

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2021

Commission file number: 000-55790



LEGACY EDUCATION ALLIANCE, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

39-2079974

(I.R.S. Employer
Identification Number)

1490 NE Pine Island Rd. Suite 5D, Cape Coral, FL 33909
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (239) 542-0643

Securities registered under Section 12(b) of the Act: None

Securities registered under Section 12(g) of the Act:

Title of Each Class	Trading Symbol	Name of Exchange on which registered
Legacy Education Alliance, Inc. Common Stock, par value \$0.0001	LEAI	OTCQB

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 USC. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates, computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter was \$3,459,508.

As of March 31, 2022, there were 33,917,697 shares of common stock outstanding.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (this “Amendment”) amends the Annual Report on Form 10-K of Legacy Education Alliance, Inc. (the “Company”) for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on March 31, 2022 (the “Form 10-K”).

In the Form 10-K, the Company inadvertently omitted the Audit Report of MaloneBailey, LLP for the fiscal year ended December 31, 2020. Further, as part of the review of this Amendment by MaloneBailey, LLP, the Company made requested revisions to the Consolidated Statements of Operations and Comprehensive Income and to the notes to the financial statement included herein, and fixed a typographical error in Item 15 included in this Amendment.

As required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, new certifications by our principal executive officer and principal financial officer are being filed as Exhibits 31.1, 31.2, 32.1 and 32.2 to this Amendment.

This Amendment consists solely of the preceding cover page, this explanatory note, the information required by Item 8 and Item 15 of Form 10-K, a signature page, and certifications required to be filed as exhibits hereto. Except as described in this Explanatory Note, this Amendment does not modify, amend, or update any of the financial information or any other information set forth in the Form 10-K, and this Amendment does not reflect events that occurred subsequent to March 31, 2022.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Legacy Education Alliance, Inc.

Index to Consolidated Financial Statements

Audited Consolidated Financial Statements	
Report of Independent Registered Public Accounting Firm (Ram Associates - PCAOB ID: 5814)	F-2
Report of Independent Registered Public Accounting Firm (MaloneBailey, LLP - PCAOB ID: 206)	F-3
Consolidated Balance Sheets as of December 31, 2021 and 2020	F-4
Consolidated Statements of Operations and Comprehensive Income for the Years Ended December 31, 2021 and 2020	F-5
Consolidated Statements of Changes in Stockholders' Deficit for the Years Ended December 31, 2021 and 2020	F-6
Consolidated Statements of Cash Flows for the Years Ended December 31, 2021 and 2020	F-7
Notes to Consolidated Financial Statements	F-8

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Legacy Education Alliance, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Legacy Education Alliance, Inc. and its subsidiaries (collectively, the “Company”) as of December 31, 2021 and the related consolidated statement of operations and comprehensive income, changes in stockholders’ deficit, and cash flows for the year then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the Company as of December 31, 2020, were audited by other auditors whose report dated April 9, 2021, on those statements included in the explanatory paragraph that described the substantial doubt about the Company’s ability to continue as a going concern discussed in Note 2 to the financial statements.

Going Concern Matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has a net capital deficiency and an accumulated deficit that raise substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue recognition

Description of the Matter

As disclosed in Note 2 to the financial statements, the Company recognizes revenue based on the customers’ attendance of the course, mentoring training, coaching session or delivery of the software, data or course materials online. The Company also recognizes breakage revenue when a customer contract expires less a reserve for cases where customers are allowed to attend after expiration.

We identified the Company’s revenue recognition as a critical audit matter. Specifically, the significant judgments made by management in developing its estimate of the reserve for breakage and the timing of when revenue is recognized for each distinct performance obligation required a high degree of effort and auditor judgment.

How We Addressed the Matter in Our Audit

The audit procedures we performed to address this critical audit matter included the following, among others:

- Testing customer contract terms and delivery method of each performance obligation by reviewing a sample of contracts between the Company and its customers.
- Testing the allocation of the contract price to the performance obligations included in selected contracts.
- Obtaining evidence indicating completion of performance obligations for revenue recognition and verifying the timing of revenue recognized over time.
- Evaluating the reasonableness of assumptions and methodology used by management in determining its estimate of the reserve for breakage.

/s/ Ram Associates

www.ramassociates.us

PCAOB ID: 5814

We have served as the Company’s auditor since 2021.

Hamilton, New Jersey

March 31, 2022

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Legacy Education Alliance, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Legacy Education Alliance, Inc., and its subsidiaries (collectively, the "Company") as of December 31, 2020, and the related consolidated statements of operations and comprehensive income, changes in stockholders' deficit, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has a net capital deficiency and an accumulated deficit that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue recognition

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As disclosed in Note 2 to the financial statements, the Company recognizes revenue based on the customers' attendance of the course, mentoring training, coaching session or delivery of the software, data or course materials online. The Company also recognizes breakage revenue when a customer contract expires less a reserve for cases where customers are allowed to attend after expiration.

We identified the Company's revenue recognition as a critical audit matter. Specifically, the significant judgments made by management in developing its estimate of the reserve for breakage and the timing of when revenue is recognized for each distinct performance obligation required a high degree of effort and auditor judgment.

How We Addressed the Matter in Our Audit

The audit procedures we performed to address this critical audit matter included the following, among others:

- Testing customer contract terms and delivery method of each performance obligation by reviewing a sample of contracts between the Company and its customers.
- Testing the allocation of the contract price to the performance obligations included in selected contracts.
- Obtaining evidence indicating completion of performance obligations for revenue recognition and verifying the timing of revenue recognized over time.
- Evaluating the reasonableness of assumptions and methodology used by management in determining its estimate of the reserve for breakage.

/s/ MaloneBailey, LLP
www.malonebailey.com

We have served as the Company's auditor since 2014.
Houston, Texas
April 9, 2021

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except share data)

	December 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 576	\$ 1,500
Restricted cash	374	1,180
Deferred course expenses	304	1,167
Prepaid expenses and other current assets	607	1,578
Inventory	1	10
Discontinued operations current assets	-	820
Total current assets	1,862	6,255
Property and equipment, net	-	4
Right-of-use assets	20	45
Other assets	6	6
Discontinued operations-other assets	33	34
Total assets	\$ 1,921	\$ 6,344
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 2,544	\$ 1,762
Royalties payable	110	113
Accrued course expenses	252	277
Accrued salaries, wages and benefits	202	73
Operating lease liability, current portion	20	25
Other accrued expenses	2,114	3,888
Deferred revenue	4,438	10,382
Short-term related party debt, net of unamortized debt discount of \$204	142	-
Current portion of long term debt, net of unamortized debt discount of \$0	1,011	-
Discontinued operations-current liabilities	9,845	11,286
Total current liabilities	20,678	27,806
Long-term debt, net of current portion and net of unamortized debt discount of \$467	1,933	1,900
Deferred tax liability, net	1,493	134
Other long term liabilities	-	120
Operating lease liability, net of current portion	-	20
Total liabilities	24,104	29,980
Commitments and contingencies (Note 16)		
Stockholders' deficit:		
Preferred stock, \$0.0001 par value, 20,000,000 shares authorized, none issued	-	-
Common stock, \$0.0001 par value; 200,000,000 authorized; 33,917,697 and 23,279,197 shares issued and outstanding as of December 31, 2021 and December 31, 2020, respectively	3	2
Additional paid-in capital	13,161	11,564
Cumulative foreign currency translation adjustment	837	416
Accumulated deficit	(36,184)	(35,618)
Total stockholders' deficit	(22,183)	(23,636)
Total liabilities and stockholders' deficit	\$ 1,921	\$ 6,344

See Notes to Consolidated Financial Statements

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
Consolidated Statements of Operations and Comprehensive Income
(In thousands, except per share data)

	Years Ended December 31,	
	2021	2020
Revenue	\$ 7,710	\$ 25,914
Operating costs and expenses:		
Direct course expenses	2,294	5,801
Advertising and sales expenses	1,636	2,293
Royalty expenses	-	68
General and administrative expenses	4,195	4,555
Total operating costs and expenses	8,125	12,717
Income (loss) from operations	(415)	13,197
Other income (expense):		
Interest expense, net	(524)	(210)
Other income, net	8	1,641
Gain on forgiveness of PPP Loan	910	-
Total other income, net	394	1,431
Income (loss) from continuing operations before income taxes	(21)	14,628
Income tax expense	(716)	(2,883)
Net income (loss) from continuing operations	(737)	11,745
Income from discontinued operations	171	4,264
Net income from discontinued operations	\$ 171	4,264
Net income (loss)	\$ (566)	\$ 16,009
Basic earnings (loss) per common share - continuing operations	\$ (0.02)	\$ 0.51
Basic earnings (loss) per common share - discontinued operations	-	0.18
Basic earnings (loss) per common share	\$ (0.02)	\$ 0.69
Diluted earnings (loss) per common share - continuing operations	\$ (0.02)	\$ 0.51
Diluted earnings (loss) per common share - discontinued operations	-	0.18
Diluted earnings (loss) per common share	\$ (0.02)	\$ 0.69
Basic weighted average common shares outstanding	29,187	23,076
Diluted weighted average common shares outstanding	29,187	23,230
Comprehensive income:		
Net income (loss)	\$ (566)	\$ 16,009
Foreign currency translation adjustments, net of tax of \$0	421	(294)
Total comprehensive income	\$ (145)	\$ 15,715

See Notes to Consolidated Financial Statements

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Deficit
(In thousands)

	Common stock		Additional paid-in Capital	Cumulative foreign currency translation adjustment	Accumulated deficit	Total stockholders' deficit
	Shares	Amount				
Balance at December 31 , 2019	23,163	\$ 2	\$ 11,552	\$ 710	\$ (51,627)	\$ (39,363)
Share-based compensation expense	-	-	23	-	-	23
Cancellation of common stock	(64)	-	(11)	-	-	(11)
Issuance of common stock	180	-	-	-	-	-
Foreign currency translation adjustment, net of tax of \$0	-	-	-	(294)	-	(294)
Net Income	-	-	-	-	16,009	16,009
Balance at December 31, 2020	23,279	\$ 2	\$ 11,564	\$ 416	\$ (35,618)	\$ (23,636)

	Common stock		Additional paid-in capital	Cumulative foreign currency translation adjustment	Accumulated deficit	Total stockholders' deficit
	Shares	Amount				
Balance at December 31, 2020	23,279	\$ 2	\$ 11,564	\$ 416	\$ (35,618)	\$ (23,636)
Share-based compensation expense	2,900	-	122	-	-	122
Cancellation of common stock	(945)	-	(15)	-	-	(15)
Common stock issued for stock option purchase	1,600	-	13	-	-	13
Common stock and warrants issued for notes payable to related party from conversion of senior secured convertible debt - related party debt discount	7,084	1	354	-	-	355
Beneficial conversion feature for senior secured convertible debenture	-	-	500	-	-	500
Beneficial conversion feature for senior secured convertible debenture-related party	-	-	623	-	-	623
Foreign currency translation adjustment, net of tax of \$0	-	-	-	421	-	421
Net Loss	-	-	-	-	(566)	(566)
Balance at December 31, 2021	33,918	\$ 3	\$ 13,161	\$ 837	\$ (36,184)	\$ (22,183)

