National American University Holdings, Inc.

A Delaware Corporation

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Rapid City, SD 857701
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www.national.edu

SIC
Code:
822101

Annual Report

For Fiscal Years Ended May 31, 2023 and 2022

The number of shares outstanding of our Common Stock is 24,733,917 and 24,681,157 as of May 31, 2023 and 2022, respectively.

OTCQB: NAUH

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934):

Yes:_____ No: √

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes:_____ No: √

Indicate by check mark whether a change in control of the company has occurred over this reporting period:

Yes:_____ No: √

National American University Holdings, Inc.
Annual Information and Disclosure Statement
For the Years Ended May 31, 2023 and 2022

All information contained in this Annual Information and Disclosure Statement has been compiled to fulfill the disclosure requirements of OTC Markets Group, Inc. and Rule 15c2-11 under the Securities Exchange Act of 1934. The captions contained herein correspond to the sequential format as set forth in the applicable disclosure guidelines of OTC Markets Group, Inc. All dollar amounts are presented in thousands, except dividend and other per share data. Quantitative share data, among other non-dollar figures, are not presented in thousands.

Forward-Looking Statements

This Annual Information and Disclosure Statement contains "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. All statements except historical statements contained herein constitute "forward-looking statements." Forward-looking statements are inherently uncertain and are based only on current expectations and assumptions that are subject to future developments that may cause results to differ materially. Readers should carefully consider: (i) economic, competitive, technological and governmental factors affecting operations, customers, markets, services, products and prices of National American University Holdings, Inc. ("NAUH"); (ii) risk factors affecting the private for-profit higher education industry; and (iii) other factors discussed in NAUH's annual reports, quarterly reports, Information and Disclosure Statements and other documents posted from time to time on the OTCQB website (available at www.otcmarkets.com), including without limitation, the description of the nature of NAUH's business and its management discussion and analysis of financial condition and results of operations for reported periods. Except as required by law or the OTC Markets Group, Inc., NAUH undertakes no obligation to update, and is not responsible for updating, the information contained or incorporated by reference in this document beyond the publication date, whether as a result of new information or future events, or to conform this document to actual results or changes in NAUH's expectations, or otherwise or for changes made to this document by wire services or Internet services.

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Part A General Company Information

Item 1 The exact name of the issuer and its predecessor (if any)

National American University Holdings, Inc.

Item 2 The address of the issuer's principal executive offices

Principal Executive Offices:	National American University Holdings, Inc. 5301 Mt. Rushmore Road Rapid City, SD 57701 (605) 721-5200 www.national.edu
Mailing Address:	National American University Holdings, Inc. P.O. Box 677 Rapid City, SD 57709
Investor Relations:	The Equity Group, Inc. 800 Third Avenue, Between 49th & 50th Streets, 36th Floor New York, NY 10022 Telephone: (415) 568-2255 Contact: Carolyne Y Sohn Email: csohn@equityny.com

Item 3 The jurisdiction(s) and date of the issuer's incorporation or organization

National American University Holdings, Inc. was incorporated in the State of Delaware in 2007.

Part B Share Structure

Item 4 The exact title and class of securities outstanding

Class:	Common Stock
CUSIP:	132863127
Trading Symbol:	NAUH

Item 5 Par or stated value and description of the security

A. *Par or Stated Value*
The Company's outstanding securities consist solely of common stock, par value $0.0001 per share.

B. *Common Stock*
For common equity, dividends, voting, and preemption rights are determined by the Board of Directors.

There are no other material rights of common or preferred stockholders.

There are no provisions that would delay, defer, or prevent a change in control of the issuer. Information regarding the bylaws is included in Item 19 B of this report.

Item 6 The number of shares or total amount of the securities outstanding for each class of securities authorized

Common Stock

	May 31, 2023	May 31, 2022
Number of Shares Authorized	50,000,000	50,000,000
Number of Shares Outstanding	24,733,917	24,681,157
Total Number of Shareholders of Record	43	42

As of May 31, 2023 and 2022, the Company had approximately 302 and 382, respectively, beneficial shareholders of record owning at least 100 shares.

Preferred Stock

	May 31, 2023 and 2022
Number of Shares Authorized	1,000,000
Number of Shares Outstanding	0
Total Number of Shareholders of Record	0

Class A Common Stock

	May 31, 2023 and 2022
Number of Shares Authorized	100,000
Number of Shares Outstanding	0
Total Number of Shareholders of Record	0

Please refer to Financial Statements Footnote #10 for Stockholders' Equity disclosures.

Item 7 The name and address of the transfer agent

Equiniti Trust Company
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120
Telephone: (855) 217- 6361
Contact: Lindsey Fischer
Email: Lindsey.fischer@EQ-US.com

Equiniti Trust Company is currently registered under the Securities Exchange Act of 1934, and is an authorized transfer agent subject to regulation by the U.S. Securities and Exchange Commission.

Part C Business Information

Item 8 The nature of the issuer's business

Unless the context otherwise requires, the terms "we", "us", "our" and the "Company" used throughout this document refer to National American University Holdings, Inc., its wholly owned subsidiary, Dlorah, Inc., and National American University, sometimes referred to as "NAU" or the "University", which is owned and operated by Dlorah, Inc.

A. Business Development

Business Overview

National American University Holdings, Inc. (NAUH) is a provider of professional and technical postsecondary education primarily designed for working adults and other non-traditional students. We own and operate National American University, an institutionally accredited, proprietary institution of higher learning founded in 1941.

In regards to real estate, the Company acquired a one-third ownership interest and an approximately $2.1 million related party receivable from Park West, LLC (Park West), the entity which acquired the majority of the Fairway Hills properties. During fiscal year 2021, Park West became a consolidated variable interest entity (VIE) of National American University Holdings, Inc. In August 2021, with a change in certain factors that occurred, the Company reevaluated whether Park West should continue to be consolidated as a VIE after that date and determined that Park West no longer qualified as a VIE, and thus Park West was not consolidated after August 31, 2021. Beginning September 1, 2021, Park West is reported as an equity investment.

The University has been executing a strategic shift to online instruction and classes only and has phased out on-ground campus locations over the past several years. During that time period, the University has experienced a considerable decline in student enrollment and revenue year over year. See the "University History" section below for more information on the shift to online only and the decline in enrollment.

For the fiscal years ended May 31, 2023 and 2022, NAUH realized net income of $5.6 million and $5.3 million, respectively. See the financial information in Item 12 for more detailed financial results.

University History

Founded in 1941, NAU, then operating under the name National School of Business, offered specialized business training designed for women in western South Dakota wanting to work outside the home. During the late 1960s and early 1970s, the University progressed from a two-year business school to a four-year college of business and embarked on a recruitment of qualified graduates of one and two-year programs from accredited business schools in the eastern United States. Such programs allowed students to continue their education and receive appropriate transfer credits for their previous academic achievements. In 1974, the University, then known as National College, added its first branch campus in Sioux Falls, SD, followed later that year by branch campuses in Denver and Colorado Springs, CO, and Minneapolis and St. Paul, MN. The University offered conveniently scheduled courses that would lead to a degree appealing to working adults and other non-traditional students.

In 1998, the University began offering online degree programs. Through fully online instruction, the University now offers diploma, associate, baccalaureate, master's, and doctoral degrees in business-related disciplines, such as accounting, management, business administration, and information technology; in healthcare-related disciplines, such as healthcare management; in legal-related disciplines, such as paralegal, criminal justice, and professional legal studies; and in higher education. NAU's mission is to provide innovative learning experiences in a caring and supportive environment for individuals of diverse backgrounds, cultures, and abilities, preparing them for success in competitive technical and professional fields.

In 2009, the Higher Learning Commission ("HLC") approved the change of control request in which Dlorah, Inc. ("Dlorah"), a South Dakota corporation doing business as National American University, became a wholly-owned subsidiary of NAUH, a publicly traded Delaware corporation. Following this transaction, NAU added 23 educational locations in growing communities with expanding workforce development needs, reaching approximately 35 locations at its peak. The largest expansion occurred from 2010 to 2012.

The University also developed 24 new undergraduate academic programs in health care, information technology, business, and management, as well as a certificate and Doctor of Education in Community College Leadership. In order to support this growth, the number of University faculty and staff more than doubled from 855 in 2007 to 1,766 by fall 2013. The financial data from this time-period reflected that the University had experienced an 86% growth in total assets from fiscal year 2010 to fiscal year 2013. At the time of the re-accreditation site visit in September 2014, National American University's development was characterized by consistent, planned growth in enrollment through the timely addition of educational locations; an enhanced distance delivery operation; new programming offerings; a strong and stable financial position; an action- oriented assessment program; the adoption and implementation of performance-based curricula; and the overall maturation and development of faculty, staff, administration, and governing board.

In the ensuing five years, a variety of external factors disrupted higher education in the United States, including declining enrollments across higher education, significant numbers of new regulations, increased scrutiny and regulation toward for-profit institutions, and a steady shift of working adult students from ground to online learning. At NAU, student enrollments declined from a high of 11,683 students in fall quarter 2012 to 4,797 students in fall quarter 2018. During the same time-period, the percentage of students registered in fully online courses increased from 59% to 78% and surpassed 83% in the winter quarter 2018-19. By summer 2019, only 15% of the student body was enrolled in campus-based nursing and allied health programs while 75% of the budget was being spent to support these programs. As of May 31, 2021, all of the students were enrolled in online courses, with the exception of those attending classes on military bases. In addition to its central administration location in Rapid City, South Dakota, NAU continues to have a presence near one military base, Ellsworth Air Force Base.

The University responded to the shift in demand from ground to online learning by preparing a strategic shift to become an online university. To support its strategic shift to an online university, the board and senior leaders identified, and continue to execute, on three carefully planned and coordinated strategies, which also addressed declining enrollments and escalating costs at NAU's ground locations:

1. The creation of a consolidated student services support structure in July 2018;
2. Investment in distinctive and mission-brand online graduate and undergraduate programs with an orderly exit of ground-based programs and locations launched November 1, 2018; and
3. Reorganization of the academic structure to better align the educational enterprise and governance structures, while protecting students through the teach-out of discontinued ground-based programs and locations.

The consolidation of student services effectively integrates all marketing, admissions, student advising and mentoring, academic support, and instructional quality services into a single working group responsible for enrollment, retention, and student success. We believe that centralizing these functions promotes a student-focused entry into the University and a sustained focus on and collective commitment to retention and student success. Further, the strategy allows NAU to reduce duplicative admissions and financial services and respond to increasing student expectations for online services.

In October of 2018, the Board of Governors approved the decision to teach out all remaining ground programs and phase-out classes at physical locations, focusing the future on the distinctive online strategic security offerings and on long-standing online "mission brand" offerings in business, accounting, and health management in which enrollment has remained strong. On November 1, 2018, NAU announced the suspension of new enrollments in 34 of its 128 programs, including seven allied health, nursing, and other ground programs across the system. The suspension of the new enrollments was a result of phasing out the on-ground classes at physical locations.

To ensure that NAU could focus simultaneously on investing and growing the distinctive and mission-brand programs while also effectively teaching out ground locations, the University created a separate division and operational plan focused on teach-out programs and discontinued operations. With goals for sustained quality and academic support, this division served students through the completion of the suspended programs or through transfer to other institutions if transfer proved to provide a superior teaching and learning environment than what NAU could provide. In many cases, the students remaining in programs numbered five or fewer. Larger institutions providing more peer-to-peer learning and degree flexibility, particularly for students recently enrolled, had the potential to serve the students more effectively.

The strategies detailed above required organizational restructuring. Thus, NAU began the academic reorganization and staffing changes in October 2018. These changes (a) aligned the ongoing educational strategies and (b) established a separate division dedicated to overseeing and supporting the teaching out of suspended programs and the phasing out of discontinued ground operations. NAU also continues to conduct educational programs near Ellsworth Air Force Base, South Dakota.

The financial plan supporting the strategies included (a) financial and personnel investment in core business and new strategic security programs; (b) consolidation of admissions, marketing, and student success staff (all student-facing services, retention, and support); (c) reduction or realignment of central and location operations personnel; and (d) process and other expenditure reductions as a result of the elimination of duplication at locations.

The decision to complete a strategic shift while also maintaining marginal student enrollments in suspended programs at closing locations had a negative effect on NAU's financial position during fiscal years 2018 through 2023. The decision to maintain locations with limited enrollments was specifically intended to ensure minimal impact on students in the suspended programs, while NAU also worked proactively to arrange suitable and seamless transfer or teach-out opportunities for students. NAU leadership chose this approach, which stands in stark contrast to the abrupt campus closures and displaced students that have occurred too often in the postsecondary sector in recent years (an approach NAU does not endorse because of the impact on displaced students). The complex plan addresses each program, location, and student individually. While this strategic shift has had negative financial impacts in the short-term, it is expected to have substantial positive benefits to the University's future financial position.

Corporate Information

National American University Holdings, Inc., formerly known as Camden Learning Corporation, was organized under the laws of the State of Delaware on April 10, 2007, as a blank check company to acquire one or more domestic or international assets in the education industry. On November 23, 2009, as a result of the merger transaction with Dlorah, which owns and operates NAU, Dlorah became our wholly-owned subsidiary. For accounting purposes, Dlorah was the acquirer and accounted for the transaction as a recapitalization. Accordingly, the consolidated financial statements included in this annual report reflect the results of Dlorah. We conduct substantially all of our business and generate substantially all of our revenue through Dlorah. Our primary business is the operation of National American University.

The Company's common stock was listed as NAUH on Nasdaq Global Market. In January 2019, the Company voluntarily delisted and transferred its listing to the Over-the-Counter Quotation Bureau ("OTCQB") Market. The delisting and transfer was the result of the Company's market value of publicly held shares no longer meeting the requirement to maintain a minimum Market Value of Publicly Held Shares of $5,000, as set forth in Nasdaq Listing Rule 5450(b)(1)(C), as well as consideration of the probability of regaining compliance, the common stock's current trading volume and price, and the costs of maintaining eligibility to list the Company's common stock on Nasdaq Global Market. As of June 5, 2019, the Company is no longer a reporting company under the Securities and Exchange Act of 1934, as amended.

Our Core Values

NAU is guided by a set of core values, which we believe have contributed to our success in educating students. With the strategic shift to online from on-ground locations, NAU updated its mission and core values in fiscal year 2020. These core values are:

- Integrity
- Accountability
- Pursuit of excellence
- Courage to act
- Innovation

We promote understanding and support of our mission and core values through participation of students, faculty, staff administrators and the Board of Governors in the governance and administrative structures of the University. We have adopted and implemented policies and procedures to ensure adherence to our core values and to operate with integrity as we fulfill our mission. Our commitment to these core values is evidenced in the daily interactions among our students, faculty, staff, and administrators.

Approach to Academic Quality

We have identified several academic initiatives to promote a high level of academic quality, including:

- ***Student engagement, learning, academic achievement, persistence to credential, and career success.*** The urgency now is to assist working adults in getting the credit they deserve at NAU; to teach, assess, mentor, and support until every student acquires the skills, knowledge, and abilities they need; and to create policies, processes, programs, and learning experiences that exceed expectations.

