXPENSES**

$ 785,828  $ 545,756  $ 1,331,584

(See independent auditor’s report.)
FINDING 08-2  COMPOSITE SCORE CALCULATION

Condition
After performing the composite score calculation for proprietary schools it was determined that Environmental Technical Institute’s Composite Score was .2 which is less than the required minimum score of 1.00.

Criteria
Institutions with scores between 1.0 and 1.4 are considered “in the zone” and will be subject to additional monitoring. Institutions with Composite Scores 1.5 or greater are considered fully financially responsible and require no monitoring. Institutions with scores less than 1.0 are not considered financially responsible and will be required to submit financial guarantees such as letters of credit. These letters of credit must be sufficient to match the amount of Title IV Financial aid awarded by the institution in the previous year.

Effect
Due to the fact the Institution’s Composite Score was .2 which is less than the minimum score of 1.0, the Institution will be required to obtain a letter of credit in an amount equal to the total Title IV Federal Financial Aid awarded in the previous year.

Cause
The Company purchased the Institution during 2008 and they incurred debt of $5,658,250. Goodwill in the amount of $7,622,562 was also recorded in this transaction by the Company. These facts contributed to the negative Primary Reserve and Equity Ratios used in the calculation of the Composite Score.

Recommendation
We recommend the Institution closely monitor their Composite Score during 2009 and proceed to obtain the necessary financial guarantees required by the U.S. Department of Education.

Corrective Action Plan
Finding 08-3 Segregation of Duties
Year Ending 12/31/08

Corrective Action Plan:

As noted by the audit team, due to the size of the organization, it is not economically feasible to completely segregate all duties. However, where the duties can be segregated without significant business impact, they will be, and have been since the date of purchase.

Michael L. Reynolds, Executive Director
Environmental Technical Institute