See Notes to Consolidated Financial Statements

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In thousands)

	Years Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ (566)	\$ 16,009
Less net income from discontinued operations	171	4,264
Net income from continuing operations	\$ (737)	\$ 11,745
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	4	59
Non-cash lease expense	27	23
Gain on the sale of fixed assets and investment property	-	(1,735)
Share-based compensation	122	23
Cancellation of common stock	(15)	(11)
Amortization of debt discount	453	-
Gain on debt extinguishment (PPP loan forgiveness)	(910)	-
Deferred income taxes	1,359	418
Changes in operating assets and liabilities:		
Deferred course expenses	844	3,764
Prepaid expenses and other receivable	559	(446)
Inventory	9	34
Other assets	-	37
Accounts payable-trade	685	485
Royalties payable	(11)	(29)
Accrued course expenses	(25)	(191)
Accrued salaries, wages and benefits	129	(386)
Operating lease liability	(27)	(20)
Other accrued expenses	(1,503)	1,823
Deferred revenue	(5,782)	(22,460)
Net cash used in operating activities - continuing operations	(4,819)	(6,867)
Net cash (used in) provided by operating activities - discontinued operations	(13)	(98)
Net cash used in operating activities	(4,832)	(6,965)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investment property	-	391
Proceeds from sale property and equipment	-	2,500
Net cash provided by investing activities - continuing operations	-	2,891
Net cash used in investing activities - discontinued operations	-	-
Net cash provided by investing activities	-	2,891
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	(11)	(1,500)
Proceeds from issuance of debt	-	2,900
Proceeds from borrowing Paycheck Protection Program loan	1,900	-
Proceeds from debentures with related parties	700	-
Proceeds from debentures	500	-
Issuance of common stock for stock option purchase	13	-
Net cash provided by financing activities - continuing operations	3,102	1,400
Net cash provided by financing activities - discontinued operations	-	-
Net cash provided by financing activities	3,102	1,400
Effect of exchange rate differences on cash	-	(860)
Net decrease in cash and cash equivalents and restricted cash	(1,730)	(3,534)
Cash and cash equivalents and restricted cash, beginning of period, including cash in discontinued operations	\$ 2,680	\$ 6,214
Cash and cash equivalents and restricted cash, end of period	\$ 950	\$ 2,680
Supplemental disclosures:		
Cash paid during the period for interest	\$ 3	\$ 214
Cash received during the period for income taxes, net of tax payments	(52)	-
Supplemental disclosure of non-cash activity:		
Supplemental non-cash amounts of lease liabilities arising from obtaining right-of-use assets/(decrease) of lease liability due to cancellation of leases	\$ (1)	\$ 13
Non-cash disposal of property	\$ -	\$ (363)
Common stock and warrants issued from conversion of senior convertible debenture - related party	355	-
Initial recognition of beneficial conversion feature for senior secured convertible debt - related party	896	-
Note payable issued for insurance policy financing	26	-

See Notes to Consolidated Financial Statements

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 1-Business Description and Basis of Presentation

Business Description. We are a provider of practical, high-quality, and value-based educational training on the topics of personal finance, entrepreneurship, real estate, and financial markets investing strategies and techniques. Our programs are offered through a variety of formats and channels, including free workshops, basic trainings, forums, telephone mentoring, one-on-one mentoring, coaching and e-learning. During the year ended December 31, 2021, we marketed our products and services under *Building Wealth with LegacyTM*. During the year ended December 31, 2020, we marketed our products and services under two brands: *R Building Wealth with LegacyTM* and *Homemade Investor by Tarek El MoussaTM*.

Our students pay for their courses in full up-front or through payment agreements with independent third parties. Under United States of America generally accepted accounting principles ("U.S. GAAP"), we recognize revenue upon the earlier of (i) when our students take their courses or (ii) the term for taking their course expires, both of which could be several quarters after the student purchases a program and pays the fee. We recognize revenue immediately when we sell our (i) proprietary products delivered at time of sale and (ii) third party products sales. Our symposiums and forums combine multiple advanced training courses in one location, allowing us to achieve certain economies of scale that reduce costs and improve margins while also accelerating U.S. GAAP revenue recognition, while at the same time, enhancing our students' experience, particularly, for example, through the opportunity to network with other students.

We also provide a richer experience for our students through one-on-one mentoring (two to four days in length, on site or remotely, although we have suspended providing on-site mentorships as a result of the COVID-19 pandemic) and telephone mentoring (10 to 16 weekly one-on-one or one-on-many telephone sessions). Mentoring involves a subject matter expert interacting with the student remotely or in person and guiding the student, for example, through his or her first real estate transaction, providing a real hands-on experience.

We were founded in 1996, and through a reverse merger, became a publicly held company in November 2014. Today we are a global company that has cumulatively served more than two million students from more than 150 countries and territories over the course of our operating history.

Our operations have traditionally relied heavily on our and our students' ability to travel and attend live events where large groups of people gather in local markets within each of the segments in which we operate. As a result of the COVID-19 coronavirus pandemic, and the resulting worldwide restrictions on travel and social distancing, we temporarily ceased conducting live sales and fulfillment and furloughed substantially all of our employees. We resumed online operations in July 2020, and live operations in November 2020. The Company will continue following strict safety protocols at the live events. We have simplified our product offerings and restructured our compensation program with respect to both employees and independent contractors to reduce costs and improve margins, but there can be no assurances that the Company will be effective in selling its products and services, or what the impact such activities will have on our financial performance. Due to the continuing COVID-19 pandemic, the Company temporarily suspended live in-person events in December 2021 to assess the strategic plan and will continue the temporary suspension into fiscal year 2022. We are not able to fully quantify the impact that these factors will have on our financial results, but expect developments related to COVID-19 to continue to affect the Company's financial performance in 2021 and beyond.

Our operations are managed through three operating segments: (i) North America, (ii) United Kingdom, and (iii) Other Foreign Markets.

Since January 1, 2020, we have operated under two brands:

- *Building Wealth with Legacy*TM. provides practical, high-quality and value-based educational training on the topics of personal finance, entrepreneurship, real estate, financial markets and investing strategies and techniques. This training program encompasses hands-on experience and the true spirit of investing from beginner to educated investor. During the fiscal year 2021, the Company marketed products and services exclusively under this brand.
- *Homemade Investor by Tarek El Moussa*TM introduces people to the investor mindset, real estate investing strategies, and ways to generate cash flow that are designed to help build a foundation of knowledge for their financial goals. Homemade Investor events offered nationwide free workshops, 3-day trainings and large stage events with Tarek presenting as the keynote speaker, all selling into our advanced training products. In November 2020, we suspended conducting *Homemade Investor by Tarek El Moussa*TM sales events to focus on developing our proprietary *Building Wealth with Legacy*TM.

Merger. On November 10, 2014, we entered into an Agreement and Plan of Merger dated as of such date (the “Merger Agreement”) by and among (i) PRCD, a Nevada corporation, (ii) Priced In Corp. Subsidiary, a Colorado corporation and a wholly-owned subsidiary of PRCD (“PRCD Sub”), (iii) Tigrent Inc., a Colorado corporation (“TIGE”), and (iv) Legacy Education Alliance Holdings, Inc., a Colorado corporation and a wholly-owned subsidiary of TIGE (“Legacy Holdings”). On November 10, 2014, pursuant to the Merger Agreement, PRCD Sub merged with and into Legacy Holdings (the “Merger”), with Legacy Holdings surviving the Merger and becoming our wholly owned subsidiary and we acquired the business of Legacy Holdings.

Basis of Presentation. The terms “Legacy Education Alliance, Inc.,” the “Company,” “we,” “our,” “us” or “Legacy” as used in this report refer collectively to Legacy Education Alliance, Inc., a Nevada corporation (“Legacy”), the registrant, which was formerly known as Priced In Corp., and, unless the context otherwise requires, together with its wholly-owned subsidiary, Legacy Education Alliance Holdings, Inc., a Colorado corporation, other operating subsidiaries and any predecessor of Legacy Education Alliance Holdings, including Tigrent Inc., a Colorado corporation. All intercompany balances and transactions have been eliminated in consolidation. As discussed in Note 4 “Discontinued Operations”, the sale of Legacy Education Alliance International Ltd (Legacy UK) assets and deferred revenue is reflected as a discontinued operation in the consolidated financial statements.

Reclassification. We have reclassified certain amounts in our prior-period financial statements to conform to the current period’s presentation.

Note 2-Significant Accounting Policies

Going Concern. The accompanying consolidated financial statements and notes have been prepared assuming we will continue as a going concern. For the years ended December 31, 2021 and December 31, 2020, respectively, we had an accumulated deficit and a working capital deficit. These circumstances raise substantial doubt as to our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to generate profits by expanding current operations as well as reducing our costs and increasing our operating margins, and to sustain adequate working capital to finance our operations. The failure to achieve the necessary levels of profitability and cash flows would be detrimental to us. The consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Use of Estimates. Conformity with GAAP requires the use of estimates and judgments that affect the reported amounts in our consolidated financial statements and accompanying notes. These estimates form the basis for judgments we make about the carrying values of our assets and liabilities, which are not readily apparent from other sources. We base our estimates and judgments on historical information and on various other assumptions that we believe are reasonable under the circumstances. GAAP requires us to make estimates and judgments in several areas, including, but not limited to, those related to deferred revenues, reserve for breakage, deferred costs, revenue recognition, commitments and contingencies, fair value of financial instruments, useful lives of property and equipment, right-of-use assets, and income taxes. These estimates are based on management’s knowledge about current events and expectations about actions we may undertake in the future. Actual results could differ materially from those estimates.

Cash and cash equivalents. We consider all highly liquid instruments with an original maturity of three months or less to be cash or cash equivalents. We continually monitor and evaluate our investment positions and the creditworthiness of the financial institutions with which we invest and maintain deposit accounts. When appropriate, we utilize Certificate of Deposit Account Registry Service (CDARS) to reduce banking risk for a portion of our cash in the United States. A CDAR consists of numerous individual investments, all below the FDIC limits, thus fully insuring that portion of our cash. At December 31, 2021 and 2020, we did not have a CDAR balance.

Restricted cash. Restricted cash balances consist primarily of funds on deposit with credit card and other payment processors. These balances do not have the benefit of federal deposit insurance and are subject to the financial risk of the parties holding these funds. Restricted cash balances held by credit card processors are unavailable to us unless, and for a period of time after, we discontinue the use of their services. Because a portion of these funds can be accessed and converted to unrestricted cash in less than one year in certain circumstances, that portion is considered a current asset. Restricted cash is included with cash and cash equivalents in our consolidated statements of cash flows.