- ***Comprehensive overhaul of all NAU course curricula, student educational experience, and learning management system.*** We are reconceiving the entire student experience online and updating all assignments, assessments, and competency clusters across learning outcomes in ways that allow them to be unbundled into micro-credentials or integrated into new course and program combinations. We design our curricula to address specific career-oriented objectives we believe working adult and other non-traditional students are seeking. We have invested significant human and financial resources in the implementation of this curricula development to support faculty and students in achieving prescribed student learning outcomes. The newly launched programs in strategic security offer a potential point of distinction, particularly in graduate programming. The performance-based curricula are designed and delivered by faculty members who are committed to delivering a high quality, current and relevant education to prepare students for their professions.

- ***Qualified faculty***. NAU seeks to hire and retain highly qualified faculty members with relevant practical experience and the necessary skills to provide a high-quality education for our students. More than 90% of our faculty members hold graduate degrees, as well as the key professional positions to support the distinctive offerings in strategic security. We seek faculty members who can integrate relevant, practical experiences from their professional careers into the courses they teach. We also invest in the professional development of our faculty members by providing training in online teaching techniques, hosting events and discussion forums that foster sharing of best practices and continually assessing teaching effectiveness through administrative reviews and student evaluations.

- ***Standardized course design.*** We employ a standardized curriculum development process to promote consistent, authentic learning experiences in our online courses. We also regularly review student survey data to identify opportunities for course modifications and enhancements. NAU has completed implementation and upgrade of Bright Space by D2L. Upgrades include live chat, texting, live tutoring, full mobile integration, and other new tools for faculty-student engagement. In addition, the D2L/Bright space course room prototype for all 450+ undergraduate and graduate courses has been developed by NAU staff, faculty, and students. We have defined a curricular model that evaluates the competencies, learning outcomes, and related assignments and assessments across an academic program.

- ***Effective student services.*** NAU has established teams of academic and administrative personnel who act as the primary support for our students, beginning at the application stage and continuing through graduation. In recent years, we have also concentrated on improving the technology used to support student learning, including enhancing our online learning platform and student services. As a result, all support services, including academic, administrative, library and career services are accessible online, allowing users to access these services at a time and in a manner convenient to them.

- ***Continual academic oversight.*** The Provost's office, in conjunction with other academic offices, conducts academic oversight and assessment functions for all programs, and evaluates the content, delivery method, faculty performance and desired student learning outcomes. We continually assess outcomes data to determine whether students graduate with the knowledge and skills necessary to succeed in the workplace. The provost also initiates and manages periodic examinations of the curricula to evaluate and verify academic program quality and workplace applicability. The University seeks ongoing student, faculty, and external feedback to determine whether to create new programs, modify current programs, or discontinue those that do not meet our standards or market needs.

- ***Board of Governors.*** NAU maintains a separate Board of Governors to oversee the academic mission of the University. Among other things, the Board of Governors is responsible for determining the mission and purposes of the University, approving educational programs and ensuring the well-being of students, faculty, and staff. A majority of the Board of Governors' members are independent, experienced in education, administration, business, international business, government, law, communications, and medicine. Board membership has remained stable for many years. The oversight and guidance of the Board of Governors has been critical to the development and the maintenance of academic standards.

Industry and Outlook

NAU operates in the same market as for-profit and non-profit educational institutions, public and private institutions, professional and technical institutions, and community colleges. Competition is generally based on program offerings, modality, the quality of instruction, placement rates, selectivity of admissions, recruiting, transfer credit and credit for prior learning, and tuition rates. We compete for enrollments by offering more frequent start dates, more flexible hours, better instructional resources, shorter program length and maximum transfer credit. We also compete with other institutions by focusing on offering high demand, career-oriented programs, providing individual attention to students and focusing on flexible degrees for working adults and other non-traditional students. We believe we can compete effectively because of the diversity of our program offerings, quality of instruction, strength of our brand, distinctive programs in strategic security, and success in awarding transfer credit and credit for prior learning. In response to recent inflationary concerns, NAU has approved a slight increase in its tuition and fees beginning in fiscal year 2023. We believe this increase will assist the University in providing resources to students to remain competitive in providing quality education.

Certain institutions have competitive advantages over NAU. Non-profit and public institutions receive substantial government subsidies, government and foundation grants and tax-deductible contributions and have other financial resources generally not available to for-profit schools. In addition, some of our for-profit competitors have a more extended or dense network of schools and campuses, which may enable them to recruit students more efficiently from a wider geographic area. Furthermore, some of our competitors, including both traditional colleges and universities and other for-profit schools, have substantially greater financial resources and name recognition, which may enable them to compete more effectively for potential students. We expect to face continued competition and regulatory pressures because of new entrants to the online education market with similar programmatic offerings.

Competitive Strengths

We believe the following strengths enable us to compete effectively in the postsecondary education market:

- ***Our diversified, technical, and professional program mix.*** Programs target in-demand associate, baccalaureate, master's, and doctoral programs in professional and technical areas, including business, accounting, education, strategic security, and information technology. Program evaluation and development processes allow the University to continually update academic offerings relevant to the field, as well as design new programs to meet current industry needs.

- ***Our multiple accreditations and regulatory approvals.*** NAU is accredited through the Higher Learning Commission. In addition, many of our programs maintain specialized or professional accreditation and approvals.

- ***Our affiliations with other educational institutions.*** NAU began offering online academic programs in 1998 and has continually developed expertise in curricula and technology related to online education. We have established a number of affiliations with other educational institutions to provide curriculum development services and technology support services. We also believe NAU provides an appealing opportunity for students with transfer credit and training, as well as displaced students from closed schools who seek to continue their education through transfer and teach-out options.

- ***Our commitment to high demand professional and technical programs.*** We are committed to offering quality, performance-based educational programs to meet the needs of employers. Our programs are designed to help our students achieve their career objectives in a competitive job market. The entire student experience online is being re-conceived and all assignments, assessments, and competency clusters across learning outcomes are being updated in ways that allow them to be unbundled into micro- credentials or integrated into new course and program combinations. Qualified faculty members, who often have practical experience in their respective fields, teach our programs and offer students "real-world experience" perspectives. We periodically review and assess our programs to ensure that our programs are current and meet the changing demands of employers. In addition, our faculty are continually evaluated on nine specific behaviors focused on student engagement and instructional quality.

- ***Our focus on individual attention to students.*** We believe in providing individual attention to our students to ensure an excellent educational experience. We provide student support services, including administrative, financial aid, library, career, and technology support, to help maximize their success. We also provide personal guidance to our students during the admissions process, academic advising, financial services, and learner support.

- ***Our focus on flexible scheduling.*** We have designed our program offerings and our online delivery platform with flexible scheduling to meet the needs of working adults and other non-traditional students. We believe working adults and other non-traditional students are attracted to the convenience and flexibility of our programs because they can study and interact with faculty and classmates during times and at places that suit their needs.

- ***Our focus on improving processes.*** In collaboration with student support services, academic and other leaders have developed and launched cloud-based comprehensive service points for math, writing, career, and library support, as well as 24/7 student support. The results from previous quarters indicate that the successful completion rate in math and English have risen. Use of the math and writing support systems and tutoring have doubled in the past year. TEAMS 3, a cloud-based version of NAU's signature data analytics system to improve persistence and completion allows faculty, advisors, and college and associate deans to track student progress, attendance, grades, posted assignments, etc., to intervene proactively if a student becomes in any way at risk.

- ***Our focus on improving faculty-student engagement.*** All new and continuing faculty complete an orientation on new expectations for weekly synchronous and asynchronous faculty-student engagement in discussion boards, assignments, labs, and other support within every course. The Faculty Quality Review system (FQR) now evaluates all faculty on nine behaviors and expectations for quality instruction and substantive and iterative engagement with students.

- ***Our focus on faculty development and scholarship.*** Both graduate and undergraduate faculty are expected to participate in scholarship and development, whether through offerings provided by NAU, other institutions for which they teach, or documented attendance at professional conferences and trainings. Each year, NAU sponsors trainings, mentoring, and professional development webinars focused on quality teaching and learning for working adults. In addition, NAU hosts a January faculty development conference with requirements for attendance by all adjunct and full-time faculty.

- ***Our focus on the military.*** With the asset purchase of Henley-Putnam University in 2018, the University expanded its options for quality education and premier student service to the needs and demands of service members, their dependents, and veterans. NAU's Henley-Putnam School of Strategic Security provides opportunities for serving active military, veterans, and their dependents.

- ***Our experienced executive management team.*** NAU's executive management team possesses extensive experience in the management and operation of postsecondary education institutions.

  - Dr. Cynthia Mathena joined NAU in December 2019 as Provost and Chief Academic Officer. She also currently serves as the Interim President. Prior to joining NAU, Dr. Mathena served as the Dean of the College of Health Sciences (2009-2019) and Vice President of Academic Affairs (2011-2016) for the University of St. Augustine for Health Sciences. While there, she facilitated teams across five campuses and launched more than a dozen new programs. She has experience in accreditation, outcomes assessment, curriculum design, product strategy, and has consulted with many schools and organizations in assisting them to develop programs and seek/maintain accreditation.

  - Mr. Thomas Bickart, the Chief Financial Officer, joined the University in February 2019. Mr. Bickart has over twenty years of financial and operational experience, the majority at dynamic educational organizations. Most recently, he assisted Edison Learning, Inc. restructure its operations and position the organization for new market growth. Mr. Bickart previously served as the Chief Financial Officer ("CFO") at TCI College of Technology from 2013 to 2016, where he executed a turnaround strategy. From 2008 through 2013, he was CFO at Neumont University where he was integral in assisting the school to become a highly recognized institution.

  - Mr. Michael Trump is the General Counsel for NAU. He has been with NAU for over twelve years and has assisted in corporate matters, contract review, and regulatory matters. Mr. Trump also serves as the Corporate Secretary for NAUH.

Business Development

There has been a fundamental shift in how our student population chooses to engage in their educational pursuits and in response, the University has executed a strategy to become a predominantly online institution. There are several approaches to building the online operations of the University, including integrating online operations in one location, acquiring certain assets of Henley-Putnam University and integrating new mobile and online IT systems.

The asset purchase transaction with Henley-Putnam University from March 2018, integrated programs, students, faculty, and staff into NAU. The acquisition of these assets provided eight new degree areas and more than 40 undergraduate and graduate certificates in high demand areas of strategic security, protection management, terrorism and counterterrorism, nuclear enterprise studies, cybersecurity, and intelligence management.

NAU began offering academic degree and diploma programs online in 1998. We were one of the first institutionally accredited universities to be approved by the HLC to offer full degree programs under an Internet-based delivery methodology. We have invested heavily in the creation and evolution of a sophisticated and reliable online delivery system. Careful consideration was afforded to preserving the student-centered philosophy of the University while capitalizing on the technological advancements in online delivery. Since 2016, students have been able to access all support services, tutoring, library, career services, courses, and program information via their smart phones. NAU conducts virtual graduation that allows for live streaming of graduates, faculty, and testimonials.

Growth Opportunities

- ***Increase enrollment in existing academic programs.*** We focus on increasing enrollment in our core academic programs, by refining our marketing and recruiting efforts to identify, and enroll students seeking degrees or diplomas in the academic programs we offer. We also focus on retaining students so they may achieve their educational goals. We believe that the depth and quality of our existing core programs will provide opportunity for additional growth. The business-related master's programs continue to increase in enrollment, benefiting from the dual credit at the bachelor's level and other solid changes and improvements made at the graduate school.

- ***Expand relationships with private sector and government employers.*** We seek additional relationships with businesses and other employers, including governmental and military employers, through which we can market our program offerings to their employees. These relationships provide enrollment opportunities for the University's programs, build recognition among employers in our core disciplines, and enable us to identify new degree and diploma programs that are in demand by students and employers.

- ***Leverage infrastructure.*** Through the overhaul of the learning management, data analytics, and student support systems, NAU has developed an experience that refreshes and engages working adult learners, solidifying NAU as the place for our students to achieve a better life and more fulfilling work. We intend to leverage these investments as we seek to grow enrollment, which we believe will allow us to increase our operating margins over time.

- ***Continue to explore affiliations with other educational institutions.*** NAU provides online course hosting and technical assistance to students enrolled at affiliated institutions. We will continue to seek to expand the number of affiliations with other educational institutions to provide online program services. These services can meet the needs of other institutions while providing us with additional sources of revenue.

Legal Proceedings

In December 2018, NAU was served with a lawsuit (Summons and Petition) commenced by two former students of NAU, Shayanne Bowman and Jackquelynn Mortenson, in Missouri state court, alleging claims of fraud and misrepresentations as to the quality and value of the educational degrees that were being pursued by the two Plaintiffs, and also a claim under the Missouri Merchandising Practices Act. The Petition (complaint) does not specify the damages being sought by Plaintiffs in the lawsuit. The case is styled Shayanne Bowman and Jackquelynn Mortenson v. Dlorah, Inc., d/b/a National American University, et al., Case No. 1816- cv30104, and was pending in Jackson County Circuit Court (MO). Three individual defendants are also included in the lawsuit, all former employees of NAU: Stacy J. Wilton, Tyree Smith, and Robin D. Cook. The Plaintiffs served an Amended Petition on August 8, 2019, adding six additional Plaintiffs to the lawsuit: Heather Morris, Jessica Smith, Melissa Hopper, Zaimah Muhammad, Melissa Stewart, and Gabrielle Nelson. Additional plaintiffs were subsequently added to the lawsuit. In April 2020, after the deadline for adding additional parties to the above-referenced lawsuit had passed, a separate lawsuit alleging similar claims was commenced by twelve other former students against NAU and former NAU employees. That case, styled as Donelson, et al. v. Dlorah, Inc., d/b/a National American University, et al., Case No. 016-cv10526, was filed in the same court and was subsequently consolidated with the Bowman/Mortenson lawsuit, with the addition of other former students as plaintiffs and other former employees as defendants. The case was scheduled to be tried in four sub-groups of plaintiffs beginning the week of June 6, 2022; however, on September 17, 2021, plaintiffs, by and through counsel, filed a Notice of Dismissal Without Prejudice notifying the Court and all counsel of record that plaintiffs voluntarily dismiss their claims against the defendants in this action without prejudice.

On September 15, 2022, plaintiffs' counsel refiled the lawsuit against NAU and other defendants in the same Court with essentially the same claims, but with a reduced number of plaintiffs (35 plaintiffs). The University denies all allegations and is vigorously contesting this case. We cannot predict the outcome of this litigation, nor its ability to harm our reputation, impose litigation costs, or materially adversely affect our business, financial condition, and results of operations.

The University previously leased building facilities for branch operations under operating leases with various terms and conditions. As the University implemented the strategic and operational shift from ground locations to online programs, it discontinued operations at all of these leased facilities, with the exception of the building located in Rapid City, South Dakota and in Box Elder, South Dakota (Ellsworth location). While the University has been communicating with the lessors of these facilities and reached amicable resolutions with several lessors, certain lessors have commenced litigation related to the lease agreements. Some of these lawsuits have resulted in judgments. The expenses and liabilities for the locations vacated have been recognized in NAUH's Consolidated statements of income and balance sheets, respectively.

In October 2021, Minnesota Office Plaza, LLC, the lessor of NAU's leased facility in Roseville, MN, commenced a lawsuit against Dlorah, Inc., and others seeking to avoid the real estate transactions referenced in Part C: Item 8 A. above, "to the extent necessary" to satisfy its judgment of $2.8 million previously entered against Dlorah, Inc., in Ramsey County, Minnesota, District Court No. 62-CV-19-6949. The complaint alleges that such transfers should be set aside pursuant to SDCL 54-8A-4 and further attempts to "pierce the corporate veil" between Dlorah, Inc. and Park West, LLC. The case is styled Minnesota Office Plaza LLC v. Dlorah, Inc., a South Dakota corporation, d/b/a National American University; Park West, LLC, a South Dakota limited liability company; Ronald Shape; and Robert Buckingham, Trustee of the Robert D. Buckingham Living Trust, No. 5:21-CV-5061-KES, in the U.S. District Court for the District of South Dakota. Dlorah, Inc., filed an answer denying the allegations in the complaint and requesting that the action be dismissed with prejudice. Black Hills Community Bank, N.A., and Esmeralda, Inc., were subsequently added as defendants in the action. The matters have been resolved to the parties' mutual satisfaction. It is anticipated that the actions will be dismissed and full satisfaction of the underlying judgment acknowledged in the coming days. The liability for the above-referenced judgment has been recognized in NAUH's consolidated statements of income and balance sheets, respectively.

Certain vendors have initiated lawsuits alleging breach of contract and seeking amounts claimed under their vendor agreements. Some of these lawsuits have been settled and the actions dismissed. We cannot predict the outcome of the pending lawsuits, nor whether such actions will materially affect our business or financial condition; however, NAU has accrued liabilities that are believed to satisfy any potential future awards to these vendors.

B. Business of Issuer

1. The issuer's primary SIC Code.
   National American University Holdings Inc.'s primary SIC code is 822101.

2. If the issuer has never conducted operations, is in the development stage, or is currently conducting operations.
   National American University Holdings Inc. is currently conducting operations.

3. Whether the issuer has at any time been a "shell company."
   National American University Holdings, Inc. is not a shell company.

4. The names and contact information of any parent, subsidiary, or affiliate of the issuer, and its business purpose, its method of operation, its ownership, and whether it is included in the financial statements attached to this disclosure statement.
   National American University is a division of Dlorah and is included in the attached financial statements. Park West, LLC, is also included in the attached financial statements for the first quarter of fiscal year 2022 as a consolidated variable interest entity.

5. The effect of existing or probable governmental regulations on the business.
   There is no known pending or probable regulatory action that could have a negative impact to the operations of the Company.

6. An estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities was borne directly by customers.
   Not applicable

7. Costs and effects of compliance with environmental laws (federal, state and local).
   Not applicable

8. The number of total employees and number of full-time employees.
   There were 209 total employees and 54 full-time employees on May 31, 2023.

Item 9 The nature of products or services offered

The quality of our academic programs is evidenced by institutional and program-specific accreditations and approvals. We received initial accreditation from the HLC in 1985. Since then, we have obtained HLC approval for new geographic sites and graduate degree programs. In addition to institution-wide accreditation, certain specialized commissions accredit or approve specific programs. Accreditation or approval of specific programs by one of these specialized commissions signifies that those programs have met the additional standards of those agencies.

Programs and Areas of Study

NAU offers areas of study in Doctoral, Master's, Undergraduate and Certificate levels of study. NAU's existing programs and detail on its areas of study can be found on the NAU website at www.national.edu.

Item 10 The nature and extent of the issuer's facilities

Our corporate headquarters are located in Rapid City, South Dakota. In addition to our headquarters, we operate one location near Ellsworth Air Force Base.

Part D Management Structure and Financial Information

Item 11 The name of the chief executive officer, members of the board of directors, as well as control persons

A. Officers and Directors

Dr. Edward Buckingham joined the NAUH Board in October 2016 and was elected as Chairman of the Board in August 2018. Mr. Buckingham is a medical doctor, and the founder, director and owner of the Buckingham Center for Facial Plastic Surgery in Austin, Texas. Dr. Buckingham started his professional career as an auditor with Coopers and Lybrand. He founded the Buckingham Center for Facial Plastic Surgery in July 2003 after completing his residency at the University of Texas, and fellowship at New England Laser and Cosmetic Surgery Center in June 2003. Dr. Buckingham is a current board member for the American Board of Facial Plastic and Reconstructive surgery, and is a frequent publisher and lecturer on facial plastic surgery. Dr. Buckingham is the son of Mr. Robert Buckingham, former chairman of the Company's Board, and the grandson of Mr. Harold Buckingham, the founder of NAU. Dr. Buckingham grew up in Rapid City, South Dakota following the growth and developments of his family business. Dr. Buckingham earned his accounting degree from Southern Methodist University, and his doctor of medicine degree from University of Texas Medical Branch at Galveston with highest honors. Dr. Buckingham's life-long involvement with NAU, his audit experience with Coopers and Lybrand, and management of his own medical practice brings in-depth knowledge and experience with respect to finance, management and NAU's business to the Board.

Dr. Susan Murphy joined the NAUH Board in December 2022. Dr. Murphy is retired from a career at the University of New Mexico (UNM) and Central New Mexico Community College (CNM). She taught in Campeche, Mexico at the Universidad Autonoma during a Fulbright assignment and has served in numerous administrative positions. At UNM she coordinated the operations of branch campuses for the Office of the Provost; at CNM she served as Dean of Arts and Sciences, Vice President for Academic Affairs and Vice President for External Affairs. She led CNM's work in assessment and institutional effectiveness spanning the liberal arts, career, and professional degree programs. Dr. Murphy has consulted widely on issues of accreditation and assessment guiding institutions in developing outcomes, mapping curricula, and designing viable assessment plans. She obtained her doctorate in Romance Languages from the University of New Mexico.

Dr. Daisy Halvorson joined the NAUH Board in April 2023. With 20 years of serving in higher education, Dr. Halvorson is fiscally-minded and brings passion for achieving goals, budget management, and innovative new ideas. Dr. Halvorson currently serves as the Vice President for Finance & Administration at Marian University in Fond du Lac, Wisconsin . She had previously held the position of Vice President for Finance & Administration at Presentation College in Aberdeen, SD. As a proven leader, she taught the accounting staff about the uniqueness of non-profit accounting, developed a budget to ensure positive cash flow, and worked to develop an IT staff. Dr. Halvorson has held similar roles at Briar Cliff University in Iowa, Clarke University in Iowa, and Mount Marty College in South Dakota. Dr. Halvorson earned a bachelor's in Business Administration in 1996 and a master's in Business Administration in 2001, both from the University of South Dakota. In 2017, she earned a doctorate in Educational Leadership from the University of St. Thomas in St. Paul, Minnesota.

Executive Officers

The following sets forth information about our executive officers as of the date of this filing.

The executive officers are:

- Dr. Cynthia Mathena, Interim President
- Mr. Thomas Bickart, Chief Financial Officer
- Mr. Michael Trump, General Counsel and Corporate Secretary

The directors' and executive officers' business address is 5301 Mt. Rushmore Road, PO Box 677, Rapid City, SD 57709.

Our compensation program is designed to attract and retain highly qualified, ethical personnel and to encourage and reward superior company performance, with the best interests of our students in mind. Compensation of our officers and directors is designed to be consistent with the U.S. Department of Education regulations.

Compensation Philosophy

Our executive compensation philosophy is to maintain a compensation program that is both fair and competitive and which rewards performance of our senior management. To that end, we seek to set base salaries of our executive officers at levels that are comparable with that of executive officers at comparable companies, who have similar job descriptions, responsibilities and qualifications, such as experience and education level. We also compare the base salaries of our executive officers to those individuals at the Company with similar job titles, responsibilities, performance expectations, years of service at the Company, experience and education level. We may also adjust an executive officer's base salary from year-to-year based on his or her achievement of subjective performance factors, such as providing effective day-to-day leadership and management of the University's operations, developing strategic business plans, motivating and coordinating a high performance management team, supervising quality control systems of the University's academic programs, and overseeing the ethical conduct of University personnel. We also consider whether such executive consistently met or exceeded his or her key operational targets, such as profit margins and net income. In considering these factors, we do not weigh any one factor over another in setting base salary, but rather takes the various factors and performance reviews into consideration as a whole. Through this process, we seek to set base salaries for our executive officers that are both competitive and fair.

We also incorporate certain components into our executive compensation to incentivize our executives to achieve certain financial performance targets for the Company on a quarterly and annual basis, such as profit margins and net income. The financial performance targets contained in such formulas are configured to reward achievement of financial goals that reflect successful growth in revenue, increase in profitability, and efficient management of our costs. In setting these goals, the compensation committee may offer greater reward for achieving one metric over another depending on the level of importance it attaches to one factor over another. For example, we may provide an additional reward for achieving profitability and growth over cost goals, if it determines that such factors are more central to our strategic plan. Review of such metrics and weighing of each factor is conducted on an annual basis. Such a compensation system, we believe, not only encourages hard work, but also simplifies and makes more transparent our pay structure.

We believe that our compensation programs are designed with an appropriate balance of risk and reward in relation to our overall objectives, and do not create risks that are reasonably likely to have a material adverse effect on the Company's business. In this regard, we believe that our mix of short and long-term compensation elements encourages our management to produce consistent, short-term financial results for the Company, but also encourages our management to increase long-term stockholder value. In particular, our annual achievement awards reward our executive officers for achieving our short-term financial goals. Our long-term compensation, on the other hand, has an equity-based component that is intended to ensure that our executive officers' focus on increasing long-term stockholder value. Through vesting and other performance measure provisions, our long-term compensation program is also designed to emphasize the performance measures that our executive officers need to achieve in order to deliver stockholder value.

Consistent with our compensation philosophy, the executive compensation program has been specifically designed to achieve the following objectives:

- *Meet the demands of the market*. Provide an attractive combination of salary and annual and long-term compensation at competitive levels among our peers who provide similar educational services in the markets we serve, to enable the recruitment and retention of highly qualified executives. We believe that the supply of qualified executive talent is limited and have designed our compensation programs to help us attract and retain qualified candidates by providing compensation that is competitive within the for-profit education industry and the broader market for executive talent. Our executive compensation policies are designed to assist us in attracting and retaining qualified executives by providing competitive levels of compensation that are consistent with the executives' alternatives.

- *Align with Stockholders*. Align the interests of executives with those of our stockholders through grants of equity-based compensation that also provide opportunities for ongoing executive ownership. Our compensation program uses equity-based awards, the value of which is contingent on our longer-term performance, in order to provide our executive officers with a direct incentive to seek increased stockholder returns. Our stockholders receive value when our stock price increases and by using equity-based awards, our executive officers also receive increased value when our stock price increases and decreased value when it decreases. We believe that equity-based awards exemplify our philosophy of having a straightforward structure by reminding executive officers that one measure of long-term corporate success is increased stockholder value over time. Because our equity awards are granted with time-based vesting, we believe these awards also aid in the retention of our executive officers.

- *Drive Performance*. Structure executive compensation around the attainment of both company-wide and individual targets that further the Company's long-range goals with the best interests of our students in mind and consistent with the U.S. Department of Education regulations. Link executive pay to attain company-wide targets to further and reward achievement of Company's long-range goals.

Role of Management in Determining Compensation

Dr. Cynthia Mathena, Interim President, makes recommendations to the Board regarding the base salaries of the executive officers, other than for herself. The Board also consults with Dr. Mathena in identifying key operational targets of the Company and determining appropriate individual performance metrics for the executive officers for the following fiscal year.

Compensation Elements

The compensation program for our executive officers is comprised primarily of three elements: base salary, quarterly and annual incentives, and long-term equity awards. The amount of each compensation element that is paid in proportion to the total compensation for each named executive officer depends on overall market conditions and the financial performance achieved by the Company.

❖ ***Base Salary***. Base salary is an integral part of compensation for our executive officers. Unless determined pursuant to an employment agreement, the President generally recommends, and the Board approves, base salary levels for our named executive officers after completion of our annual employee performance review program and during the time when any salary changes are to take effect. In general, consideration is given to the following factors: (1) the individual's performance and contribution to the long-range goals of the Company's recent operating results, and (2) review of salaries in the market survey data and for similar positions for comparable companies.

❖ ***Annual Achievement Awards***. We have placed an emphasis on performance-based annual achievement awards that are designed to reward our executive management team based on the achievement of specific performance measures and goals. We believe annual performance-based pay furthers our compensation philosophy and objectives by focusing our executive officers on corporate goals, encouraging continuous quality improvement and providing straightforward awards. The target for annual achievement awards pay for our executive officers is expressed as a percentage of base salary.

❖ ***Long-Term Equity Awards***. We believe that executive officers should have a significant potential to benefit from increases in our equity value in order to align the interests of the executive officers and our stockholders. The Company provides long-term equity awards under the National American University Holdings, Inc. 2009 Stock Option and Compensation Plan, or the "2009 Plan," and the 2018 Stock Option and Compensation Plan, or the "2018 Plan". The 2009 Plan and the 2018 Plan give the Board the latitude of awarding stock options, non-qualified stock options, restricted stock and other types of long-term equity awards. Our equity awards may be split among stock options, restricted stock and restricted stock units so that the executive officers are incentivized to preserve as well as grow stockholder value. Our stock options, restricted stock and restricted stock unit awards generally use one- to three-year vesting with ten-year terms. The "2009 Plan" expired on December 1, 2019 but remains in effect for any previously issued awards for as long as they remain outstanding.

Summary Compensation Table

The following table and accompanying narrative disclosure explains compensation for the last two fiscal years for the individual who served as our President during fiscal year 2022 and half of fiscal year 2023, Interim President for the second half of fiscal year 2023, and for each of the two other most highly-compensated executive officers, other than our President (collectively, the "named executive officers").

Fiscal Year 2023 and 2022 Compensation of Executive Officers

Name and Title	Fiscal Year	Salary ($)	Stock Awards ($)	Option Awards ($) [1]	All Other Compensation ($)	Total ($)
Dr. Ronald L. Shape	2023	93,700	1,290	-	14,799	109,789
President	2022	185,237	1,650	-	15,165	202,052
Dr. Cynthia Mathena	2023	160,455	1,290	-	-	161,745
Interim President	2022	167,125	1,650	-	-	168,775
Mr. Thomas Bickart	2023	140,163	1,290	-	-	141,453
Chief Financial Officer	2022	167,440	1,650	-	-	169,090
Ms. Amanda Oppel	2023	106,590	1,290	-	-	107,880
Chief Operating Officer	2022	102,988	-	-	-	102,988
Mr. Paul Sedlacek	2023	108,738	1,290	-	-	110,028
Senior Counsel	2022	127,787	1,650	-	-	129,437

(1) Amount represents the aggregate grant date fair value of stock options as computed in accordance w ith FASB ASC Topic 718 utilizing the assumptions discussed in Note 10 to our Notes to the Annual Consolidated Financial Statements for the fiscal year ended May 31, 2023.