Deposits with credit card processors. The deposits with our credit card processors are held due to arrangements under which our credit card processors withhold credit card funds to cover charge backs in the event we are unable to honor our commitments. These deposits are included in restricted cash on our consolidated balance sheet.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts in the consolidated cash flow statements:

	December 31, 2021	December 31, 2020
	(in thousands)	
Cash and cash equivalents	\$ 576	\$ 1,500
Restricted cash	374	1,180
Total cash, cash equivalents, and restricted cash shown in the cash flow statement	<u>\$ 950</u>	<u>\$ 2,680</u>

Financial Instruments. Financial instruments consist primarily of cash and cash equivalents, accounts payable, deferred course expenses, accrued expenses, deferred revenue, and debt. U.S. GAAP requires the disclosure of the fair value of financial instruments, including assets and liabilities recognized in the balance sheets. Management believes the carrying value of the other financial instruments recognized on the consolidated balance sheets (including receivables, payables and accrued liabilities) approximate their fair value due to length of maturity of these instruments, the majority of which is short-term. The carrying value of long-term debt approximates fair value since the related rates of interest approximate current market rates.

Inventory. Inventory consists primarily of books, videos and training materials held for sale to students enrolled in our training programs. Inventory is stated at the lower of cost or market using the first-in, first-out method.

Property, equipment and Impairment of long-lived assets. Property and equipment is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as presented in the following table:

Building	40 years
Residential rental properties	27.5 years
Furniture, fixtures and equipment	3-7 years
Purchased software	3 years

Residential rental properties generate monthly income from individual tenants. Income from these properties is recognized and included in other income. We no longer have any residential rental properties as these were transferred to the administrators in the UK in December 2020 (See Note 5-*Property and Equipment* below).

Leasehold improvements are amortized over the shorter of the estimated useful asset life or the remaining term of the applicable lease.

In accordance with U.S. GAAP, we evaluate the carrying amount of our long-lived assets such as property and equipment, and finite-lived intangible assets subject to amortization for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by the comparison of its carrying amount with the future net cash flows the asset is expected to generate. We look primarily to the undiscounted future cash flows in the assessment of whether or not long-lived assets have been impaired. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset.

Other assets included our residential investment property. On January 17, 2020, we sold this property for \$390.6 thousand and recognized a gain of \$33.1 thousand, within Other income in the Consolidated Statements of Operations and Comprehensive Income. The proceeds were held in escrow until December 8, 2020, when they used to pay the joint liquidators of LEA UK as payment of intercompany debts (see “*Litigation*” on Note 16 “*Commitments and Contingencies*”).

Convertible Instruments

The Company evaluates and accounts for conversion options embedded in convertible instruments in accordance with ASC 815 “*Derivatives and Hedging Activities*”.

Applicable GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free-standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under other GAAP with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

The Company accounts for convertible instruments (when it has been determined that the embedded conversion options should not be bifurcated from their host instruments) as follows: The Company records when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt.

Stock Warrants

The Company accounts for stock warrants as equity in accordance with *ASC 480 - Distinguishing Liabilities from Equity*. Stock warrants are accounted for a derivative in accordance with *ASC 815 - Derivatives and Hedging*, if the stock warrants contain other terms that could potentially require “net cash settlement” and therefore, do not meet the scope exception for treatment as a derivative.

Revenue recognition

We recognize revenue when our customers obtain control of promised goods or services, in an amount that reflects the consideration which we expect to receive in exchange for those goods or services, in accordance with Topic 606.

Revenue amounts presented in our consolidated financial statements are recognized net of sales tax, value-added taxes, and other taxes.

In the normal course of business, we recognize revenue based on the customers’ attendance of the course, mentoring training, coaching session or delivery of the software, data or course materials on-line. After a customer contract expires, we record breakage revenue less a reserve for cases where we allow a customer to attend after expiration. We had deferred revenue of \$4.4 million and \$10.4 million related to contractual commitments with customers where the performance obligation will be satisfied over time, which ranges from one to two years as of December 31, 2021 and 2020, respectively. The revenue associated with these performance obligations is recognized as the obligation is satisfied.

The following tables disaggregate our segment revenue by revenue source:

Revenue Type:	Years Ended December 31, 2021				Years Ended December 31, 2020			
	North America	U.K.	Other foreign markets	Total Consolidated Revenue	North America	U.K.	Other foreign markets	Total Consolidated Revenue
	(In thousands)				(In thousands)			
Seminars	\$ 4,564	\$ 880	\$ -	\$ 5,444	\$ 16,353	\$ 245	\$ 1,406	\$ 18,004
Products	199	-	-	199	478	-	-	478
Coaching and Mentoring	-	-	-	-	1,050	-	3	1,053
Online and Subscription	76	-	-	76	1,421	-	40	1,461
Other	182	1,809	-	1,991	4,294	601	23	4,918
Total revenue	\$ 5,021	\$ 2,689	\$ -	\$ 7,710	\$ 23,596	\$ 846	\$ 1,472	\$ 25,914

Deferred course expenses. We defer licensing fees and commissions and fees paid to our speakers and telemarketers until such time as the revenue is earned. Our speakers, who are all independent contractors, earn commissions on the cash receipts received at our training events and are paid approximately 45 days after the training event. The deferred course expenses are expensed as the corresponding deferred revenue is recognized. We also capitalize the commissions and fees paid to our speakers and expense them as the corresponding deferred revenue is recognized.

Advertising expenses. We expense advertising as incurred. Advertising paid in advance is recorded as a prepaid expense until such time as the advertisement is published.

Income taxes. We account for income taxes in conformity with the requirements of ASC 740, *Income Taxes* (“ASC 740”). Per ASC 740, the provision for income taxes is calculated using the asset and liability approach of accounting for income taxes. We recognize deferred tax assets and liabilities, at enacted income tax rates, based on the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. We include any effects of changes in income tax rates or tax laws in the provision for income taxes in the period of enactment. When it is more likely than not that a portion or all of a deferred tax asset will not be realized in the future, we provide a corresponding valuation allowance against the deferred tax asset.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in a company’s financial statements and prescribes a recognition threshold of more likely than not and a measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In making this assessment, a company must determine whether it is more likely than not that a tax position will be sustained upon examination, based solely on the technical merits of the position and must assume that the tax position will be examined by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, disclosures and transition.

Foreign currency translation. We account for foreign currency translation in accordance with ASC 830, *Foreign Currency Translation*. The functional currencies of our foreign operations are the reported local currencies. Translation adjustments result from translating our foreign subsidiaries’ financial statements into United States dollars. The balance sheet accounts of our foreign subsidiaries are translated into United States dollars using the exchange rate in effect at the balance sheet date. Revenue and expenses are translated using average exchange rates for each month during the fiscal year. The resulting translation gains or losses are recorded as a component of accumulated other comprehensive income in stockholders’ deficit. Business is generally transacted in a single currency not requiring meaningful currency transaction costs. We do not practice hedging as the risks do not warrant the costs.

Share-based compensation. We account for share-based awards under the provisions of ASC 718, “*Compensation-Stock Compensation*.” Accordingly, share-based compensation cost is measured at the grant date based on the fair value of the award and we expense these costs using the straight-line method over the requisite service period. See Note 8 “*Share-Based Compensation*”, for additional disclosures regarding our share-based compensation.

Comprehensive income. Comprehensive income includes changes to equity accounts that were not the result of transactions with stockholders. Comprehensive income is comprised of net income and other comprehensive income items. Our comprehensive income generally consists of changes in the cumulative foreign currency translation adjustment.

Discontinued operations. ASC 205-20-45, “*Presentation of Financial Statements Discontinued Operations*” requires discontinued operations to be reported if the disposal of a business component represents a strategic shift that has a major effect on an entity’s operations and financial reports. We have determined that the sale of Legacy UK meets this criterion. Accordingly, the assets, deferred revenues, and income statement of Legacy UK were transferred to discontinued operations to close out the business. The Company is also seeking liquidation of companies in Australia, Hong Kong, and Canada. See Note 4 “*Discontinued Operations*”, for additional disclosures regarding the details of these discontinued operations.

We have implemented all new accounting pronouncements that are in effect and that management believes would materially affect our financial statements.

In August 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2020-06 - *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity’s Own Equity (Subtopic 815-40) - Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*. The ASU simplifies the guidance on the issuer’s accounting for convertible debt instruments by removing the separation models for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature. As a result, entities will not separately present in equity an embedded conversion feature in such debt. Instead, they will account for a convertible debt instrument wholly as debt, unless certain other conditions are met. The elimination of these models will reduce reported interest expense and increase reported net income for entities that have issued a convertible instrument that was within the scope of those models before the adoption of ASU 2020-06. Also, ASU 2020-06 requires the application of the if-converted method for calculating diluted earnings per share, and the treasury stock method will be no longer available. The provisions of ASU 2020-06 are applicable for fiscal years beginning after December 15, 2023, with early adoption permitted no earlier than fiscal years beginning after December 15, 2020. The Company is currently evaluating the impact of ASU 2020-06 on its consolidated financial statements.

In March 2021, the FASB issued ASU 2021-04, “Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting.” The amendments provide optional guidance for a limited time to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts and hedging relationships that reference London Interbank Offered Rate (“LIBOR”) or another reference rate expected to be discontinued due to reference rate reform. These amendments are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The application of this guidance will not have a material impact on our financial statements.

Note 3-Concentration Risk

Cash and Cash Equivalents

We maintain deposits in banks which may exceed the federal deposit insurance available. Management believes the potential risk of loss on these cash and cash equivalents to be minimal. All cash balances as of December 31, 2021 and 2020, including foreign subsidiaries, without FDIC coverage was \$0.0 and \$0.8 million, respectively.

Revenue

A significant portion of our revenue was derived from the Rich Dad brands. For the years ended December 31, 2021 and 2020, Rich Dad brands provided 55.8% and 70.7%, respectively, of our revenue. In addition, we have operations in North America, United Kingdom and Other foreign markets (See Note 15 “*Segment Information*”).

The License Agreement with Rich Dad Operating Company, LLC pursuant to which we licensed the Rich Dad Education brand expired on September 30, 2019. Notwithstanding the expiration of the License Agreement, the Company may continue to use Licensed Intellectual Property, as defined in the License Agreement, including, but not limited to, the Rich Dad trademark and stylized logo, for the purpose of honoring and fulfilling orders by its customers in existence as of the date of the expiration of the Agreement.

Note 4 - Discontinued Operations

On January 27, 2021, Legacy Education Alliance Australia PTY Limited ("LEA Australia"), a wholly owned subsidiary of Legacy Education Alliance, Inc. ("LEAI"), appointed Brent Leigh Morgan and Christopher Stephen Bergin, both of the firm of Rodgers Reidy, 326 William Street, Melbourne VIC 3000 Australia, as Joint and Several Liquidators of LEA Australia, to supervise a Creditors Voluntary Liquidation of LEA Australia. Subject to the approval of the creditors of LEA Australia at a meeting held on February 23, 2021, AEDT (February 22, 2021, EST), the Joint Liquidators will wind down the business of LEA Australia and make distributions, if any, to its creditors in accordance with the applicable provisions of the Australian Corporations Act of 2001. The first meeting of creditors of LEA Australia was held on February 24, 2021, (AEDT), at which no resolutions were proposed by the creditors, no nominations for a Committee of Inspection were made, and no alternative liquidator was proposed. On March 11, 2022, the proof of debt was rejected by the Liquidator of Legacy UK and extended twenty-one days from the receipt of the notice to provide additional documentation supporting the claim to the Court of England. The additional information was submitted to the Liquidators on March 21, 2022.

On March 2, 2021, Legacy Education Alliance Holdings, Inc. the sole shareholder of Legacy Education Alliance Hong Kong Limited ("LEA Hong Kong"), a subsidiary of the Company, adopted a resolution to wind up voluntarily the affairs of LEA Hong Kong and to appoint Cosimo Borrelli and Li Chung Ngai (also known as Anson Li), both of Borrelli Walsh Limited, Level 17, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong as Joint and Several Liquidators of LEA Hong Kong. At a meeting of the creditors of LEA Hong Kong held on March 2, 2021, the creditors similarly approved the voluntary winding up of LEA Hong Kong and the appointment of Cosimo Borrelli and Li Chung Ngai (also known as Anson Li), as Joint and Several Liquidators. The Joint and Several Liquidators will wind up the business of LEA Hong Kong and make distributions, if any, to its creditors in accordance with the applicable provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong.

On March 7, 2021, Tigrent Learning Canada Inc. ("Tigrent Canada"), a wholly owned subsidiary of Legacy Education Alliance, Inc., filed an assignment in bankruptcy under section 49 of the Canada Bankruptcy and Insolvency Act (the "Act") in the Office of the Superintendent of Bankruptcy Canada, District of Ontario, Division of Toronto, Court No. 31-2718213. Also on March 7, 2021, A. Farber & Partners was appointed trustee of the estate of Tigrent Canada. The trustee will wind down the business of Tigrent Canada and make distributions, if any, to its creditors in accordance with the applicable provisions of the Act. At the First Meeting of Creditors held on March 23, 2021, the creditors of Tigrent Canada approved the appointment of A. Farber & Partners as trustee of the estate of Tigrent Canada.

On October 28, 2019, four creditors of Legacy Education Alliance International Ltd. ("Legacy UK"), one of our UK subsidiaries, obtained an order from the High Court of Justice, Business and Property Courts of England and Wales (the "English Court") with respect to the business and affairs of Legacy UK. Pursuant to the Administration Order of November 15, 2019, from the English Court, the two individuals appointed as administrators engaged a third-party to market Legacy UK's business and assets for sale to one or more third parties. On November 26, 2019, Legacy UK's assets and deferred revenues sold for £300 thousand (British pounds) to Mayflower Alliance LTD. We did not receive any proceeds from the sale of Legacy UK. Further details, including the resolution of claims and liabilities, and other information regarding the administration may not be forthcoming for several months. The impact of this transaction is reflected as a discontinued operation in the consolidated financial statements. A meeting of the Creditors deemed the decision date is scheduled for March 25, 2022.

The major classes of assets and liabilities of the entities classified as discontinued operations were as follows:

	December 31, 2021	December 31, 2020
	(in thousands)	
<i>Major classes of assets</i>		
Cash and cash equivalents	\$ -	\$ 14
Deferred course expenses	-	806
Discontinued operations-current assets	-	820
Other assets	33	34
Total major classes of assets - discontinued operations	\$ 33	\$ 854
<i>Major classes of liabilities</i>		
Accounts payable	\$ 3,638	\$ 3,698
Accrued course expenses	587	593
Other accrued expenses	439	1,582
Deferred revenue	5,181	5,413
Total major classes of liabilities - discontinued operations	\$ 9,845	\$ 11,286

The financial results of the discontinued operations are as follows:

	Years Ended December 31,	
	2021	2020
	(in thousands)	
Revenue	\$ 40	\$ 8,247
Total operating costs and expenses	907	2,910
Income (loss) from discontinued operations	(867)	5,337
Other income (expense), net	(80)	2
Income tax benefit (expense)	1,118	(1,075)
Net income from discontinued operations	\$ 171	\$ 4,264

Note 5-Property and Equipment

Property and equipment consists of the following (in thousands):

	As of December 31,	
	2021	2020
Land	\$ -	\$ -
Building and residential properties	-	-
Software	-	-
Equipment	234	234
Furniture and fixtures	-	-
Building and leasehold improvements	-	-
Property and equipment	234	234
Less: accumulated depreciation	(234)	(230)
Property and equipment, net	\$ -	\$ 4

On October 1, 2020, we sold the real property and improvements located at 1612 E. Cape Coral Parkway, Cape Coral, Florida for \$2.5 million to Daniel Thom, as Trustee of Torstonbo Trust, a Florida revocable trust. The \$1.54 million gain from the sale of the building is included in other income in the Consolidated Statement of Operations and Comprehensive Income for the year ended December 31, 2020. The Property served as our headquarters until its sale date.

On December 8, 2020, we transferred our residential properties to the joint administrators of LEA UK (see “*Litigation*” on Note 16 “*Commitments and Contingencies*”) as payment of intercompany debts. The transferred value of the properties was £291 thousand (\$363 thousand). We recorded a gain of £96 thousand (\$126 thousand) in other income in the Consolidated Statement of Operations and Comprehensive Income for the year ended December 31, 2020.

In addition to the sale of our headquarters and the disposal of our residential properties, during the year ended December 31, 2020, we disposed of all of our fully depreciated other property and equipment, and fully amortized software and other intangibles.

Depreciation expense on the property and equipment in each of the years ended December 31, 2021 and 2020 was \$4.0 thousand and \$59.0 thousand, respectively.

Note 6 - Short-Term and Long-Term Debt

(in thousands)	As of December 31, 2021	As of December 31, 2020
Senior Secured Convertible Debenture	500	-
Debt Discount	(467)	-
Senior Secured Convertible Debenture, net	33	-
Paycheck Protection Program loan	1,000	1,900
Paycheck Protection Program loan 2	1,900	-
IPFS Insurance Premium Note Payable	11	-
Total debt	2,944	1,900
Less current portion of long-term debt	(1,011)	-
Total long-term debt, net of current portion	\$ 1,933	\$ 1,900

Short-term related party debt:

<i>(in thousands)</i>	As of December 31, 2021	As of December 31, 2020
Senior Secured Convertible Debenture - related party	\$ 346	\$ -
Debt Discount-related party	(204)	-
Senior Secured Convertible Debenture - related party, net	142	-

The following is a summary of scheduled debt maturities by year (in thousands):

2022	\$ 1,153
2023	-
2024	-
2025	-
2026	1,933
Thereafter	-
Total debt	\$ 3,086

On September 13, 2018, we entered into a Promissory Note and Mortgage and Security Agreement pursuant to which we borrowed the principal amount of \$500 thousand from USA ReGrowth Fund LLC. At closing, we received \$459,269 in net proceeds after closing costs and other fees and costs. The Promissory Note, repayment of which was initially due on March 13, 2019, was issued in an aggregate principal amount of \$500 thousand and bore interest at a fixed rate of 12% per annum during the initial 120 days of the term of the Promissory Note, and a fixed rate of 30% per annum until all amounts due under the Promissory Note are paid in full. Pursuant to the Mortgage and Security Agreement, repayment of the Promissory Note is secured by a first mortgage on the property located at 1612 East Cape Coral Parkway, Cape Coral, FL 33904 (“Corporate HQ”). On March 8, 2019, we executed an extension of the maturity date to September 13, 2019. During the initial 120 days of the extension period, the Promissory Note bore interest at a fixed rate of 12% per annum and a fixed rate of 30% per annum thereafter until all amounts due thereunder are paid. On September 13, 2019, we executed a second extension of the maturity date to March 13, 2020. During the initial 120 days of the second extension period, the Promissory Note bears a fixed rate of 12% per annum and a fixed rate of 30% per annum thereafter until all amounts due thereunder are paid. The extension matured on March 13, 2020, though the lender agreed to extend the maturity date until a new Promissory Note with a different lender was obtained on August 6, 2020, on which date the outstanding principal balance and interests were paid in full. The new Promissory Note was issued in the amount of \$1.0 million, net proceeds were \$396.7 thousand after closing costs and after paying off the outstanding principal in the amount of \$500 thousand, plus accrued interest, under a Promissory Note held by USA Regrowth Fund LLC, and bore interest at a fixed rate of 12% per annum and was initially due on August 6, 2021. The new Promissory Note was fully paid off on October 1, 2020, with the proceeds on sale of the real property and improvements located at 1612 E. Cape Coral Parkway, Cape Coral, Florida for \$2.5 million. The Seller’s obligations under the Loan Documents were secured by a first mortgage on the Property. The net proceeds realized by the Seller from the sale of the Property were \$1.24 million after deductions for repayment of the Note, broker commissions, and other fees, and costs.

First Draw Paycheck Protection Program Note Agreement.

On April 27, 2020, Elite Legacy Education, Inc. (“ELE”), a subsidiary of the Company, entered into a Promissory Note in favor of Pacific Premier Bank (“PPBI”), the lender, through the Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”) established pursuant to the CARES Act. The unsecured loan (the “First Draw PPP Loan”) proceeds were in the amount of \$1,899,832. The First Draw PPP Loan matures on April 24, 2022, bears interest at a fixed rate of 1% per annum and is payable in 17 equal monthly payments of interest only and a final payment of the full principal plus interest for one month. Under the terms of the CARES Act, PPP Loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payroll costs and mortgage interest, rent or utility costs and the maintenance of employee and compensation levels.

In March 2021, ELE was notified that PPBI sold substantially all of its PPP loans, including ELE’s loan, to The Loan Source, Inc. (“TLS”), which, together with its servicing partner, ACAP SME, LLC, took over the forgiveness and ongoing servicing process for ELE’s PPP loan. On August 4, 2021, ELE received notice from TLS that its First Draw PPP Loan had been partially forgiven in the amount of \$900 thousand in principal and \$11 thousand in interest. The remaining outstanding principal balance of \$1,000 thousand is due on April 24, 2022. The interest paid as of December 31, 2021 is \$2.5 thousand and is due monthly beginning October 2021.

Senior Secured Convertible Debenture and Exercise of Conversion Rights.