Discussion of Executive Compensation Decisions

Base Salaries

Our named executive officers' compensation was determined, in part, by arrangements in effect between Dlorah and such named executive officer. The base salary of Dr. Shape was determined pursuant to his employment agreement that is described below under the heading "Employment Agreements." In setting the annual base salary of our other senior executive officers, the Board considered base salaries of other officers of similar ranks at the Company and at companies that provide similar educational services in the markets we serve and compared responsibilities of the position, performance expectations, years of service, experience and education level. The Board also considered individual's performance and contribution to the long-range goals of the Company's recent operating results. Our Board does not have a predetermined formula or metric in comparing these factors, but generally sets a base salary it believes to be competitive but fair for each of our executive officers, based on the recommendations made by our Interim President. The base salaries paid to each named executive officer for the fiscal years ended May 31, 2023 and 2022, are reported in the column captioned "Salary" of the "Summary Compensation Table" above.

Equity Awards

The Board believes that it is in the best interest of our stockholders to have a substantial component of total compensation "at-risk" and dependent upon our financial performance.

Annual Achievement Awards

Dr. Ronald L. Shape. For the fiscal year ended May 31, 2023, pursuant to the terms of his employment agreement, Dr. Shape was eligible to receive an annual achievement award. The annual achievement award was determined in accordance with the guidelines outlined in the Named Executive Officer Compensation Plan.

Fiscal Year 2023 and 2022 resulted in no annual achievement award to any named executive officer.

Outstanding Equity Awards at Fiscal Year-End

Each named executive officer received a 15,000 share stock grant award in each of fiscal years 2023 and 2022.

	Option Awards		
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Exercise Price ($)	Option Expiration Date
Dr. Ronald L. Shape	3,750 (1)	$3.11	10/20/2024
	53,954 (2)	$3.06	10/20/2025
	3,750 (3)	$1.96	10/20/2026
	3,750 (4)	$1.72	10/20/2027
	4,375 (5)	$0.56	10/20/2028
	1,875 (7)	$0.05	10/21/2029
	2,500 (8)	$0.44	10/20/2030
Mr. Thomas Bickart	30,000 (6)	$0.06	04/20/2029
	1,250 (7)	$0.05	10/21/2029
	2,500 (8)	$0.44	10/20/2030

(1) These stock options w ere immediately exercisable upon the grant date of October 20, 2014.

(2) These stock options w ere granted on October 20, 2015, and vested in full as of June 1, 2016.

(3) These stock options w ere granted on October 20, 2016, and vested in full as of June 1, 2017.

(4) These stock options w ere granted on October 20, 2017, and vested in full as of June 1, 2018.

(5) These stock options w ere granted on October 20, 2018, and vested in full as of June 1, 2019.

(6) These stock options w ere granted on April 20, 2019, and vested in full as of February 11, 2021.

(7) These stock options w ere granted on October 21, 2019, and vested in full as of June 1, 2021.

(8) These stock options w ere granted on October 21, 2020, and vested in full as of July 1, 2022.

Employment Agreements

National American University, a division of Dlorah, our wholly-owned subsidiary, had an employment agreement with Dr. Shape. There are no employment agreements or arrangements, whether written or unwritten, for the other executive management team members, other than the compensation plan, which is described above under Annual Achievement Awards.

Dr. Ronald L. Shape

On February 1, 2020, NAU entered into an executive employment agreement, dated effective as of January 31, 2020, with Dr. Shape (the "Employment Agreement"). The Employment Agreement replaced and superseded Dr. Shape's prior employment agreement with the Company dated effective as of June 1, 2012 (the "Prior Agreement"). The term of Dr. Shape's Employment Agreement continued through December 31, 2022. The Employment Agreement provided for an annual base compensation of $210,000. The Employment Agreement also provided that Dr. Shape was entitled to participate in NAU's benefit programs for its employees, to take up to five weeks paid time-off, and to be reimbursed for his business expenses.

Director Compensation and Benefits

Our Board periodically reviews the total compensation paid to non-management directors. The purpose of the review is to ensure that the level of compensation is appropriate to attract and retain a diverse group of directors with the breadth of experience necessary to perform the Board's duties, and to fairly compensate directors for their service. The Board considers the time and effort required for service on the Board, a Board committee and as a committee chair, and to the extent available reviews Board compensation survey information for comparably sized public companies.

The directors have historically received a quarterly stipend as compensation for their services and participation on the NAUH Board. At the beginning of FY22, Dr. Buckingham voluntarily discontinued receiving his quarterly payment. The other NAUH Board Directors do not receive a stipend.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth information about our common stock that may be issued upon the exercise of options, warrants and rights under all of our compensation plans (including individual compensation arrangements) under which our equity securities are authorized for issuance as of May 31, 2023, which includes our 2018 Stock Option and Compensation Plan.

Plan category:	**(a)**	**(b)**	
	Number of securities to be issued upon exercise of outstanding options, w arrants and rights	Weighted-average exercise price of outstanding options, w arrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by stockholders [c]	127,329	1.72	1,350,139
Total	127,329	1.72	1,350,139

a) See Part II, Item 8, "Financial Statements and Supplementary Data" National American University Holdings, Inc. "Notes to Consolidated Financial Statements—Note 10—Stockholders' Equity" for further description of our equity compensation plans.

b) Includes grants of stock options, time-based restricted stock awards, and performance based restricted stock units. For purposes of the table above, the number of shares to be issued under performance based restricted stock units reflects the maximum number of shares that may be issued; the actual number of shares to be issued will depend on the results of operations during the fiscal year ended May 31, 2023, and beyond.

c) Includes weighted average exercise price of stock options only.

B. Legal/Disciplinary History

In the past five years, none of our officers, directors, or control persons have been subject of any of the following:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

C. Disclosure of Family Relationships

Robert Buckingham, the former Chairman of the Board, is a beneficial owner, with approximately 55% of outstanding common stock.

D. Disclosure of Related Party Transactions

During fiscal year 2021, the Company sold its remaining real estate properties to Park West, LLC, a South Dakota limited liability company, then owned by the majority shareholder, the Chairman of the Board, and the then President of the Company.

E. Disclosure of Conflicts of Interest

National American University Holdings, Inc. does not currently have any known conflicts of interest to report.

Item 12 Financial information for the issuer's most recent fiscal period

To the Board of Directors of
National American University Holdings, Inc. and Subsidiaries

Opinion
We have audited the accompanying consolidated financial statements of National American University Holdings, Inc. and subsidiaries (collectively, the Company), which comprise the consolidated balance sheets as of May 31, 2023 and 2022, and the related consolidated statements of income, stockholders' equity (deficit), and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National American University Holdings, Inc. and subsidiaries as of May 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of National American University Holdings, Inc. and subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Recently Adopted Accounting Pronouncement
As discussed in Note 5 to the consolidated financial statements, the Company changed its method of accounting for leases due to the adoption of Accounting Standards Update No. 2016-02, Leases (Topic 842). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Tanner LLC

August 29, 2023

National American University Holdings, Inc. and Subsidiaries

Consolidated Balance Sheets as of May 31,

(In thousands)

	2023	2022
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 130	$ 1,041
Student Receivables -- net	986	1,002
Other Receivables	3,162	137
Prepaid and Other Current Assets	163	437
Total Current Assets	4,441	2,617
Property and Equipment -- Net	6	20
Other Assets:		
Restricted Certificates of Deposit	2,443	2,408
Course Development -- net of accumulated amortization of $1,544 and $1,649, respectively	2	185
Goodwill	363	363
Other Intangibles -- net of accumulated amortization of $229 and $217, respectively	5	17
Other Assets	466	487
Right-of-Use Asset	863	-
Total Other Assets	4,142	3,460
Total Assets	**$ 8,589**	**$ 6,097**
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities:		
Current Portion of Lease Liability	$ 279	$ -
Current Portion of Long-Term Debt	-	219
Current Portion of Lease Acceleration Payable	-	371
Current Portion of Debt Due to Related Party	283	-
Accounts Payable	5,932	7,272
Current Portion of Deferred Gain on Sale-Leaseback	248	248
Deferred Revenue	815	924
Accrued and Other Liabilities	1,575	1,894
Total Current Liabilities	9,132	10,928
Long-Term Portion of Deferred Gain on Sale-Leaseback	496	745
Lease Acceleration Payable, Net of Current Portion	-	238
Long-Term Debt, Net of Current Portion	-	1,427
Lease Liability, Net of Current Portion	583	-
Total Liabilities	10,211	13,338
Stockholders' Deficit:		
Common Stock, $0.0001 par value (50,000,000 authorized; 29,296,606 and 29,221,606 issued and 24,733,917 and 24,681,157 outstanding, respectively)	3	3
Additional Paid-in Capital	59,533	59,526
Accumulated Deficit	(38,638)	(44,252)
Treasury Stock, at cost (4,562,689 and 4,540,449 shares, respectively)	(22,520)	(22,518)
Total Stockholders' Deficit	(1,622)	(7,241)
Total Liabilities and Stockholders' Deficit	**$ 8,589**	**$ 6,097**

See the accompanying notes to consolidated financial statements.

National American University Holdings, Inc. and Subsidiaries
Consolidated Statements of Income
For the Years Ended May 31,
(In thousands)

	2023	2022
Revenue:		
Academic Revenue, net	$ 10,352	$ 11,161
Auxiliary Revenue, net	480	1,024
Rental Income - Apartments	-	309
Other Real Estate Income	-	63
Total Revenue	10,832	12,557
Operating Expenses:		
Cost of Educational Services	2,812	3,275
Selling, General, and Administrative	8,590	11,992
Auxiliary Expense	557	698
Total Operating Expenses	11,959	15,965
Operating Loss	(1,127)	(3,408)
Other Income (Expense):		
Gain on Settlement of Liabilities	1,647	1,741
Gain on Forgiveness of PPP Loan	1,675	3,034
Gain on Sale-Leaseback	248	3,607
Gain (Loss) on Disposition of Assets	(8)	566
Gain on Investment in Unconsolidated Subsidiary	155	21
Interest Income	51	34
Interest Expense	(33)	(206)
Other Income	3,019	219
Total Other Income	6,754	9,016
Income before Income Taxes	5,627	5,608
Income Tax Expense	(13)	(13)
Net Income	5,614	5,595
Net Income Attributable to Non-Controlling Interest	-	293
Net Income Attributable to National American University Holdings, Inc. and Subsidiaries	$ 5,614	$ 5,302

See the accompanying notes to consolidated financial statements.

National American University Holdings, Inc. and Subsidiaries

Consolidated Statements of Cash Flow

For the Years Ended May 31,

(In thousands)

	2023	2022
Cash Flows from Operating Activities:		
Net Income	$ 5,614	$ 5,302
Adjustments to Reconcile Net Income to Net Cash Flows used in Operating Activities:		
Depreciation and Amortization	198	558
Amortization of Operating Right of Use Asset	271	-
Gain on Lease Termination and Accelerations	-	(1,741)
Gain on Settlement of Liabilities	(1,647)	-
Gain on Sale-Leaseback	(248)	(3,607)
Gain on Forgiveness of PPP Loan	(1,647)	(3,034)
Loss (Gain) on Disposition of Assets	8	(566)
Provision for Uncollectable Tuition	681	(42)
Noncash Compensation Expense	7	9
Earnings on Equity Investment	(155)	(21)
Changes in Assets and Liabilities:		
Student Receivables	(665)	(208)
Prepaid and Other Current Assets	274	92
Other Assets	21	30
Other Receivables	(3,025)	524
Accounts Payable	275	(2,187)
Deferred Revenue	(109)	(201)
Accrued and Other Liabilities	(164)	310
Lease Acceleration Liability	(576)	-
Decrease in Current and Non-Current Lease Liability	(272)	-
Net Cash used in Operating Activities	(1,159)	(4,782)
Cash Flows from Investing Activities:		
Purchases of Restricted Certificates of Deposit	(35)	-
Release of Restricted Certificates of Deposit	-	2,723
Net Cash Impact of VIE Deconsolidation	-	612
Proceeds from Sale of Property and Equipment	2	883
Net Cash provided by (used in) Investing Activities	(33)	4,218
Cash Flows from Financing Activities:		
Repayments of Capital Lease Payable	-	(50)
Repayments of Long-Term Debt	-	(439)
Borrowings of Short-Term Debt	283	-
Borrowings of Long-Term Debt	-	526
Purchase of Treasury Stock	(2)	(2)
Net Cash provided by Financing Activities	281	35
Net Decrease in Cash and Cash Equivalents	(911)	(529)
Cash and Cash Equivalents - Beginning of Year	1,041	1,570
Cash and Cash Equivalents - End of Year	$ 130	$ 1,041

See the accompanying notes to consolidated financial statements.

National American University Holdings, Inc. and Subsidiaries

Consolidated Statements of Cash Flow - continued

For the Years Ended May 31,

(In thousands)

	2023	2022
Supplemental disclosure of non-cash investing and financing activities:		

Assets and liabilities removed in connection with the deconsolidation of Park West as a variable interest entity. See further discussion in Note 1 to the consolidated financial statements.

	2023	2022
Prepaid and Other Current Assets	$ -	$ 14
Other Receivables	-	(29)
Property and Equipment	-	7,502
Land Held for Future Development	-	414
Accounts Payable	-	(282)
Accrued and Other Liabilities	-	(257)
Long-Term Debt	-	(7,399)
Retained Earnings	-	649
Other Supplemental Information:		
Cash Paid for Income Taxes	$ -	$ -
Cash Paid for Interest	$ -	$ -

See the accompanying notes to consolidated financial statements.

National American University Holdings, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity (Deficit)

For the Years Ended May 31, 2023 and 2022

(In thousands, except share and per share amounts)

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Non-Controlling Interest	Total Stockholders' Deficit
Balance - June 1, 2021	$ 3	$ 59,517	$ (49,554)	$ (22,516)	$ (649)	$ (13,199)
Deconsolidation of Park West, LLC	-	-	-	-	356	356
Purchase of 13,344 shares of common stock for the Treasury	-	-	-	(2)	-	(2)
Share based compensation expense	-	9	-	-	-	9
Net Income	-	-	5,302	-	293	5,595
Balance - May 31, 2022	3	59,526	(44,252)	(22,518)	-	(7,241)
Purchase of 22,240 shares of common stock for the Treasury	-	-	-	(2)	-	(2)
Share based Compensation Expense	-	7	-	-	-	7
Net Income	-	-	5,614	-	-	5,614
Balance - May 31, 2023	$ 3	$ 59,533	$ (38,638)	$ (22,520)	$ -	$ (1,622)

See the accompanying notes to consolidated financial statements.