On March 8, 2021, the Company issued a \$375 thousand Senior Secured Convertible Debenture (“LTP Debenture”) to Legacy Tech Partners, LLC (“LTP”), a related party. The LTP Debenture accrues interest at a rate of 10% and is due on the earlier of the occurrence of certain liquidity events with respect to the Company and March 8, 2022. The LTP Debenture may be converted at any time after the issue date into shares of the Company’s Common Stock (the “Conversion Shares”) at a price equal to \$0.05 per share. Together with each Conversion Share, a warrant will be issued with a strike price of \$0.05 per share and an expiration date of March 8, 2026 (the “Warrants”). Under the term of the original LTP Debenture, LTP had an obligation to lend the Company an additional \$625 thousand under the same terms prior to March 31, 2022, and an option to fund an additional \$4 million under the same terms prior to March 8, 2024. LTP also has the option to extend the maturity date of each loan it makes to the Company, including the initial loan of \$375 thousand for a term not to exceed four years from the original maturity date of that loan. Net proceeds were \$314 thousand after legal fees of \$61 thousand, which are included in our consolidated statement of operations for the nine months ended September 30, 2021. The LTP Debenture is secured by a lien on all the Company’s assets. The Company’s U.S. subsidiaries entered into Guaranties on March 9, 2021 in favor of LTP under which such subsidiaries guaranteed the Company’s obligations under the LTP Debenture and granted LTP a lien on all assets of such subsidiaries. The proceeds from the LTP Debenture were used to extinguish liabilities of the Company and to fund the development of the Education Technology (EdTech) business. The Warrants will not be listed for trading on any national securities exchange. The Warrants and the shares issuable upon conversion of the LTP Debenture are not being registered under the Securities Act of 1933, as amended (the “Securities Act”). The aggregate number of shares issuable upon conversion of the LTP Debenture and upon the exercise of the Warrants may not exceed 19.9% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares upon conversion of the Debenture and the exercise of the Warrants. At the Annual Meeting of Stockholders of the Company held on July 2, 2021, the stockholders approved the future issuance of shares to LTP upon conversion under the LTP Debenture in excess of the 19.9% limitation, but no such shares have been issued. On May 4, 2021, LTP exercised its conversion rights with respect to \$330 thousand of the outstanding principal at the Conversion Price resulting in the issuance of 6.6 million shares of Common Stock to LTP. In addition, an equal number of warrants were issued on June 11, 2021 (see Note 7 - “Stock Warrants”). The cash receipt date, March 10, 2021, was used for the market value of stock on measurement date, at \$0.155 per common share, resulting in the recognition of debt discount and additional paid-in capital of \$375 thousand, respectively, within the consolidated balance sheet for the year ended December 31, 2021, which represents the intrinsic value of the conversion option. The Company evaluated the convertible debenture under ASC 470-20 and recognized a debt discount of \$375 thousand related to the beneficial conversion feature during the year ended December 31, 2021, with a corresponding credit to additional paid-in capital. The related amortization of the debt discount to interest expense for year ended December 31, 2021, amounted to \$361 thousand.

On August 27, 2021, the Company amended the terms of the LTP Debenture to reduce LTP's maximum funding obligation from \$1 million to \$675 thousand and to require LTP to fund the remaining principal balance of \$300 thousand no later than October 15, 2021. On October 15, 2021, the Company received \$100 thousand of the remaining \$300 thousand funding obligation of LTP. On October 27, 2021, LTP funded the remaining funding obligation of \$200 thousand. The Company evaluated the convertible debenture under ASC 470-20 and recognized a debt discount of \$228 thousand related to the beneficial conversion feature during the year ended December 31, 2021, with a corresponding credit to additional paid-in capital. The related amortization of the debt discount to interest expense for year ended December 31, 2021, amounted to \$38 thousand.

On March 8, 2022, the Company defaulted on the March 8, 2021 LTP Debenture in the remaining amount left unconverted of \$46 thousand and \$9 thousand accrued interest. There was no acceleration of interest rate and no triggering of guarantees under the note agreement to increase any debt obligations.

Second Draw Paycheck Protection Program Note Agreement.

On April 20, 2021, Elite Legacy Education, Inc (ELE), a wholly owned subsidiary of the Company, closed on an unsecured Paycheck Protection Program Note agreement (the "Promissory Note") to borrow \$1,899,832 from Cross River Bank, the lender, pursuant to the Paycheck Protection Program ("PPP"), originally created under the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act, and extended to "Second Draw" PPP loans as described below. The PPP is intended to provide loans to qualified businesses to cover payroll and certain other identified costs. Funds from the loan may only be used for certain purposes, including payroll, benefits, rent, utilities, and certain covered operating expenses. All or a portion of the loan may be forgivable, as provided by the terms of the PPP. The Second Draw PPP Loan has an interest rate of 1.0% per annum and a term of 60 months. Payments will be deferred in accordance with the CARES Act, as modified by the Paycheck Protection Program Flexibility Act of 2020; however, interest will accrue during the deferral period. If all or any portion of the loan is not forgiven in accordance with the terms of the program, ELE will be obligated to make monthly payments of principal and interest in amounts to be calculated after the amount of loan forgiveness, if any, is determined to repay the balance of the loan in full prior to maturity. The Promissory Note contains customary events of default relating to, among other things, payment defaults and breaches of representations. ELE may prepay the loan at any time prior to maturity with no prepayment penalties. The principal balance amounted to \$1.9 million, as of December 31, 2021.

Debenture, Warrant and Guaranty Agreements, and Exercise of Conversion Rights.

On May 4, 2021, Legacy Education Alliance, Inc., a Nevada corporation (the "Company"), issued a 10% Subordinated Secured Convertible Debenture ("Subordinated Debenture") in the principal amount of \$25 thousand to Michel Botbol, the Company's Chairman and Chief Executive Officer. The Subordinated Debenture called for interest at a rate of 10% and would have been due on the earlier of the occurrence of certain liquidity events with respect to the Company and May 4, 2022. The Subordinated Debenture was convertible at any time after the issuance date into shares of the Company's Common Stock (the "Conversion Shares") at a price equal to \$0.05 per share ("Conversion Price"). Together with each Conversion Share, a warrant would be issued with a strike price of \$0.05 per share and an expiration date of May 4, 2026 (the "Warrants"). Mr. Botbol also had the option to extend the maturity date of the loan for a term not to exceed four years from the original maturity date of that loan. The Subordinated Debenture is secured by a lien on all the Company's assets subordinated to the lien granted to Legacy Tech Partners, LLC ("LTP"). The Company's U.S. subsidiaries are required to enter into Guaranties in favor of Botbol under which such subsidiaries guaranteed the Company's obligations under the Debenture and granted Botbol a lien on all assets of such subsidiaries subject to the lien held by LTP. The use of proceeds from the Debenture was to extinguish liabilities of the Company and to fund working capital, general corporate purposes and the development of administrative functions. The aggregate number of shares issuable upon conversion of the Debenture and upon the exercise of the Warrants may not exceed 19.9% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares upon conversion of the Debenture and the exercise of the Warrants. On May 4, 2021, Mr. Botbol exercised his conversion rights with respect to the entire \$25 thousand of outstanding principal at the Conversion Price resulting in the issuance of 500 thousand shares of Common Stock to him. In addition, an equal number of warrants were issued on May 4, 2021 (see Note 7 - "Stock Warrants"). The related amortization of the debt discount to interest expense for the nine-month ended September 30, 2021, amounted to \$21 thousand. The Warrants will not be listed for trading on any national securities exchange. The Warrants and the shares issuable upon conversion of the Debenture are not being registered under the Securities Act of 1933, as amended (the "Securities Act").

Senior Secured Convertible Debenture, Advisory Agreement, and Intercreditor Agreement

On August 27, 2021, the Company issued a \$500 thousand Senior Secured Convertible Debenture (GLD “Debenture”) to GLD Legacy Holdings, LLC, (GLD). The GLD Debenture accrues interest at a rate of 10% and is due on the earlier of the occurrence of certain liquidity events with respect to the Company or August 27, 2026. The GLD Debenture may be converted at any time after the issue date into shares of the Company’s Common Stock (the “Conversion Shares”) at a price equal to \$0.05 per share. Together with each Conversion Share, a warrant will be issued with a strike price of \$0.05 per share and an expiration date of August 27, 2026 (the “Warrants”). The cash receipt date, August 27, 2021, was used for the market value of stock on measurement date, at \$0.10 per common share, resulting in the recognition of debt discount and additional paid-in capital of \$500 thousand, respectively, within the consolidated balance sheet for the year ended December 31, 2021, which represents the intrinsic value of the conversion option. The Company evaluated the convertible debenture under ASC 470-20 and recognized a debt discount of \$500 thousand related to the beneficial conversion feature during the year ended December 31, 2021, with a corresponding credit to additional paid-in capital. The related amortization of the debt discount to interest expense for the year ended December 31, 2021, amounted to \$33.3 thousand. Net proceeds were \$485.2 thousand after legal fees and transaction expenses of \$14.8 thousand, which are included in our consolidated statement of operations for the year ended December 31, 2021. GLD has an option to lend the Company an additional \$500 thousand under the same terms prior to December 31, 2023. The GLD Debenture is secured by a lien on all the Company’s assets. The Company’s U.S. subsidiaries entered into Guaranties on August 27, 2021, in favor of GLD under which such subsidiaries guaranteed the Company’s obligations under the GLD Debenture and granted GLD a lien on all assets of such subsidiaries. The proceeds from the GLD Debenture were used for working capital for the development of the Company’s Legacy EdTech business and for working capital for the operation of the Company’s seminar business. The Warrants will not be listed for trading on any national securities exchange. The Warrants and the shares issuable upon conversion of the Debenture are not being registered under the Securities Act of 1933, as amended (the “Securities Act”). The aggregate number of shares issuable upon conversion of the Debenture and upon the exercise of the Warrants may not exceed 19.9% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares upon conversion of the Debenture and the exercise of the Warrants. Under the terms of the GLD Debenture, and until all of the obligations of the Company under the GLD Debenture have been paid in full, GLD may appoint one member to the Board of Directors of the Company, subject to the review and approval of the GLD appointed candidate by the Nominating and Governance Committee of the Company. In lieu of cash compensation, the GLD appointed director will receive a grant of 150,000 restricted shares of Common Stock of the Company upon appointment to the Board.

Pursuant to the terms of the GLD Debenture, on August 27, 2021, the Company entered into an Advisory Services Agreement with GLD Advisory Services, LLC, (GLDAS) an affiliate of GLD. GLDAS will provide the Company and its subsidiaries with business, finance and organizational strategy, advisory, consulting and other services related to the business of the Company. In lieu of cash compensation, on the effective date of the agreement, August 27, 2021, GLDAS received fully vested 315,000 shares of Common Stock of the Company and will receive 315,000 shares of Common Stock thereafter on each anniversary until the GLD debenture has been repaid in full.

On August 27, 2021, in connection with the GLD Debenture, the Company entered into an Intercreditor Agreement with GLD, LTP, and Barry Kostiner, a related party. LTP and GLD agreed that LTP’s and GLD’s respective rights under the LTP Debenture and GLD Debenture would rank equally and ratably in all respects to one another including, without limitation, rights in collateral, right and priority of payment and repayment of principal, interest, and all fees and other amounts. The Intercreditor Agreement also appoints Barry Kostiner as Servicing Agent to act on behalf of all GLD and LTP, subject to the terms of the agreement, with respect to (a) enforcing GLD’s and LTP’s rights and remedies, and the Company’s obligations, under the Debentures.