1. Statement Presentation and Basis of Consolidation

The accompanying financial statements are presented on a consolidated basis and include the accounts of National American University Holdings, Inc. ("NAUH"), its wholly-owned subsidiary, Dlorah, Inc. ("Dlorah"), and its divisions, National American University ("NAU" or the "University") and Park West, LLC ("Park West") as a consolidated variable interest entity ("VIE"), collectively the "Company". On August 12, 2020, Dlorah acquired a 33% membership interest in Park West in connection with the sale of its previously held Fairway Hills' assets to Park West. Until August 2021, Park West met the criteria to be classified as a VIE with Dlorah deemed the primary beneficiary. Accordingly, the assets, liabilities and operations of Park West were included in the consolidated financial statements of the Company from June 1, 2020 until August 31, 2021 as required for entities under common control that are consolidated under the accounting standards applicable to variable interest entities. In August 2021, Park West met the conditions to be deconsolidated as a VIE, and Dlorah's 33% interest is accounted for as an equity investment after that date. As of May 31, 2023, the investment carried a negative balance due to sustained operating losses. Management concluded that the Company was not committed to provide financial support to Park West for its negative investment balance. Accordingly, the Company has increased its investment to $0 which resulted in a net $155,000 gain in the 2023 consolidated statement of operations for the year ended May 31, 2023.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Throughout the notes to the consolidated financial statements, amounts in tables are in thousands of dollars, except for share and per share data or as otherwise designated. The Company's fiscal year-end is May 31. These financial statements include consideration of subsequent events through the date the financial statements were available for issuance. All intercompany transactions and balances have been eliminated in consolidation.

Unless the context otherwise requires, the terms "we", "us", "our" and the "Company" used throughout this document refer to National American University Holdings, Inc., and its wholly owned subsidiary, Dlorah, which operates National American University.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements. On an ongoing basis, the Company evaluates the estimates and assumptions, including those related to bad debts, asset impairment, income taxes, and certain accruals. Actual results could differ from those estimates.

Financial Condition and Liquidity
For the year ended May 31, 2023, cash used in operating activities was approximately $1.2 million and unrestricted cash and cash equivalents decreased by approximately $0.9 million from May 31, 2022. As of May 31, 2023, the Company had approximately $0.1 million of unrestricted cash and cash equivalents, a working capital deficit of approximately $4.7 million, and a deficit in stockholders' equity of approximately $1.6 million.

During the year ended May 31, 2023, the Company continued to implement an operational plan that focuses on offering online postsecondary academic programs and re-enrolling students who have completed college work and earned credits but have not completed their degree program. In response to higher operating costs partially due to inflation, a moderate tuition and fees price increase was approved by NAU's Board of Governors during the fourth quarter of fiscal year 2022. Company management has also continued its efforts to reduce expenses, as possible, and to negotiate settlements on leases and other obligations with the intention of reducing the working capital deficit and improving cash flows from operations; however, the Company's management is unable to provide assurance that these efforts will be successful.

Reclassifications
Certain amounts in the 2022 financial statements have been reclassified to conform with the current year presentation.

2. Nature of Operations

National American University Holdings, Inc., formerly known as Camden Learning Corporation, was incorporated in the State of Delaware on April 10, 2007. On November 23, 2009, Dlorah became a wholly-owned subsidiary of the Company pursuant to an Agreement and Plan of Reorganization between the Company and Dlorah.

The Company's common stock was listed as NAUH on Nasdaq Global Market through January 17, 2019, at which time it voluntarily delisted and transferred its listing to the Over the Counter Quotation Bureau ("OTCQB") Market. The delisting and transfer were the result of the Company's market value of publicly held shares no longer meeting the requirement to maintain a minimum Market Value of Publicly Held Shares of $5,000, as set forth in Nasdaq Listing Rule 5450(b)(1)(C), as well as consideration of the probability of regaining compliance, the common stock's current trading volume and price, and the costs of maintaining eligibility to list the Company's common stock on the Nasdaq Global Market. As of June 5, 2019, the Company ceased being a reporting company under the Securities and Exchange Act of 1934, as amended, and now reports under the OTCQB Market's Alternative Reporting Standards.

NAU is an accredited, proprietary institution of higher learning, offering diploma, associate, bachelor's, master's, and doctoral degree programs in many disciplines of study. NAU consists of a group of educators dedicated to serving its students to achieve success in attaining their educational goals to advance their career opportunities. A substantial portion of NAU's income is dependent upon federal student financial aid programs. To maintain eligibility for financial aid programs, NAU must comply with United States Department of Education requirements, including the maintenance of certain financial ratios.

In addition to the University operations, the Company had owned and operated a real estate business known as Fairway Hills Developments, or Fairway Hills. The real estate business rented apartment units and developed and sold condominium units in the Fairway Hills Planned Development area of Rapid City, South Dakota. In August 2020, the Company sold Fairway Hills and its assets to Park West.

3. Summary of Significant Accounting Policies

Cash and Cash Equivalents - The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Cash is held in bank accounts that periodically exceed insured limits; however, no losses have occurred and the Company does not believe the risk of loss is significant.

Student Receivables - Student receivables are recorded at estimated net realizable value and are revised periodically based on estimated future collections. Interest and service charges are applied to all past due student receivables; however, collections are first applied to principal balances until such time that the entire principal balance has been received. Student accounts are charged off and sent to collections after being outstanding for 90 days. Bad debt expense is included in selling, general and administrative expenses in the consolidated statements of income.

Other Receivables - Other receivables consist primarily of financial aid amounts due from the federal government, and the current portion of institutional receivables, which are amounts due from students and are stated at net realizable value. The long-term portion of these institutional receivables is included in other assets. During the year ended May 31, 2023, the Company recorded an Other Receivable and Other Income of $2.98 million related to Employee Retention Tax Credits ("ERTCs"), under the Cares Act. Approximately 1/3 of this amount was received in July 2023 and the remainder of this amount is believed to be collectible. ERTCs require certain conditions to be met and claims for such credits are subject to review by the Internal Revenue Service. The Company believes it has fully met the conditions to be eligible to receive the remaining payments for these credits; however, it is possible that the remaining credits could be denied or partially denied after review.

Property and Equipment - Property and equipment are stated at cost. Renewals and improvements exceeding five thousand dollars with an expected life of greater than one year are capitalized, while repairs and maintenance are expensed when incurred. Upon the retirement, sale or disposition of assets, costs and related accumulated depreciation are eliminated from the accounts and any gain or loss is reflected in the consolidated statements of income. Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings and Building Improvements	19 - 40
Land Improvements	10 - 20
Furniture, Vehicles, and Equipment	5 - 15

For tax purposes, depreciation is computed using the straight-line and accelerated methods. Property and equipment – net consists of the following as of May 31:

	2023	2022
Buildings and Building Improvements	$ -	$ 312
Furniture, Vehicles, and Equipment	897	773
Total Gross Property and Equipment	897	1,085
Less Accumulated Depreciation	(891)	(1,065)
Net Property and Equipment	$ 6	$ 20

Capitalized Course Development Costs - The University internally develops curriculum and electronic instructional materials for certain courses. The curriculum is primarily developed by employees and contractors. The curriculum is integral to the learning system. Customers do not acquire the curriculum or future rights to it.

Goodwill and Intangible Assets - Goodwill represents the excess of the acquisition cost over the fair value of the net assets acquired and is not subject to amortization. Other identified intangible assets are amortized over their estimated useful lives of four to five years. Goodwill and other intangible assets are evaluated annually for impairment or when events or circumstances indicate potential impairment.

Impairment of Long-Lived Assets - Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are held and used, impairment exists when the estimated undiscounted cash flows associated with the asset or group of assets is less than carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying and fair value. Fair values are determined based on quoted market values, discounted cash flows, or internal and external appraisals, as applicable.

Deferred Income Taxes - Deferred income taxes are provided using the asset and liability method whereby deferred tax assets and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company recognizes a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion, or all, of a deferred tax asset will not be realized.

Non-Controlling Interest - The non-controlling interest presented on the consolidated statements of income for fiscal year 2022 represents the Company's share of Park West, LLC's income or loss for the period in which Park West, LLC was a consolidated VIE.

Leases - Management determines if a contract is or contains a lease at inception or modification of a contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Control over the use of the identified asset means the lessee has both (a) the right to obtain substantially all of the economic benefits from the use of the asset and (b) the right to direct the use of the asset. Such assets are classified as right-of-use (ROU) assets with a corresponding lease liability.

Operating lease ROU assets and liabilities are recorded at commencement at the present value of future minimum lease payments over the expected lease term. As a practical expedient, management uses the risk-free rate as the discount rate in its lease calculations.

Lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease term. Leases with an expected term of 12 months or less are not accounted for on the consolidated balance sheet and the related lease expense is recognized on a straight-line basis over the expected lease term. Fixed non-lease costs, for example common-area maintenance costs, taxes, insurance, and maintenance, are excluded from the measurement of the right-of-use asset and lease liability as the Company separates lease and non-lease components.

Advertising - The University follows the policy of expensing the cost of advertising as incurred. Advertising costs of approximately $1.9 million and $3.2 million are included in selling, general, and administrative expenses in the consolidated statements of income for the years ended May 31, 2023 and 2022, respectively.

4. Revenue

Revenue Recognition

The following table presents the Company's revenue from contracts with customers, disaggregated by material revenue category, for the years ended May 31:

	2023	2022
Academic Revenue	$ 10,352	$ 11,161
Auxiliary Revenue	480	1,024
Real Estate Revenue	-	372
Consolidated Revenue	$ 10,832	$ 12,557

Revenue is recognized when control of the promised goods or services are transferred to customers in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those goods and services. The Company applies the five-step revenue model under *ASC Topic 606* to determine when revenue is earned and recognized. The Company had no capitalizable costs associated with obtaining and fulfilling a revenue contract.

Academic Revenue

Academic revenue consists of tuition revenue, other fee revenue and the revenue generated through NAU's teaching relationships with other non-related party institutions. The Company's academic programs are typically offered on a three-month term basis that commence monthly.

Tuition revenue represents amounts charged for course instruction. For tuition revenue, the Company performs an assessment at the beginning of each student contract and, subsequently thereafter, if new information indicates there has been a significant change in facts and circumstances. Each student contract contains a single performance obligation which is the Company's promise to the student to provide knowledge and skills through course instruction, which may include any combination of classroom instruction, on-demand tutoring or online instruction.

Tuition revenue is reported net of adjustments for discounts, refunds and scholarships. Tuition rates per student vary by educational site, the number of credit hours the student is enrolled in for the term, the program, and the degree level of the program. The portion of tuition and registration fees received but not earned, less estimated student withdrawals, is recorded as deferred revenue and reflected as a current liability on the Company's consolidated balance sheets, as such amount represents revenue the Company expects to earn from terms that are not complete as of the date of the financial statements.

Tuition revenue is deferred and recognized as revenue ratably over the term of instruction (typically three months). Tuition revenue is recognized over time as the students obtain control of the educational services provided by the Company subsequent to enrollment and on a ratable basis over the term of the course beginning on the course start date through the last day of classes.

If a student withdraws prior to the completion of the academic term, the respective portion of tuition and registration fees the Company already received and is not entitled to retain are refunded back to the students and the Department of Education. Students are no longer entitled to a refund once 60% of the term has been completed. For students that have withdrawn from all classes during an academic term, the Company estimates the expected receivable balance due from such students and records a provision to reduce academic revenue for that amount, less estimated collections calculated based on historical collection trends and adjusted for known current factors.

Auxiliary Revenue
Auxiliary revenue primarily consists of revenue from the Company's bookstore operations for the sale of books and/or Resource Fees. Revenue is recognized when control of the books is transferred to the student and/or when resource fees are charged to the student. Auxiliary revenue is recorded net of any applicable sales tax.

Real Estate Revenue
Real estate revenue for fiscal year 2022 is derived from the operations of Park West, LLC, the consolidated variable interest entity that was consolidated until August 31, 2021.

Real estate revenue includes monthly rental income, fees paid by members of owners' associations managed by the Company, and condominium sales. Rental income and owners' association fees are received from tenants or members. Significant amounts paid in advance are included in deferred revenue on the Company's consolidated balance sheets.

The following presents the Company's net revenue disaggregated based on the timing of revenue recognition for the years ended May 31:

	2023	2022
Services transferred over time:		
Academic Revenue (transferred over academic term)	$ 10,352	$ 11,161
Rental Income (transferred over rental period)	-	309
	10,352	11,470
Services transferred at a point in time:		
Auxiliary Revenue	480	1,024
Other Real Estate Income	-	63
	480	1,087
Total revenue	$ 10,832	$ 12,557

The Company does not have any unsatisfied performance obligations for contracts with customers that have an expected duration of more than one year.

5. Recently Adopted Accounting Pronouncement

Effective June 1, 2022, the Company adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842). The Company elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Company accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether classification of the leases would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of May 31, 2022) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. The Company also adopted the private company practical expedient to use the risk-free rate as the discount rate in estimating the operating lease liability as of June 1, 2022.

As a result of the adoption of the new lease accounting guidance and under a modified retrospective approach, the Company recognized on June 1, 2022 an operating lease liability of $1.1 million, which represents the present value of the remaining lease payments at the time of adoption, discounted using the risk-free rate, and an operating lease right-of-use asset of approximately $1.1 million.

6. Student Receivables, Net

Student accounts receivable consists primarily of amounts due related to tuition and educational services. Student receivables, net, consist of the following as of May 31:

	2023	2022
Student accounts receivable	$ 1,180	$ 1,119
Less allowance for doubtful accounts	(194)	(117)
Student receivables, net	$ 986	$ 1,002

7. Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are held and used, impairment exists when the estimated undiscounted cash flows associated with the asset or group of assets is less than carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying and fair value. Fair values are determined based on quoted market values, discounted cash flows, or internal and external appraisals, as applicable.

8. Letter of Credit and Long-Term Debt

A letter of credit ("LOC") was issued on May 10, 2019 by Black Hills Community Bank N.A. for the benefit of the United States Department of Education (the "Department") in the amount of $7.331 million. It was secured by a restricted certificate of deposit totaling $7.375 million. An update to the letter of credit was received from the Department on April 9, 2020. The LOC requirement was reduced to approximately $4.8 million, thus allowing for a reduction in the certificate of deposit that is collateralizing the LOC. In January 2022, the Department reduced the LOC requirement to approximately $1.992 million, thus reducing the collateralized CD that secures the LOC. This LOC was renewed in June 2023 for $1.992 million.

In April 2020, the Company obtained a Paycheck Protection Program Loan ("PPP") loan from the Small Business Administration ("SBA"), as an eligible business under the CARES Act. The amount received in funding was $3.0 million. The Company repaid $0.5 million of that loan on May 15, 2020. During fiscal year 2022, the Company received notification from the SBA that the entire $3.0 million loan qualified for loan forgiveness, and thus, was forgiven by the SBA. The Company received a second PPP loan on February 23, 2021, of $1.6 million. During the second quarter of fiscal year 2023, the Company received notification from the SBA that the entire $1.6 million loan qualified for loan forgiveness, and thus, was forgiven by the SBA.

As of May 31, 2023, the restricted certificates of deposit on the balance sheet include $0.15 million held as a certificate of deposit by Great Western Bank to collateralize the Company's purchasing card, and $2.07 million held as a certificate of deposit for the Black Hills Community Bank N.A. letters of credit. In addition, the following collateralized items are also included in certificates of deposit: $0.05 million State of Alabama, $0.10 million State of Missouri, and $0.06 million State of New Mexico.