IPFS Premium Finance Agreement

On July 30, 2021, the Company entered into a premium finance agreement for insurance coverage in the amount of \$26 thousand at an interest rate of 5.55% for 10 months. The balance remaining as of December 31, 2021, is \$ 11 thousand.

Note 7 - Stock Warrants

On May 4, 2021, the Company issued 500,000 warrants to M. Botbol, a related party, in connection with conversion of a 10% subordinated convertible debenture in the amount of \$25,000 (see Note 6 - “Short-Term and Long-Term Debt”). The warrants entitle the holder to purchase one share of common stock at an exercise price of \$0.05 per share at any time on or after the inception date, May 4, 2021, through May 4, 2026, the expiration date. The warrants will not be listed for trading on any national securities exchange.

On June 11, 2021, the Company issued 6,583,500 warrants to Legacy Tech Partners, LLC (LTP), a related party, in connection with conversion of a 10% subordinated convertible debenture in the amount of \$330,000 of outstanding principal (see Note 6 - “Short-Term and Long-Term Debt”). The warrants entitle the holder to purchase one share of common stock at an exercise price of \$0.05 per share at any time on or after the inception date, June 11, 2021, through March 8, 2026, the expiration date. The warrants are not listed for trading on any national securities exchange.

A summary of the warrant activities for the year ended December 31, 2021, is as follows:

	Warrants Outstanding			
	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (in 000's) ¹
Balance as of January 1, 2021	-	-	-	-
Granted	7,083,500	\$ 0.05	-	-
Balance as of December 31, 2021	7,083,500	\$ 0.05	4.3	79
Exercisable as of December 31, 2021	7,083,500	\$ 0.05	4.3	79

¹ The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying warrants and the closing stock price of \$0.0612 for our common stock on December 31, 2021.

Note 8- Share-Based Compensation

The 2015 Incentive Plan, our equity plan, was approved by the stockholders at our annual meeting of stockholders on July 16, 2015. The 2015 Incentive Plan reserves 5,000,000 shares of our Common Stock for stock options, restricted stock, and a variety of other types of equity awards. We believe that long-term incentive compensation programs align the interests of management, employees and the stockholders to create long-term stockholder value. We believe that equity-based incentive compensation plans, such as the Incentive Plan, increase our ability to achieve this objective, and, by allowing for several different forms of long-term equity-based incentive awards, help us to recruit, reward, motivate and retain talented employees and other service providers. The text of the 2015 Incentive Plan is included in the attachment marked as Appendix B to our Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on June 16, 2015.

During the year ended December 31, 2021, pursuant to the 2015 Incentive Plan, we awarded 550,000 shares of restricted stock to the independent members of the Board of Directors, which are subject to a two-year cliff vesting. The grant date price per share was \$0.06 for a total grant date fair value of \$34.7 thousand. In addition, we granted 1,735,000 shares of restricted stock to employees, which are subject to three-year cliff vesting. During the year ended December 31, 2021, 945,000 restricted employee shares were forfeited. The grant price per share was \$.06 for a total fair grant value of \$49.8 thousand. We also granted 100,000 shares each of restricted stock to three external consultants for a total of 300,000 shares, which were fully vested at a grant date. The grant date price per share was \$0.06 for a total grant date fair value of \$6.3 thousand. We granted another 315,000 shares of restricted stock to an external consultant, which were fully vested at the grant date. The grant date price per share \$.10 for a total grant date fair value of \$31.5 thousand.

During the year ended December 31, 2020, pursuant to the 2015 Incentive Plan, we awarded 80,000 shares of restricted stock to the independent members of the Board of Directors, which are subject to a two-year cliff vesting. The grant date price per share was \$0.10 for a total grant date fair value of \$8.0 thousand. We also granted 100,000 shares of restricted stock to an external consultant in the amount of 100,000, which were fully vested at a grant date. The grant date price per share was \$0.07 for a total grant date fair value of \$7.0 thousand.

The following table reflects the activity of the restricted shares:

Restricted Stock Activity (in thousands)	Number of shares	Weighted average grant date value
Unvested at December 31, 2019	456	\$ 0.25
Granted	180	0.08
Forfeited	(64)	0.28
Vested	(480)	0.20
Unvested at December 31, 2020	92	\$ 0.11
Granted	2,900	0.07
Forfeited	(945)	0.06
Vested	(1,257)	0.08
Unvested at December 31, 2021	790	\$ 0.06

Compensation Expense and Related Valuation Techniques

We account for share-based awards under the provisions of ASC 718, "Share-Based Payment," which established the accounting for share-based awards exchanged for employee and non-employee services. Accordingly, share-based compensation cost is measured at the grant date based on the fair value of the award and we expense these costs using the straight-line method over the requisite service period. Unrecognized compensation expense associated with unvested share-based awards, consisting entirely of unvested restricted stock, was \$50 thousand and \$10 thousand at December 31, 2021 and 2020, respectively. This cost is expected to be recognized over a weighted-average period of 2.3 years.

Our stock-based compensation expense was \$122 thousand and \$23 thousand in the years ended December 31, 2021 and 2020, respectively, and is included in general and administrative expenses in the accompanying Consolidated Statements of Operations and Comprehensive Income. There were no related income tax effects in either year.

Note 9-Employee Benefit Plan

We have a 401(k)-employee savings plan for eligible employees that provides for a matching contribution from us, determined each year at our discretion. We provided for a matching contribution of \$55.0 thousand and \$0.1 million during the years ended December 31, 2021 and 2020, respectively.

Note 10-Income Taxes

We recognize deferred tax assets and liabilities, at enacted income tax rates, based on the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. We include any effects of changes in income tax rates or tax laws in the provision for income taxes in the period of enactment. When it is more likely than not that a portion or all of the deferred tax asset will not be realized in the future, we provide a corresponding valuation allowance against the deferred tax asset.

Our sources of income (loss) and income tax provision (benefit) are as follows (in thousands):

	Years ended December 31,	
	2021	2020
Income/(loss) from continuing operations before income taxes:		
U.S.	\$ (1,211)	\$ 12,367
Non-U.S.	1,190	2,261
Total income/(loss) from continuing operations before income taxes:	<u>\$ (21)</u>	<u>\$ 14,628</u>
Provision (benefit) for taxes:		
Current:		
Federal	\$ (887)	\$ 2,037
State	244	347
Non-U.S.	-	81
Total current	<u>(643)</u>	<u>2,465</u>
Deferred:		
Federal	1,139	126
State	220	5
Non-U.S.	-	287
Total deferred	<u>1,359</u>	<u>418</u>
Noncurrent		
Federal	-	-
State	-	-
Non-U.S.	-	-
Total noncurrent	<u>-</u>	<u>-</u>
Total income tax expense	<u>\$ 716</u>	<u>\$ 2,883</u>
Effective income tax rate	<u>(3,409.5)%</u>	<u>19.7%</u>

The difference between the tax provision at the statutory federal income tax rate and the tax provision attributable to income (loss) from continuing operations before income taxes is as follows (in thousands):

	Years ended December 31,	
	2021	2020
Computed expected federal tax benefit (expense)	\$ (4)	\$ 3,072
(Decrease) Increase in valuation allowance	-	(1,098)
State income, net of federal benefit	367	278
Non-U.S. income taxed at different rates	(196)	322
Intercompany Gain	738	-
Unrecognized tax benefits	-	309
Other	(189)	-
Income tax expense	<u>\$ 716</u>	<u>\$ 2,883</u>

We recorded income tax expense of \$0.7 million and \$2.9 million for the years ended December 31, 2021 and 2020, respectively, a \$2.2 million decrease in income tax expense.

We do not expect to repatriate earnings from its foreign subsidiaries because the cumulative earnings and profits of the foreign subsidiaries as of December 31, 2021 and 2020 are negative. Accordingly, no U.S. federal or state income taxes have been provided thereon.

Deferred income tax assets and liabilities reflect the net tax effects of (i) temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts for income tax purposes and (ii) operating loss carryforwards. The tax effects of significant components of our deferred tax assets and liabilities are as follows (in thousands):

	As of December 31,	
	2021	2020
Deferred tax assets:		
Net operating losses	\$ 136	\$ 1,357
Depreciation	-	(1)
Valuation allowance	-	(1,331)
Total deferred tax assets	\$ 136	\$ 25
Deferred tax liabilities:		
Deferred course expenses	\$ (34)	\$ (159)
Intercompany Debts	(1,595)	-
Total deferred tax liabilities	(1,629)	
Net deferred tax asset (liability)	\$ (1,493)	\$ (134)

We have retained a full valuation allowances of \$3.5 million against the deferred tax assets of our Australian, Canadian, U.K., Hong Kong, and South Africa subsidiaries as of December 31, 2021. We have retained full valuation allowances of \$3.6 million against the deferred tax assets of our Australian, Canadian, U.K., Hong Kong, and South Africa subsidiaries as of December 31, 2020. The most significant negative factor that was considered in determining whether a valuation allowance was required is a cumulative recent history of losses in all jurisdictions for the entities mentioned above.

We had zero balance of federal net operating loss carryforwards as of December 31, 2021 and 2020. As of December 31, 2021, and 2020, we had approximately \$15.1 million and \$16.5 million of foreign net operating loss carryforwards, respectively, and approximately \$2.9 million and \$0.3 million of state net operating loss carryforwards, respectively. The foreign loss carryforwards begin to expire in 2027 and the state net operating loss carryforwards begin to expire in 2038.

Our federal income tax returns for the years after 2017 are subject to examination by the Internal Revenue Service. Our state tax returns for all years after 2017 or 2016, depending on each state's jurisdiction, are subject to examination. In addition, our Canadian tax returns and United Kingdom tax returns for all years after 2013 are subject to examination.

The liability pertaining to uncertain tax positions was \$0.3 million at December 31, 2021 and 2020. In accordance with GAAP, we recorded expense that increased the total liability pertaining to uncertain tax positions which was more than offset by a decrease in the total liability attributable to foreign currency fluctuations and tax rate adjustments. A significant portion of the liability pertaining to uncertain tax positions is recorded as a reduction of the value of net operating loss carryovers.

We include interest and penalties in the liability for uncertain tax positions. Accrued interest and penalties on uncertain tax positions were approximately \$0.04 million at December 31, 2021 and 2020, for each year, and is included in other liabilities in the accompanying Consolidated Balance Sheets. If applicable, we recognize interest and penalties related to uncertain tax positions as tax expense.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits:

	As of December 31,	
	2021	2020
Unrecognized tax benefits - January 1	\$ 309	\$ 309
Gross increases - tax positions in prior period	-	-
Gross decreases - tax positions in prior period	-	-
Unrecognized tax benefits - December 31	\$ 309	\$ 309

The total liability for unrecognized tax benefits at December 31, 2021, is included in other liabilities in the Consolidated Balance Sheets. The total liability for unrecognized tax benefits at December 31, 2021 and 2020, are as follows:

	As of December 31,	
	2021	2020
Reduction of net operating loss carryforwards	\$ -	\$ -
Noncurrent tax liability (reflected in Other long-term liabilities)	309	309
Total liability for unrecognized tax benefits	\$ 309	\$ 309

We do not expect any significant changes to unrecognized tax benefits in the next year. We estimate \$0.3 million of the unrecognized tax benefits, if recognized, would impact the effective tax rate at December 31, 2021 and 2020.