In January 2023, the Company entered into a commercial line of credit with a related party. The line of credit has a borrowing capacity of $0.46 million. Outstanding principal amounts accrue interest at an annual rate of 8%. As of May 31, 2023, the line of credit carries a balance of $0.283 million of principal and interest and expires on the earlier of the maturity date of May 31, 2024, or the Company's receipt of the anticipated ERTCs disclosed in footnote 3; at which point, the total amount of outstanding principal and accrued interest are due. The line of credit is secured by the Company's right to the anticipated ERTCs.

9. Leases

Effective November 1, 2011, the Company entered into a 20-year capital lease arrangement for additional space that houses the corporate headquarters, distance learning operations, and the Rapid City campus operations. Effective September 1, 2021, the Company entered into an amendment to the lease, which resulted in a gain on the sale of approximately $4.4 million, approximately $3.2 million of which was recognized immediately in fiscal year 2022 and the remaining approximately $1.2 million was deferred and is being recognized over the remaining term of the amended lease agreement, which expires May 31, 2026. Under the amended lease, the continuing monthly payments are $25,000 per month through May 2026. The landlord is actively seeking to sell the property. If the buyer wishes to occupy the entire premises, the amended lease agreement may be terminated. In such event, the Company may continue to be obligated to pay the landlord the balance of any remaining deferred rent, which was $1.0 million on August 29, 2023. Of the $1 million owed, $500,000 is due as of August 29, 2023 and $500,000 will be owed before May 31, 2024. Although the Company is on schedule with the monthly payments of $25,000, the Company has failed to make two installments toward the $2.0 million settlement of prior rent. When any of these payments are missed the Lessor has the option for requiring all former payments due under the original lease agreement to be owed. Such demand has not yet been made; however, if this remedy were sought by the Lessor, the negative impact on the financial position of the Company would be material.

The following table reconciles the undiscounted future cash flows for the next three years through current maturity dates, to the operating lease liabilities recorded within the balance sheet as of May 31, 2023:

Maturities of Operating Lease Liabilities

Fiscal Year 2024	$	300
Fiscal Year 2025		300
Fiscal Year 2026		300
Total Lease Payments		900
Less Amount Representing Interest		(38)
Present Value of Lease Liabilities	$	862

As of May 31, 2023, the weighted average remaining lease term was three years, and the weighted average discount rate was 2.94%.

Rental expense under the Company's operating leases for the years ended May 31, 2023 and 2022 was approximately $0.3 million and $0.5 million respectively.

10. Stockholders' Equity

The authorized capital stock for the Company is 51,100,000 shares, consisting of (a) 50,000,000 shares of common stock, par value $0.0001 (b) 1,000,000 shares of preferred stock, par value $0.0001, and (c) 100,000 shares of class A common stock, par value $0.0001. Of the authorized shares, 24,733,917 and 24,681,157 shares of common stock were outstanding as of May 31, 2023 and 2022, respectively. No shares of preferred stock or Class A common stock were outstanding as of May 31, 2023 and 2022.

Stock-Based Compensation
As of May 31, 2023 and 2022, the Company had 1,350,139 and 1,425,139 shares available for future grants under its 2018 Stock Option and Compensation Plan (the “2018 Plan”), respectively. The Company may grant restricted stock awards, restricted stock units and stock options to aid in recruiting and retaining employees, officers, directors, and other consultants under the 2018 Plan.

Restricted stock
The Company had no restricted stock awards outstanding as of May 31, 2023 and 2022.

Unrestricted stock
Unrestricted stock is issued to certain employees in settlement of a portion of their salaries and bonuses. For the year ended May 31, 2023, there were 75,000 shares of stock issued to employees with a market price of $0.086 per share during the quarter ended November 30, 2022. Compensation expense totaling $7 has been recorded in the consolidated statement of operations associated with these unrestricted stock issuances. Of the shares issued, 22,240 were classified as treasury stock for taxes due from the recipient. For the year ended May 31, 2022, there were 75,000 shares of stock with a market price of $0.11 per share issued to employees during the quarter ended November 30, 2021. Compensation expense totaling $9 has been recorded in the consolidated statement of operations associated with these unrestricted stock issuances. Of shares issued, 13,344 were classified as treasury stock for taxes due from the recipient.

Stock options
The Company accounts for stock option-based compensation by estimating the fair value of options granted using a Black-Scholes option valuation model. The Company recognizes the expense for grants of stock options on a straight-line basis in the consolidated statements of income as operating expense based on their fair value over the requisite service period.

For the years ended May 31, 2023 and 2022, no shares of stock options were issued and no outstanding options were exercised. No expense associated with stock options was recorded for the year ended May 31, 2023. At May 31, 2022, all expense attributed to stock options outstanding was fully amortized.

Stock options are valued using the expected volatilities based on historic volatilities from the Company’s traded shares. The expected term of options granted follows the plain vanilla method. The risk-free interest rate for periods matching the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. Expected dividend is based on the historic dividends of the Company.

A summary of option activity under the Plan as of May 31, 2023 and 2022, and changes during the years then ended, is presented below:

Stock Options	Shares	Weighted Average Exercise Price	Average Life (years)	Intrinsic Value (thousands)
Outstanding at June 1, 2021	149,204	$ 1.48	6.4	$ 6.6
Granted	-	-		
Exercised	-	-		
Forfeited	(21,875)	0.08		
Outstanding at May 31, 2022	127,329	1.72	5.2	2.1
Granted	-	-		
Exercised	-	-		
Forfeited	-	-		
Outstanding at May 31, 2023	127,329	$ 1.72	4.2	$ 1.8
Exercisable at May 31, 2023	127,329	$ 1.72	4.2	$ 1.8

Dividends
No dividends have been declared or paid since October 6, 2017.

11. Employee Compensation Plan

Employee Benefit Plan Payable - The Company sponsors a 401(k) plan for its University employees, which provides for a discretionary match, net of forfeitures, of up to 5%. The University uses certain consistently applied operating ratios to determine contributions. No matching contributions were paid or accrued by the University as of and for the years ended May 31, 2023 and 2022.

Compensation Plans - The Company had entered into an employment agreement, as amended on February 1, 2020, with Dr. Ronald Shape, Former President. The term of Dr. Shape's Employment Agreement continued through December 31, 2022. There were no annual achievement awards for the fiscal years that ended in 2023 and 2022. The amended employment agreement had no current provision for incentive-based or equity-based compensation. In addition, the Company has an approved Named Executive Officer Compensation Plan. The compensation plan has a base salary component, quarterly achievement award component and an annual achievement award component as defined in the agreements.

12. Income Taxes

Components of the provision for income taxes for the fiscal years ended May 31, were as follows:

	2023	2022
Current tax expense (benefit):		
Federal	$ 715	$ 473
State	19	25
Total current tax expense (benefit):	734	498
Deferred tax expense (benefit):		
Federal	(715)	(473)
State	(6)	(12)
Total deferred tax expense (benefit):	(721)	(485)
Total tax expense (benefit)	$ 13	$ 13

The effective tax rate varies from the statutory federal income tax rate for the following reasons:

	2023	2022
Statutory	21.00%	21.00%
State income taxes - net of federal benefit	0.17%	0.17%
Deferred tax asset valuation	-14.07%	-9.61%
Non-Taxable PPP Loan	-6.92%	-12.01%
Permanent differences and other	0.05%	0.21%
Effective income tax rate	0.23%	-0.24%

Deferred income taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred income tax assets (liabilities) as of May 31, 2023 and 2022 were as follows:

	2023	2022
Deferred Income Tax Assets:		
Account Receivable Allowances	$ 70	$ 51
Bad Debt Write-Offs	178	175
Other	128	214
Accrued Salaries	165	190
Start-up Costs	27	46
Fixed assets and capitalized course development	104	
Capital Lease Obligations	243	243
Contribution Carryforwards	13	13
Federal Net Operating Loss Carryforwards	4,887	5,119
State Net Operating Loss Carryforwards	1,252	1,292
Business Interest Carryforwards	300	274
Deferred Rent	58	734
Total deferred income tax assets	7,425	8,351
Valuation allowance	(7,370)	(8,214)
Net deferred income tax assets	55	137
Deferred income tax liabilities:		
Fixed assets and course development	(31)	(51)
Prepaid expenses	(24)	(86)
Total deferred income tax liabilities	(55)	(137)
Net deferred income tax assets (liabilities)	$ -	$ -

As of May 31, 2023 and 2022, the Company had net operating loss (“NOL”) carryforwards of approximately $23.3 million and $25.0 million federal respectively, and $22.2 million and $24.0 million state, respectively. The federal NOL carryforwards have no expiration. The Company anticipates utilizing the NOL carryforwards to offset this year’s tax liability created from the Company’s results.

The change in the valuation allowance for deferred tax assets for the years ended May 31, 2023 and 2022 was approximately $.8 million and $0.4 million, respectively. In assessing the recovery of the deferred tax assets, management considers whether it is more likely than not, that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon generation of future taxable income in the periods in which those temporary differences become deductible. Management considers the scheduled reversals of future deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. As a result, management determined it was more likely than not that the net deferred tax assets would not be realized as of May 31, 2023 and 2022, and recorded a valuation allowance accordingly.

The Company follows the guidance of ASC Topic 740, *Income Taxes*, *Accounting for Uncertainty in* Income Taxes – an interpretation of FASB Statement No. 109, which requires that income tax positions must be more likely than not to be sustained based solely on their technical merits in order to be recognized. The Company has recorded no liability for uncertain tax positions. In the event the Company had uncertain tax positions, the Company would elect to record interest and penalties from unrecognized tax benefits in the tax provision.

The Company files income tax returns in the U.S. federal jurisdiction and various states. The Company is generally no longer subject to U.S. federal income tax or state and local tax examinations for fiscal years before 2020.

13. Earnings (Losses) per Share

Basic earnings per share ("EPS") is computed by dividing net income attributable to the Company by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share reflect the potential dilution that could occur assuming vesting, conversion, or exercise of all dilutive unexercised options and restricted stock.

The following is a reconciliation of the numerator and denominator for the basic and diluted EPS computations:

	2023	2022
Numerator:		
Net income attributable to National American University Holdings, Inc.	$ 5,614	$ 5,302
	$ 5,614	$ 5,302
Denominator:		
Weighted average shares outstanding used to compute basic net income per common share	24,713,536	24,665,528
Weighted average shares outstanding used to compute fully diluted net income per common share	22,926	25,530
Common shares used to compute diluted net income per share	24,736,462	24,691,058
Basic net income per common share	$ 0.23	$ 0.21
Diluted net income per common share	$ 0.23	$ 0.21

A total of 127,329 shares of common stock subject to issuance upon exercise of stock options for both years ended May 31, 2023 and 2022, have been excluded from the calculation of diluted EPS, as the effect is immaterial.

14. Regulatory Matters

The University extends unsecured credit to a portion of the students for tuition and other educational costs. A substantial portion of credit extended to students is repaid through the students' participation in various federal financial aid programs authorized by Title IV Higher Education Act of 1965, as amended (the "Higher Education Act" or "HEA"). The University is required under 34 CFR 600.5(d) to maintain at least 10% of its revenues (calculated on a cash basis) from non-Title IV program funds, commonly referred to as the "90/10 Rule". An institution is subject to loss of eligibility to participate in Title IV programs if it fails to meet the 10% threshold for two consecutive fiscal years. If the University were to violate the 90/10 Rule, it would become ineligible to participate in Title IV programs as of the first day of the fiscal year following the second consecutive fiscal year in which we exceeded the 90% Title IV program funds threshold and would be unable to regain eligibility for two fiscal years thereafter. The University believes it is in compliance with this requirement for the years ended May 31, 2023 and 2022, as shown in the underlying calculation:

	2023	2022
Title IV HEA funds received / Academic revenue (cash basis)	$\frac{\$\,7,243}{\$\,10,292} = 70.38\%$	$\frac{\$\,7,873}{\$\,11,230} = 70.11\%$

To participate in Title IV Programs, a school must be authorized to offer its programs of instruction by relevant state education agencies, be accredited by an accrediting commission recognized by the U.S. Department of Education (the "Department"), and be certified as an eligible institution by the Department. For this reason, educational institutions are subject to extensive regulatory requirements imposed by all of these entities. After an educational institution receives the required certifications by the appropriate entities, the educational institution must demonstrate compliance with the Department's regulations pertaining to Title IV Programs on an ongoing basis. Included in these regulations is the requirement that the Company must satisfy specific standards of financial responsibility.

Financial Responsibility Composite Score

The Department of Education evaluates educational institutions for compliance with these standards each year, based upon an educational institution's annual audited financial statements, as well as following any changes in ownership. Department regulations specify that an eligible institution of higher education must satisfy specific measures of financial responsibility prescribed by the Department, or post a letter of credit in favor of the Department and accept other conditions on its participation in Title IV programs. Pursuant to the Title IV program regulations, each eligible institution must satisfy a measure of financial responsibility that is based on a weighted average of the following three annual ratios, which assess the financial condition of the institution:

- Primary Reserve Ratio – measure of an institution's financial viability and liquidity;
- Equity Ratio – measure of an institution's capital resources and its ability to borrow; and
- Net Income Ratio – measure of an institution's profitability.

These ratios provide three individual scores, which are converted into a single composite score. The maximum composite score is 3.0. If an institution's composite score is at least 1.5, it is considered financially responsible. If an institution's composite score is less than 1.5 but is 1.0 or higher, it is still considered financially responsible, and the institution may continue to participate as a financially responsible institution for up to three years under the Department's "zone" alternative. Under the zone alternative, the Department may require an institution to comply with various additional operating, monitoring or other requirements, agree to receive Title IV program funds under an arrangement other than the Department of Education's standard advance funding arrangement, such as the reimbursement method of payment or heightened cash monitoring, or comply with or accept other limitations on the institution's ability to increase the number of programs it offers or the number of students it enrolls.

If an institution does not achieve a composite score of at least 1.0, it is subject to additional requirements in order to continue its participation in the Title IV programs, including submitting to the Department a letter of credit in an amount equal to at least ten percent, and at the Department's discretion up to 50%, of the Title IV funds received by the institution during its most recently completed fiscal year, and being placed on provisional certification status, under which the institution must receive Department approval before implementing new locations or educational programs and comply with other restrictions, including reduced due process rights in subsequent proceedings before the Department.

In addition, under regulations that took effect on July 1, 2016, institutions placed on either the heightened cash monitoring payment method or the reimbursement payment method must pay Title IV credit balances to students or parents before requesting Title IV funds from the Department and may not hold Title IV credit balances on behalf of students or parents, even if such balances are expected to be applied to future tuition payments.

Additionally, as part of the 2016 Borrower Defense Final Rule, the Department of Education revised its general standards of financial responsibility to include various actions and events that would require institutions to provide the Department of Education with irrevocable letters of credit. On March 8, 2019, NAU received a letter from the Department of Education which noted several financial matters described in the notes to the Company's audited financial statements for the fiscal year ended May 31, 2018 and its Form 10- Q filed with the Securities and Exchange Commission on January 22, 2019, and the Company's delisting from Nasdaq Global Market and transfer of shares to the OTCQB Market, and determined that NAU did not meet its financial responsibility standards for institutions that participate in Title IV programs. As a result, the Department of Education's letter of March 8, 2019 imposed additional reporting requirements on NAU with respect to its financial condition including bi-weekly cash balance submissions and monthly submissions of actual and projected cash flow statements, and notification requirements regarding certain enumerated events should they occur in the future; required NAU to process Title IV program funds under the Heightened Cash Monitoring Type 1 method of payment; and informed NAU that it could continue to participate in Title IV programs by either (1) posting a letter of credit to the Department of Education in the amount of $36.6 million representing 50% of the Title IV program funds awarded during the Company's fiscal year ended May 31, 2018, or (2) posting a letter of credit to the Department of Education in the amount of $10.9 million, representing 15% of the Title IV program funds awarded during the Company's fiscal year ended May 31, 2018, accompanied by the provisional form of certification to participate in the Title IV programs. On March 22, 2019, the Company submitted a request to the Department of Education for reconsideration of its imposition of the letter of credit, as well as the amount and timing for any required letter of credit. In response to the request, the Department of Education provided two additional options for a letter of credit accompanied by provisional certification: (1) posting of an irrevocable letter of credit in the amount of $7.3 million, representing 10% of Title IV program funds for its fiscal year ended May 31, 2018, or (2) placement on the Heightened Cash Monitoring Type 2 payment method, with a percentage of each payment withheld until an account equal to the required letter of credit amount can be funded. On April 30, 2019, the Company responded to the Department's letter and selected the posting of an irrevocable letter of credit in the amount of $7.3 million for the benefit of the Department. The letter of credit was issued on May 10, 2019 and in May 2020, reduced by the Department of Education to approximately $4.8 million. In January 2020, the Department reduced the letter of credit to $2.0 million.

The audited financial statements for the fiscal years ended May 31, 2023 and 2022 resulted in financial responsibility composite scores of 0.2 and 0.2, respectively.

Finally, to remain eligible to participate in Title IV programs, an educational institution's student loan cohort default rates must remain below certain specified levels. An educational institution loses eligibility to participate in Title IV programs if its cohort default rate equals or exceeds 40% for any given year or 30% for three consecutive years. The official cohort default rates for federal fiscal years 2018 was 14.1%. Due to COVID-19, repayment of student loans was suspended. As a result, the 2019 official cohort default rate was 3.9% and the 2020 official cohort default rate was 0.1%.

NC-SARA (National Council of State Authorization Reciprocity Agreements)
The Company is a former participant of NC-SARA, commonly known as SARA, which allows NAU to enroll online students from participating states. With the USDOE's determination of a May 31, 2019 composite score of (1.0), the Company was notified in April 2020 that it would become ineligible in July 2020 to participate in SARA. As a result, NAU has sought individual state authorization and approval to operate in each individual state. NAU is currently approved to accept students to enroll in all but ten states and the District of Columbia.

Below is the underlying calculation of the 90/10 ratio:

Item	Section 2 Revenue by Source	2023 Amount Adjusted (Net)	2023 Disbursed Amount (Net)
7	Subsidized Loan	$ 1,870,818	$ 1,870,818
8	Unsubsidized Loan	4,718,948	4,718,948
9	Pell Grant	2,744,365	2,744,365
10	SEOG	277,502	208,127
	PLUS Loan	5,539	5,539
11	FWS	-	-
	Perkins	-	-
17	**Student Title IV Revenue**	**9,617,172**	**9,547,796**
18	Revenue Adjustments		
	Adjustments to Student Title IV Revenue		(2,304,321)
19	**Adjusted Student Title IV Revenue**		**7,243,476**
	Student Non Title IV Revenue		
2	Grant funds for the student from non-Federal public agencies or private sources independent of the institution		228,573
3	Funds provided for the student under a contractual arrangement with a Federal, State, or Local government agency for the purpose of providing job training to low-income individuals		15,945
4	Funds used by a student from savings plans for educational expenses established by or on behalf of the student that qualify for special tax treatment under the Internal Revenue Code		-
5	Institutional Scholarships disbursed to the student		-
13	Amount of Unsubsidized Loan over the pre-ECSLA Loan Limits		-
14	Student Payments		2,804,248
20	**Student Non-Title IV Revenue**		**3,048,766**
	Revenue from Other Sources		
21	Activities conducted by the institution that are necessary for education and training		-
22	Funds paid to the institution by or on behalf of students for education and training in qualified non-Title IV eligible programs		-
23	The New Present Value (NPV) of institutional loans disbursed to students		-
24	**Revenue from Other Sources**		**-**
	Numerator	**7,243,476**	
	Denominator	**10,292,241**	
			70.378%

15. Commitments and Contingencies

The Company is a party to various claims, lawsuits or other proceedings relating to the conduct of its business. Although the outcome of litigation cannot be predicted with certainty and some claims, lawsuits or other proceedings may be disposed of unfavorably, management believes, based on facts presently known and relevant insurance coverage, that the outcome of such legal proceedings and claims, lawsuits or other proceedings will not have a material adverse effect on the Company's consolidated financial position, cash flows or future results of operations.

In December 2018, NAU was served with a lawsuit (Summons and Petition) commenced by two former students of NAU, Shayanne Bowman and Jackquelynn Mortenson, in Missouri state court, alleging claims of fraud and misrepresentations as to the quality and value of the educational degrees that were being pursued by the two Plaintiffs, and also a claim under the Missouri Merchandising Practices Act. The Petition (complaint) does not specify the damages being sought by Plaintiffs in the lawsuit. The case is styled Shayanne Bowman and Jackquelynn Mortenson v. Dlorah, Inc., d/b/a National American University, et al., Case No. 1816-cv30104, and was pending in Jackson County Circuit Court (MO). Three individual defendants were also included in the lawsuit, all former employees of NAU: Stacy J. Wilton, Tyree Smith, and Robin D. Cook. The Plaintiffs served an Amended Petition on August 8, 2019, adding six additional Plaintiffs to the lawsuit: Heather Morris, Jessica Smith, Melissa Hopper, Zaimah Muhammad, Melissa Stewart, and Gabrielle Nelson. Additional plaintiffs were subsequently added to the lawsuit. In April 2020, after the deadline for adding additional parties to the above-referenced lawsuit had passed, a separate lawsuit alleging similar claims was commenced by twelve other former students against NAU and former NAU employees. That case, styled as Donelson, et al. v. Dlorah, Inc., d/b/a National American University, et al., Case No. 016-cv10526, was filed in the same court and was subsequently consolidated with the Bowman/Mortenson lawsuit, with the addition of other former students as plaintiffs and other former employees as defendants. The case was scheduled to be tried in four sub-groups of plaintiffs beginning the week of June 6, 2022; however on September 17, 2021, plaintiffs, by and through counsel, filed a Notice of Dismissal Without Prejudice notifying the Court and all counsel of record that plaintiffs voluntarily dismiss their claims against the defendants in this action without prejudice.

On September 15, 2022, plaintiffs' counsel refiled the lawsuit against NAU and other defendants in the same Court with essentially the same claims, but with a reduced number of plaintiffs (35 plaintiffs). The University denies all allegations and is vigorously contesting this case. We cannot predict the outcome of this litigation, nor its ability to harm our reputation, impose litigation costs, or materially adversely affect our business, financial condition, and results of operations.

The University previously leased building facilities for branch operations under operating leases with various terms and conditions. As the University implemented the strategic and operational shift from ground locations to online programs, it discontinued operations at all of these leased facilities, with the exception of the building located in Rapid City, South Dakota. While the University has been communicating with the lessors of these facilities and reached amicable resolutions with several lessors, certain lessors commenced litigation related to the lease agreements. Some of these lawsuits have resulted in judgments. The liabilities and losses for the locations vacated have been recognized in NAUH's statements of income and balance sheets.

Certain vendors have initiated lawsuits alleging breach of contract and seeking past due amounts claimed under their vendor agreements. Some of these lawsuits have been settled and the actions dismissed. We cannot predict the outcome of the pending lawsuits, nor whether such actions will materially affect our business or financial condition; however, NAU has accrued liabilities that are believed to satisfy any potential future awards to these vendors.

In October 2021, Minnesota Office Plaza, LLC, the lessor of NAU's leased facility in Roseville, MN, commenced a lawsuit against Dlorah, Inc., and others to satisfy its judgment of $2.8 million previously entered against Dlorah, Inc., in Ramsey County, Minnesota, District Court No. 62-CV-19-6949. The complaint alleges that certain asset transfers should be set aside pursuant to SDCL 54-8A-4 and further attempts to "pierce the corporate veil" between Dlorah, Inc. and Park West, LLC. The case is styled Minnesota Office Plaza LLC v.

Dlorah, Inc., a South Dakota corporation, d/b/a National American University; Park West, LLC, a South Dakota limited liability company; Ronald Shape; and Robert Buckingham, Trustee of the Robert D. Buckingham Living Trust, No. 5:21-CV-5061-KES, in the U.S. District Court for the District of South Dakota. Dlorah, Inc., filed an answer denying the allegations in the complaint and requesting that the action be dismissed with prejudice. Black Hills Community Bank, N.A., and Esmeralda, Inc., were subsequently added as defendants in the action. The matters have been resolved to the parties' mutual satisfaction. It is anticipated that the actions will be dismissed and full satisfaction of the underlying judgment acknowledged in the coming days. The liability for the above-referenced judgment has been recognized in NAUH's consolidated statements of income and balance sheets, respectively.

In addition to the matters noted above, also see discussion of the Employee Retention Credit Receivable in Note 3 and discussion of potential impacts of missing certain payments of a lease settlement agreement in Note 9.

16. Business Acquisition and Intangible Assets

On March 21, 2018, the Company acquired substantially all of the assets of Henley-Putnam University ("HPU"), a for profit post-secondary educational institution that offered 100% online programs focused in the field of strategic security, for a cash payment of $1.9 million. Excluded from the transaction were real estate leases, server and certain other technology and equipment, and related items. The results of HPU's operations have been included in the consolidated statements of income since March 21, 2018. HPU's service areas complement the Company's current educational offerings and locations. Within the last five years, HPU has invested in the expansion of its curriculum, programs, and student services, as well as cultivating its relationship with parts of the armed forces. Because the institution elected not to pursue Title IV eligibility, its ability to recruit students and support is efforts was limited. Upon review of HPU's programs and operations, the Company found that acquiring HPU was in alignment with its strategic initiative to expand academic offerings and support services to the Company's armed forces student population; approximately 25% of the University's student population are active-duty service members, veterans, or dependents of active-duty service members or veterans.

The purchased intangible assets included student relationships and the Henley-Putnam brand name. These assets are being amortized on a straight-line basis over four and five years, respectively.

Net intangible assets consist of the following as of May 31:

2023	Cost	Accumulated Amortization	Net Carrying Amount
Student relationships	$ 157	$ (157)	$ -
Brand name	72	(72)	-
	$ 229	$ (229)	$ -
2022			
Student relationships	$ 157	$ (157)	$ -
Brand name	72	(60)	12
	$ 229	$ (217)	$ 12

17. Fair Value Measurements

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Following is a description of each category in the fair value hierarchy and the financial assets and liabilities of the Company that are included in each category at May 31, 2023 and 2022:

Level 1 – Quoted prices in active markets for identical assets or liabilities. The types of assets and liabilities included in Level 1 are highly liquid and actively traded instruments with quoted market prices.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The type of assets and liabilities included in Level 2 are typically either comparable to actively traded securities or contracts or priced with models using observable inputs. Level 2 assets consist of certificates of deposit that are valued at cost, which approximates fair value. Level 2 instruments require more management judgment and subjectivity as compared to Level 1 instruments. For instance:

- Determining which instruments are most similar to the instrument being priced requires management to identify a sample of similar securities based on the coupon rates, maturity, issuer, credit rating and instrument type, and subjectively selecting an individual security or multiple securities that are deemed most similar to the security being priced; and
- Determining whether a market is considered active requires management judgment.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The type of assets and liabilities included in Level 3 are those with inputs requiring significant management judgment or estimation. The Company does not have any Level 3 assets or liabilities.

The following table summarizes certain information for assets and liabilities measured at fair value on a recurring basis at May 31, 2023 and 2022:

2023	Quoted prices in active markets (level 1)	Other observable inputs (level 2)	Unobservable inputs (level 3)	Fair value
Investments:				
Restricted certificates of deposit	$ -	$ 2,443	$ -	$ 2,443
Total assets at fair value	$ -	$ 2,443	$ -	$ 2,443
2022				
Investments:				
Restricted certificates of deposit	$ -	$ 2,408	$ -	$ 2,408
Total assets at fair value	$ -	$ 2,408	$ -	$ 2,408

Following is a summary of the valuation techniques for assets and liabilities recorded in the consolidated balance sheets at fair value on a recurring basis:

Certificates of deposit (“CDs”): Market prices for certain CDs are obtained from quoted prices for similar assets. The Company classifies these investments as level 2. The certificates of deposit at May 31, 2023 and 2022 were restricted by borrowing arrangements. See further information in Note 8 to these consolidated financial statements.

Fair value of financial instruments: The Company's financial instruments include cash and cash equivalents, CDs, receivables, payables, and debt. The carrying values approximate fair values for cash and cash equivalents, receivables, and payables because of the short-term nature of these instruments. CDs are recorded at fair values as indicated in the preceding disclosures. Debt approximates fair value due to interest rates that approximate current market rates.

18. Related Parties

In September 2021, all intercompany debt between Dlorah, Inc. and Park West, LLC was paid in full. As a result, the financial reporting as a consolidated Variable Interest Entity discontinued after the first quarter of FY22. The Company retains a 33.33% minority interest in Park West, LLC. The members of Park West, LLC include Dlorah, Inc., Robert D. Buckingham Living Trust, and Ronald Shape. Each party has a one-third stake in Park West, LLC.

19. Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through August 29, 2023, which is the date the financial statements were available to be issued.