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into law on March 27, 2020. The CARES Act included several provisions that provide economic relief for individuals and businesses. The CARES Act, among other things, included tax provisions relating to refundable payroll tax credits, the deferral of employer's social security payments, and modifications to net operating loss carryback provisions. On December 27, 2020, the Consolidated Appropriations Act of 2021 (the "CAA"), which includes the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act and the American Rescue Plan Act of 2021, was signed into law and provided further COVID-19 economic relief with an expansion of the employee retention credit. In March 2021, the Internal Revenue Service ("IRS") released Notice 2021-20, which retroactively eliminated the restriction that prevented employers who received a PPP loan from qualifying for the Employee Retention Credit ("ERC"), which is a refundable tax credit against certain employment taxes. Upon determination that the employer has complied with all of the conditions required to receive the credit, a receivable is recognized, and the credit reduces payroll expense. In connection with the CARES Act, the Company adopted a policy to recognize the employee retention credit when earned. For the year ended December 31, 2021, we determined that we qualify for the employee retention credit as it relates to wages paid during the twelve months ended December 31, 2020, as well as wages paid during the first, second, and third fiscal quarters of 2021. As a result, we recorded a net benefit of \$292 thousand to the employee retention credit as a reduction to payroll expense for the year ended December 31, 2021 and recorded a gross receivable of \$292 thousand within Prepaid expenses and other current assets as of December 31, 2021. On March 11, 2022 the Company received \$201 thousand of the accrued balance.

Note 11-Certain Relationships and Related Transactions

Licensing Agreements with the T&B Seminars, Inc

On December 23, 2019, we entered into an agreement with T&B Seminars Inc. to develop and operate a seminar style education business (subsequently branded *Homemade Investor by Tarek El Moussa*) (“Development Agreement”) that will use, among other things, the names, images, and likenesses of Tarek El Moussa to market and sell customers real estate investing oriented education products. T&B granted us a sole and exclusive worldwide license to certain intellectual property, including, certain trademarks and copyrights and the name, image and likeness of Tarek El Moussa, in each case to the extent necessary for us to develop and create educational materials and promote and conduct a branded real estate seminar style education business.

As consideration for the licensed rights under the Development Agreement, Holdings agreed to pay T&B base royalty percentages on cash sales of products to persons responding to a branded marketing campaign that uses the licensed intellectual property. Also, as consideration for Tarek El Moussa providing certain marketing support, Holdings agreed to pay T&B marketing royalty percentages on cash sales of products at live events and at online webinars to persons responding to a branded marketing campaign that uses the licensed intellectual property. Furthermore, as consideration for the exclusivity of the rights under the Development Agreement, commencing on the seventh month of the term of the Development Agreement, Holdings agreed that the monthly royalties paid to T&B will not be less than an agreed to amount.

The Development Agreement has an initial term of five years and will automatically renew thereafter for successive five-year terms unless either party provides prior written notice of termination no less than 90 days prior to the end of such five-year term. In November 2020, we suspended conducting *Homemade Investor by Tarek El Moussa* sales events to focus on our proprietary brand.

We do not expect to generate significant revenues under this license going forward as we continue to fulfill student contracts.

Note 12-Capital Stock

Share Capital

Our authorized share capital consists of 200,000,000 shares of Common Stock, par value \$0.0001 per share, and 20,000,000 shares of preferred stock, par value \$0.0001 per share.

Common Stock

As of December 31, 2021, 33,917,697 shares of our Common Stock were outstanding. The outstanding shares of our Common Stock are validly issued, fully paid and non-assessable.

Holders of Common Stock are entitled to one vote for each share on all matters submitted to a stockholder vote. Holders of Common Stock do not have cumulative voting rights. Directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. The vote of the stockholders of a majority of the stock having voting power present in person or represented by proxy shall be sufficient to decide any questions brought before such meeting, other than the election of directors, unless the question is one upon which by express provision of the statutes or of the Articles of Incorporation, a different vote is required in which case such express provisions shall govern and control the decision of such question. Holders of Common Stock representing ten percent (10%) of our capital stock issued, outstanding and entitled to vote, represented in person or by proxy, are necessary to constitute a quorum at any meeting of stockholders.

Holders of our Common Stock are entitled to share in all dividends that our Board of Directors, in its discretion, declares from legally available funds. In the event of a liquidation, dissolution or winding up, each outstanding share entitles its holder to participate pro rata in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over the Common Stock. The Common Stock has no pre-emptive, subscription or conversion rights and there are no redemption provisions applicable to the Common Stock.

In addition, our authorized but unissued common shares could be used by our Board of Directors for defensive purposes against a hostile takeover attempt, including (by way of example) the private placement of shares or the granting of options to purchase shares to persons or entities sympathetic to, or contractually bound to support, management. We have no such present arrangement or understanding with any person. However, our Common Stock have been reserved for issuance upon exercise of stock purchase rights designed to deter hostile takeovers, commonly known as a “poison pill.”

On February 15, 2017, we adopted a limited duration Shareholder Rights Plan (the “Plan”). Under the Plan, one preferred stock purchase right will be distributed for each share of common stock held by stockholders of record on March 2, 2017. The rights will trade with the common stock and will not be separable or exercisable until such time as the Plan is triggered. The Plan was scheduled to expire on February 15, 2019, subject to our right to extend such date, unless we redeemed or exchanged earlier or terminated.

On November 12, 2018, the Board of Directors approved an amendment to the Rights Agreement dated as of February 16, 2017 by and between us and VStock Transfer LLC (VStock), as Rights Agent (the “Rights Agreement”), to (i) extend the Final Expiration Date, as defined in the Rights Agreement, to the close of business on February 15, 2021, and (ii) to provide for the construction of the Rights Agreement and all other related documents in a manner consistent with the extension of the Final Expiration Date.

On November 25, 2019, we entered into an assumption agreement with Broadridge Corporate Issuer Solutions, Inc. (Broadridge), whereby Broadridge assumes the role of Rights Agent under the Rights Agreement, effectively replacing VStock as Rights Agent.

On February 12, 2021, the Board of Directors approved an amendment to the Rights Agreement dated as of February 16, 2017 by and between the Company and Broadridge Corporate Issuer Solutions, Inc., successor to VStock, as Rights Agent, to (i) extend the Final Expiration Date, as defined in the Rights Agreement, to the close of business on February 15, 2023, and (ii) to provide for the construction of the Rights Agreement and all other related documents in a manner consistent with the extension of the Final Expiration Date.

The extension of the Final Expiration Date under the Rights Agreement was entered into to ensure that the Board of Directors would continue to have sufficient time to consider any proposal from a third party that might result in a change in control of the Company, to ensure that all stockholders receive fair and equal treatment in the event of any such a proposal, and to encourage any potential acquirer to negotiate with the Board of Directors. In addition, extending the Rights Agreement will guard against partial tender offers, open market accumulations and other coercive tactics aimed at gaining control of the Company without paying all stockholders a full control premium for their shares. The Rights Agreement was not amended in response to any specific takeover offer.

On November 18, 2021, the Company entered into a Stock Purchase and Option Agreement (the “Purchase Agreement”) with Mayer and Associates, LLC pursuant to which Mayer purchased (i) 1,600,000 shares of common stock of the Company for a total aggregate price of \$160.00, or \$0.0001 per share and (ii) in exchange for an aggregate purchase price of \$13,840, an option to purchase, from time to time, up to an additional 138,400,000 shares of common stock. The Option is exercisable at a per share exercise price of, for the first 18,400,000 option shares, \$0.0001, and \$0.05833 for the remaining option shares. Mayer’s option to purchase the option shares shall expire on November 18, 2023. Mayer’s right to acquire any of the option shares is subject to limitation so that no time may Mayer beneficially own more than 4.99% (or 9.99% under certain circumstances) of the total issued and outstanding shares of Company’s common stock. The option price is subject to adjustments upon the occurrence of certain events as more fully described in the Purchase Agreement. The purchase shares and option shares are subject to piggyback registration rights under the Purchase Agreement. The issuance of the purchase shares and proposed issuance of the option shares have not been registered under the Securities Act of 1933 (The “Securities Act”) in reliance on the exemption.

Preferred Stock

As of December 31, 2021 and 2020, no shares of our preferred stock were outstanding.

Our authorized preferred stock is “blank check” preferred. Accordingly, subject to limitations prescribed by law, our Board is expressly authorized, at its discretion, to adopt resolutions to issue shares of preferred stock of any class or series, to fix the number of shares of any class or series of preferred stock and to change the number of shares constituting any series and to provide for or change the voting powers, designations, preferences and relative, participating, optional or other special rights, qualifications, limitations or restrictions thereof, including dividend rights (including whether the dividends are cumulative), dividend rates, terms of redemption (including sinking fund provisions), redemption prices, conversion rights and liquidation preferences of the shares constituting any series of the preferred stock, in each case without any further action or vote by our stockholders.

Note 13-Earnings Per Share (“EPS”)

Basic EPS is computed by dividing net income by the basic weighted-average number of shares outstanding during the period.

Diluted EPS is computed by dividing net income by the diluted weighted-average number of shares outstanding during the period and, accordingly, reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options, were exercised, settled or converted into common stock and were dilutive. The diluted weighted-average number of shares used in our diluted EPS calculation is determined using the treasury stock method.

Unvested awards of share-based payments with rights to receive dividends or dividend equivalents, such as our restricted stock awards, are considered to be participating securities, and therefore, the two-class method is used for purposes of calculating EPS. Under the two-class method, a portion of net income is allocated to these participating securities and is excluded from the calculation of EPS allocated to common stock. Our restricted stock awards are subject to forfeiture and restrictions on transfer until vested and have identical voting, income and distribution rights to the unrestricted common shares outstanding.

Our weighted average unvested restricted stock awards outstanding were 1,448,992 and 153,612 for the years ended December 31, 2021 and 2020, respectively.

Weighted average unvested restricted stock awards outstanding for the year ended December 31, 2021 were not included in the computation of our diluted EPS, as inclusion would have been anti-dilutive, however for the year ended December 31, 2020, they were included as they would have been dilutive.