Item 13 Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence

National American University Holdings, Inc. and Subsidiaries
Unaudited Consolidated Balance Sheets as of May 31, 2022 and May 31, 2021

(In thousands)

	2022	2021
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 1,041	$ 1,570
Student Receivables -- net	1,002	752
Other Receivables	137	632
Prepaid and Other Current Assets	437	543
Total Current Assets	2,617	3,497
Property and Equipment -- Net	20	13,493
Other Assets:		
Restricted Certificates of Deposit	2,408	5,131
Land Held for Future Development	-	414
Course Development -- net of accumulated amortization of $1,649 and $2,627, respectively	185	458
Goodwill	363	363
Other Intangibles -- net of accumulated amortization of $212 and $166, respectively	17	63
Other	487	517
Total Other Assets	3,460	6,946
Total Assets	**$ 6,097**	**$ 23,936**
Liabilities and Stockholders' Equity		
Current Liabilities:		
Current portion of Capital Lease Payable	$ -	$ 552
Current portion of Long-Term Debt	219	219
Current portion of Lease Acceleration Payable	371	730
Accounts Payable	7,272	10,585
Current Portion of Deferred Gain on Sale-Leaseback	248	-
Deferred Revenue	924	1,125
Accrued and Other Liabilities	1,894	1,996
Total Current Liabilities	10,928	15,207
Long-Term Portion of Deferred Gain on Sale-Leaseback	745	-
Capital Lease Payable, Net of Current Portion	-	9,383
Long-Term Debt, Net of Current Portion	1,427	11,769
Lease Acceleration Payable, Net of Current Portion	238	776
Total Liabilities	13,338	37,135
Stockholders' Equity:		
Common Stock, $0.0001 par value (50,000,000 authorized; 29,221,606 and 29,146,606 issued and 24,681,157 and 24,619,501 outstanding, respectively)	3	3
Additional Paid-in Capital	59,526	59,517
Accumulated Deficit	(44,252)	(49,554)
Treasury Stock, at cost (4,540,449 and 4,527,105 shares, respectively)	(22,518)	(22,516)
Total National American University Holdings, Inc. Stockholders' Deficit	(7,241)	(12,550)
Deficit Allocated to Non-Controlling Interest	-	(649)
Total Stockholders' Deficit	(7,241)	(13,199)
Total Liabilities and Stockholders' Deficit	**$ 6,097**	**$ 23,936**

National American University Holdings, Inc. and Subsidiaries
Unaudited Consolidated Statements of Operations
For the Years Ended May 31, 2022 and May 31, 2021

(In thousands)

	2022	2021
Revenue:		
Academic Revenue, net	$ 11,161	$ 13,483
Auxiliary Revenue, net	1,024	395
Rental Income -- Apartments	309	1,382
Other Real Estate Income	63	232
Total Revenue	12,557	15,492
Operating Expenses:		
Cost of Educational Services	3,275	6,203
Selling, General, and Administrative	11,992	14,404
Auxiliary Expense	698	294
Total Operating Expenses	15,965	20,901
Operating Loss	(3,408)	(5,409)
Other Income (Expense):		
Gain (Loss) on Settlement of Liabilities	1,741	21
Gain on Forgiveness of PPP Loan	3,034	-
Gain on Sale-Leaseback	3,607	-
Gain on Disposition of Assets	566	856
Unrealized Gain on Equity Investment	21	-
Interest Income	34	89
Interest Expense	(206)	(1,271)
Other Income (Expense)	219	(40)
Total Other Income (Expense)	9,016	(345)
Income (Loss) before Income Taxes	5,608	(5,754)
Income Tax Expense	(13)	(15)
Net Income (Loss)	5,595	(5,769)
Net Loss Attributable to Non-Controlling Interest	(293)	(323)
Net Income (Loss) Attributable to National American University Holdings, Inc. and Subsidiaries	$ 5,302	$ (6,092)

National American University Holdings, Inc. and Subsidiaries

Unaudited Consolidated Statements of Cash Flow

For the Years Ended May 31, 2022 and May 31, 2021

(In thousands)

	2022	2021
Cash Flows from Operating Activities:		
Net Income (Loss)	$ 5,302	$ (6,092)
Adjustments to Reconcile Net Income (Loss) to Net Cash Flows used in Operating Activities:		
Depreciation and Amortization	558	1,391
(Gain) Loss on Lease Termination and Accelerations	(1,741)	(21)
Gain on Sale-Leaseback	(3,607)	-
Gain on Forgiveness of PPP Loan	(3,034)	-
Gain on Equity Investment	(21)	-
Gain on Disposition of Assets	(566)	(856)
Provision for Uncollectable Tuition	(42)	(39)
Noncash Compensation Expense	9	9
Changes in Assets and Liabilities:		
Student Receivables	(208)	425
Prepaid and Other Current Assets	92	143
Other Assets	30	(163)
Other Receivables	524	4,179
Accounts Payable	(2,187)	(749)
Deferred Revenue	(201)	(676)
Lease Acceleration Payable	-	(195)
Accrued and Other Liabilities	310	2,564
Other Long-Term Liabilities	-	(2,668)
Net Cash used in Operating Activities	(4,782)	(2,748)
Cash Flows from Investing Activities:		
Purchases of Restricted Certificates of Deposit	-	(215)
Release of Restricted Certificates of Deposit	2,723	-
Net Cash Impact of VIE Deconsolidation	612	-
Purchases of Property and Equipment	-	(79)
Proceeds from Sale of Property and Equipment	883	2,133
Net Cash provided by Investing Activities	4,218	1,839
Cash Flows from Financing Activities:		
Repayments of Capital Lease Payable	(50)	(300)
Repayments of Line of Credit	-	(336)
Repayments of Long-Term Debt	(439)	(6,147)
Borrowings of Long-Term Debt	526	8,056
Purchase of Treasury Stock	(2)	-
Net Cash provided by Financing Activities	35	1,273
Net Increase (Decrease) in Cash and Cash Equivalents	(529)	364
Cash and Cash Equivalents - Beginning of Year	1,570	1,206
Cash and Cash Equivalents - End of Year	$ 1,041	$ 1,570

National American University Holdings, Inc. and Subsidiaries
Unaudited Consolidated Statements of Stockholders' Equity (Deficit)
For the Years Ended May 31, 2022 and 2021
(In thousands, except share and per share amounts)

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Non-Controlling Interest	Total Stockholders' Deficit
Balance - June 1, 2020	$ 3	$ 59,508	$ (44,623)	$ (22,516)	$ -	$ (7,628)
Acquisition of Minority Interest in ParkWest, LLC	-	-	1,161	-	(972)	189
Share based compensation expense	-	9	-	-	-	9
Net Income (Loss)	-	-	(6,092)	-	323	(5,769)
Balance - May 31, 2021	3	59,517	(49,554)	(22,516)	(649)	(13,199)
Deconsolidation of ParkWest, LLC	-	-	-	-	356	356
Purchase of 13,344 shares common stock for the Treasury	-	-	-	(2)	-	(2)
Share Based Compensation Expense	-	9	-	-	-	9
Net Income (Loss)	-	-	5,302	-	293	5,595
Balance - May 31, 2022	$ 3	$ 59,526	$ (44,252)	$ (22,518)	$ -	$ (7,241)

Item 14 Beneficial Owners

The table presented below shows information regarding the beneficial ownership of our common stock as of May 31, 2023 by each person or entity known by us to own beneficially more than 5% of our outstanding common stock:

Name of Beneficial Owner with 5% or greater Ownership	Amount and Nature of Beneficial Ownership	Percent of Class
CEDE & Co. (Public Float)	9,935,128	40.2%
Mr. Robert D. Buckingham		
H & E Buckingham Limited Partnership	10,156,897	41.1%
Robert D. Buckingham Living Trust	3,457,864	14.0%

Item 15 The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure:

Accountant/Auditor
Firm Name: Tanner LLC
Address: 36 South State Street, Suite 600, Salt Lake City, UT 84111
Email: djhansen@tannerco.com
Phone Number: (801) 924-5165
Contact Name: Douglas Hansen

Investor Relations/Public Relations Firm
Firm Name: The Equity Group, Inc.
Address: 800 Third Avenue, between 49th & 50th Streets, 36th Floor, New York, NY 10022
Email: csohn@equityny.com
Phone Number: (415) 568-2255
Contact Name: Carolyn Y Sohn

Transfer Agent
Firm Name: Equiniti Trust Company
Address: 1110 Centre Pointe Curve, Suite 101, Mendota Heights, MN 55120
Email: Andrea.Severson@equiniti.com
Phone Number: (651) 450-4121
Contact Name: Andrea Severson

Item 16 Management’s Discussion and Analysis or Plan of Operation

The following discussion and analysis of our financial condition and results of operations should be read together with, and is qualified in its entirety by reference to, our audited financial statements and related notes included elsewhere in this Annual Report, which have been prepared in accordance with U.S. GAAP. The following discussion may contain forward-looking statements based on current expectations that involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements as a result of various factors, including those set forth under “Risk Factors,” “Cautionary Note Regarding Forward-Looking Statements” or in other sections of this Annual Report.

Background

National American University, or NAU, is an institutionally accredited, for-profit institution of higher learning offering diploma, associates, bachelor’s, master’s, and doctoral degree programs in business-related disciplines, such as accounting, applied management, business administration and information technology; legal-related disciplines, such as paralegal, criminal justice, and professional legal studies; and in healthcare- related disciplines, such as healthcare management; and higher education. Courses are offered online via the internet. As of May 31, 2023, NAU operated from its location in Rapid City, South Dakota. NAU also continued to conduct educational programs at a location near Ellsworth Air Force Base.

Key Financial Results Metrics

Revenue. Revenue is derived mostly from NAU’s operations. Tuition revenue is reported net of adjustments for refunds and scholarships and is recognized on a daily basis over the length of the term. During the second quarter of fiscal year 2018, we began allowing students to take classes in the second and third month within a term rather than waiting to enroll the following term. Upon withdrawal, students generally are refunded tuition based on the uncompleted portion of the term, unless they have already finished 60% or more of the term. Auxiliary revenue is recognized as items are sold and services are performed and is net of any applicable sales tax.

Factors affecting revenue include:

- the number of students who are enrolled and who remain enrolled in courses throughout the term:
- the number of credit hours per student;
- the student’s degree and program mix;
- changes in tuition rates;
- the affiliates with which NAU is working as well as the number of students at the affiliates; and
- the amount of scholarships for which students qualify.

We record unearned tuition for academic services to be provided in future periods. Similarly, we record a tuition receivable for the portion of the tuition that has not been paid. Tuition receivable at the end of any calendar quarter largely represents student tuition due for the prior academic quarter. Based upon past experience and judgment, we establish an allowance for doubtful accounts to recognize those receivables we anticipate will not be paid. Any uncollected account more than 90 days past due on students who have left NAU is charged against the allowance. Bad debt expense as a percentage of academic revenue for the fiscal year ended May 31, 2023 was 4.5%.

We define enrollments for a particular reporting period as the number of students registered in a course on the last day of the reporting period. Enrollments are a function of the number of continuing students registered and the number of new enrollments registered during the specified period. Enrollment numbers are offset by inactive students, graduations and withdrawals occurring during the period. Inactive students for a particular period are students who are not registered in a class and, therefore, are not generating net revenue for that period.

We believe the principal factors affecting NAU's enrollments and net revenue are the number and breadth of the programs being offered; the effectiveness of our marketing, recruiting and retention efforts; the quality of our academic programs and student services; the convenience and flexibility of our online delivery platform; the availability and amount of federal and other funding sources for student financial assistance; and general economic conditions.

Our ability to maintain or increase enrollment will depend on how economic factors are perceived by our target student market in relation to the advantages of pursuing higher education. If current market conditions continue, we believe that the extent to which we are able to maintain or increase enrollment will be correlated with the effectiveness of the online student service platform and the delivery of online academic programming.

Expenses. Operating expenses consist of cost of educational services, selling, general and administrative, and auxiliary expenses. Cost of educational services expenses contain expenditures attributable to the educational activity of NAU. This expense category includes salaries and benefits of faculty and academic administrators, costs of educational supplies, faculty reference and support material and related academic costs, and facility costs. Selling, general and administrative expenses include the salaries of the learner services positions (and other expenses related to support of students), salaries and benefits of admissions staff, marketing expenditures, salaries of other support and leadership services (including finance, human resources, compliance and other corporate functions), as well as depreciation and amortization, bad debt expenses and other related costs associated with student support functions. Auxiliary expenses include expenses for the cost of goods sold, including costs associated with books.

Factors affecting comparability

Set forth below are selected factors we believe have had, or which we expect to have, a significant effect on the comparability of our recent or future results of operations:

Seasonality. Our operations are generally subject to seasonal trends. While we enroll students throughout the year, summer and winter quarter new enrollments and revenue are generally lower than enrollments and revenue in other quarters due to the traditional custom of summer breaks and the holiday break in December and January. In addition, we generally experience an increase in enrollments in the fall of each year when most students seek to begin their postsecondary education.

Critical Accounting Policies and Estimates

The discussion of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. Management evaluates its estimates and judgments, including those discussed below, on an ongoing basis. These estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances. The results of our analysis form the basis for making assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions, and the impact of such differences may be material to the consolidated financial statements. We believe the following critical accounting policies involve more significant judgments and estimates than others used in the preparation of our consolidated financial statements:

Allowance for doubtful accounts. We maintain an allowance for doubtful accounts for estimated losses resulting from the inability, failure or refusal of the students to make required payments. We determine the adequacy of the allowance for doubtful accounts based on an analysis of aging of the accounts receivable and with regard to historical bad debt experience. Bad debt expense is recorded as a selling, general and administrative expense.

Accounting for Income Taxes. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity's financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period when the new rate is enacted. We recognize a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion, or all, of a deferred tax asset will not be realized.

We evaluate and account for uncertain tax positions using a two-step approach. Recognition (step one) occurs when we conclude that a tax position, based solely on its technical merits, is more-likely-than-not to be sustained upon examination. Measurement (step two) determines the amount of benefit that is greater than 50% likely to be realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. De-recognition of a tax position that was previously recognized would occur when we subsequently determine that a tax position no longer meets the more-likely-than-not threshold of being sustained.

Impairment of Long-Lived Assets. Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recoverable. For assets that are held and used, impairment exists when the estimated undiscounted cash flows associated with the asset or group of assets is less than carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying and fair value. Fair values are determined based on quoted market values, discounted cash flows, or internal and external appraisals, as applicable. All impairment charges are recorded within loss on impairment and disposition of property and equipment in the consolidated financial statements.

Regulation and Oversight

The Company is subject to extensive regulation by state education agencies, accrediting commissions and federal government agencies, particularly by the Department of Education under the Higher Education Act and the regulations promulgated thereunder by the Department of Education. The regulations, standards and policies of these agencies cover substantially all of our operations.

Any regulations that reduce or eliminate our students' access to Title IV program funds, that require us to change or eliminate programs or that increase our costs of compliance could have an adverse effect on NAU's student enrollment.

Part E Issuance History

Item 17 List of securities offerings and shares issued for services in the past two years

National American University Holdings, Inc. has not had any changes to their securities offerings or shares issued for services in the past two years.

Part F Exhibits

The following exhibits must be either described in or attached to the disclosure statement:

Item 18 Material Contracts

All of the material contracts that have been made by National American University Holdings, Inc. have been done in the ordinary course of business.

The Company has a Program Participation Agreement (PPA) with the United States Department of Education, which allows NAU to participate in federally funded Student Aid Programs.

Item 19 Articles of Incorporation and Bylaws

A. A complete copy of the National American University Holdings, Inc. Articles of Incorporation were included with the initial disclosure.

B. A complete copy of the National American University Holdings, Inc. Bylaws were included with the initial disclosure

Item 20 Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

Not applicable.

Item 21 Issuer's Certifications

The issuer shall include certifications by the Chief Executive Officer and Chief Financial Officer of the issuer (or any other persons with different titles, but having the same responsibilities).

I, Cynthia Mathena, certify that:

1. I have reviewed this annual disclosure statement of National American University Holdings, Inc.
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for the periods presented in this disclosure statement.

Date: August 29, 2023

/s/ Cynthia Mathena

Dr. Cynthia Mathena

Interim President

National American University Holdings, Inc.

I, Thomas Bickart, certify that:

1. I have reviewed this annual disclosure statement of National American University Holdings, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for the periods presented in this disclosure statement.

Date: August 29, 2023

/s/ Thomas Bickart

Thomas Bickart

Chief Financial Officer

National American University Holdings, Inc.