The calculations of basic and diluted EPS are as follows:

	Years Ended December 31, 2021			Years Ended December 31, 2020		
	Net Loss	Weighted Average Shares Outstanding	Loss Per Share	Net Income	Weighted Average Shares Outstanding	Earnings Per Share
	(in thousands, except per share data)			(in thousands, except per share data)		
<i>Basic:</i>						
As reported	\$ (566)	29,187		\$ 16,009	23,230	
Amounts allocated to unvested restricted shares and warrants	-	-		(106)	(154)	
Amounts available to common stockholders	\$ (566)	29,187	\$ (0.02)	\$ 15,903	23,076	\$ 0.69
<i>Diluted:</i>						
Amounts allocated to unvested restricted shares	-	-		106	154	
Stock warrants	-	-		-	-	
Incremental shares to be issued for convertible note - related party	-	-		-	-	
Amounts reallocated to unvested restricted shares	-	-		(107)	-	
Amounts available to stockholders and assumed conversions	\$ (566)	29,187	\$ (0.02)	\$ 15,902	23,230	\$ 0.69

Note 14-Fair Value Measurements

ASC 820, "Fair Value Measurements and Disclosures" defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements about fair value measurements. ASC 820 requires entities to, among other things, maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

ASC 820 defines fair value as the exchange 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.

ASC 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions.

In accordance with ASC 820, these two types of inputs have created the following fair value hierarchy:

- Level 1-Inputs that are quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2-Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability, including:
 - Quoted prices for similar assets or liabilities in active markets
 - Quoted prices for identical or similar assets or liabilities in markets that are not active
 - Inputs other than quoted prices that are observable for the asset or liability
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means; and
- Level 3-Inputs that are unobservable and reflect our assumptions used in pricing the asset or liability based on the best information available under the circumstances (e.g., internally derived assumptions surrounding the timing and amount of expected cash flows).

The Company does not have any financial assets or liabilities measured and recorded at fair value on our consolidated balance sheets on a recurring basis as of December 31, 2021 and 2020.

Financial Instruments. Financial instruments consist primarily of cash and cash equivalents, accounts payable, deferred course expenses, accrued expenses, deferred revenue, and debt. U.S. GAAP requires the disclosure of the fair value of financial instruments, including assets and liabilities recognized in the balance sheets. Management believes the carrying value of its financial instruments approximates their fair value either due to the length of maturity of these instruments or due to interest rates that approximate prevailing market rates.

Note 15- Segment Information

We manage our business in three segments based on geographic location for which operating managers are responsible to the Chief Executive Officer. These segments include: (i) North America, (ii) United Kingdom, and (iii) Other Foreign Markets. Operating results, as reported below, are reviewed regularly by our Chief Executive Officer, or Chief Operating Decision Maker ("CODM") and other members of the executive team.

The proportion of our total revenue attributable to each segment is as follows:

As a percentage of total revenue	Years Ended December 31,	
	2021	2020
North America	65.1%	91.1%
U.K.	34.9%	3.3%
Other foreign markets	-%	5.6%
Total consolidated revenue	100.0%	100.0%

Operating results for the segments are as follows:

Segment revenue	Years Ended December 31,	
	2021	2020
	(In thousands)	
North America	\$ 5,021	\$ 23,596
U.K.	2,689	846
Other foreign markets	-	1,472
Total consolidated revenue	\$ 7,710	\$ 25,914

Segment gross profit contribution *	Years Ended December 31,	
	2021	2020
	(In thousands)	
North America	\$ 1,586	\$ 15,631
U.K.	2,194	802
Other foreign markets	-	1,319
Total consolidated gross profit	\$ 3,780	\$ 17,752

* Segment gross profit is calculated as revenue less direct course expenses, advertising and sales expenses and royalty expense.

Depreciation and amortization expenses	Years Ended December 31,	
	2021	2020
	(In thousands)	
North America	\$ 2	\$ 45
U.K.	2	14
Other foreign markets	-	-
Total consolidated depreciation and amortization expenses	\$ 4	\$ 59

Segment identifiable assets	December 31,	
	2021	2020
	(In thousands)	
North America	\$ 1,348	\$ 3,834
U.K.	126	1,266
Other foreign markets	175	192
Total consolidated identifiable assets	\$ 1,649	\$ 5,292

Our long-lived assets in the U.S. were approximately \$4.0 thousand for the year ended December 31, 2020. We had no long-lived assets in the U.S. as at December 31, 2021. We had no international long-lived assets for the same periods.

Note 16-Commitments and Contingencies

Licensing agreements.

We are committed to pay royalties for the usage of certain brands, as governed by various licensing agreements, including T&B Seminars, Inc., and Rich Dad. There were no royalty expenses included in our Consolidated Statement of Operations and Comprehensive Income for the years ended December 31, 2021 and 2020, respectively. Our License Agreement with our Rich Dad brand licensor expired on September 30, 2019. Notwithstanding the expiration of the License Agreement, the Company may continue to use the Licensed Intellectual Property, as defined in the License Agreement, including, but not limited to, the Rich Dad trademark and stylized logo, for the purpose of honoring and fulfilling orders by its customers in existence as of the date of the expiration of the agreement.

Purchase commitments. From time to time, the Company enters into non-cancellable commitments to purchase professional services, Information Technology licenses and support, and training courses in future periods. There were no purchase commitments made by the Company at December 31, 2021 and 2020, respectively.

Litigation.

We and certain of our subsidiaries, from time to time, are parties to various legal proceedings, claims and disputes that have arisen in the ordinary course of business. These claims may involve significant amounts, some of which would not be covered by insurance.

Tranquility Bay of Pine Island, LLC v. Tigrent, Inc., et al. On March 16, 2017, suit was filed in the Twentieth Judicial Circuit In and For Lee County, Florida (the “Court”) by Tranquility Bay of Pine Island, LLC (“TBPI”) against Tigrent Inc. and various of its present and former shareholders, officers and directors. By amendment dated May 24, 2019, the Company and its General Counsel and former Chief Executive Officer were named as defendants to a civil conspiracy count. The suit, as originally filed, primarily related to the alleged obligation of Tigrent to indemnify the Plaintiff pursuant to an October 6, 2010 Forbearance Agreement. The suit, as originally filed, included claims for Breach of Contract, Permanent and Temporary Injunction, Breach of Fiduciary Duty, Civil Conspiracy, Tortious Interference and Fraudulent Transfer. On March 20, 2019, the Court dismissed the complaint in its entirety with leave to amend. On April 11, 2019, TBPI filed its Second Amended Complaint with the Court against Tigrent Inc. (“Tigrent”), Legacy Education Alliance Holdings, Inc. (“Holdings”), and certain shareholders of the Company. The Second Amended Complaint included claims for Breach of Contract, Breach of Fiduciary Duty against Tigrent, Civil Conspiracy against Tigrent and Holdings, and various Counts of Fraudulent Transfer against various shareholders of the Company. On May 24, 2019, with leave from the court, TBPI filed its Third Amended Complaint, which included claims for Breach of Contract against Tigrent, Breach of Fiduciary Duty against Tigrent, Damages for Violation of Unfair and Deceptive Business Practices Act against Tigrent, Civil Conspiracy against Tigrent and Holdings, and various Counts of Fraudulent Transfer against various shareholders of Tigrent, including the Company’s current General Counsel, James E. May. On June 23, 2020, the Court entered summary judgment in favor of Tigrent with respect to TBPI’s claims against Tigrent alleging (i) breach of fiduciary duty, (ii) violation of the Florida Deceptive and Unfair Trade Practices Act, and (iii) indemnification against certain attorney’s fees claimed to have been incurred by TBPI. On September 17, 2020, the Court (i) granted summary judgment in favor of Tigrent and Holdings on TBPI’s claim for conspiracy; (ii) denying TBPI’s motion for summary judgment against Tigrent in which TBPI sought a declaration by the Court that claims against TBPI in a lawsuit to which neither Tigrent nor Holdings is a party (“Third Party Lawsuit”) were within the scope of Tigrent’s indemnity obligations under the Forbearance Agreement; and (iii) denying TBPI’s motion for summary judgment in which TBPI sought a declaration by the Court that TBPI’s attorney’s fees incurred the Third Party Lawsuit were also within the scope of Tigrent’s indemnity obligations under the Forbearance Agreement. On August 18, 2020, TBPI voluntarily dismissed all shareholder defendants, other than Mr. May and Steven Barre, Tigrent’s former Chief Executive Officer. On January 4, 2021, a Settlement Agreement and Mutual Release was entered into by and between TBPI, M. Barry Strudwick, Carl Weiss and Susan Weiss (the “Strudwick Parties”) and Tigrent Inc., Legacy Education Alliance, Inc., Legacy Education Alliance Holdings, Inc., Mr. May, and Steven Barre (Defendants) pursuant to which the Strudwick Parties agreed to dismiss the lawsuit with prejudice against all parties and the Company agreed to pay the aggregate sum of \$400 thousand payable in one installment of \$100 thousand on February 18, 2021 and five quarterly installments of \$60 thousand commencing on May 19, 2021, which the Company has accrued for within accounts payable as of December 31, 2021, and within accounts payable and other long-term liability for the current and long-term portions as of December 31, 2021, within the Consolidated Balance Sheets. The parties also exchanged mutual releases as part of the Settlement Agreement. The lawsuit was dismissed by order of the Court on January 12, 2021. Through December 31, 2021, the Company has paid \$280 thousand of the total settlement.

In the Matter of Legacy Education Alliance International, Ltd. On October 28, 2019, an Application for Administration was filed in the High Court of Justice, Business and Property Courts of England and Wales (the “English Court”), whereby four creditors of Legacy Education Alliance, International Ltd (“Legacy UK”), one of our UK subsidiaries, sought an administration order with respect to the business affairs of the subsidiary, the appointment of an administrator, and such other ancillary orders as the applicants may request or as the court deemed appropriate. On November 15, 2019, the creditors obtained an Administration Order from the English Court. Under the terms of the Administration Order, two individuals have been appointed as administrators of Legacy UK and will manage Legacy UK and operate its affairs, business and property under the jurisdiction of the English Court. The administrators engaged a third-party to market Legacy UK’s business and assets for sale to one or more third parties. On November 26, 2019, Legacy UK’s assets and deferred revenues sold for £300 thousand (British pounds) to Mayflower Alliance LTD. We will not receive any proceeds from the sale of Legacy UK. On November 19, 2020, the administrators filed notice of their proposal to move from administration to a creditors’ voluntary liquidation and on December 9, 2020, notice was filed with Companies House that Paul Zalkin and Nicholas Simmonds were appointed as liquidators of Legacy UK to commence its winding up. Further details regarding the resolution of claims and liabilities may not be known for several months. Because there are a number of intercompany relationships between the Company and Legacy UK, the financial impact of any future claims in relation to the administration and disposition of Legacy UK, outside of those included in the discontinued operations of Legacy UK (see Note 4 “Discontinued Operations”), is unknown to us at this time, as is the timing and other conditions and effects of the administrative process. On December 8, 2020 we paid \$390.6 thousand in cash and transferred our residential properties in the value of \$363 thousand as settlement of intercompany debts of two of our subsidiaries, LEAI Property Development UK, Ltd. and LEAI Property Investment UK, Ltd., totaling \$924 thousand to Legacy UK.

In the Matter of Elite Legacy Education UK Ltd. On March 18, 2020, a Winding-Up Petition, CR-2020-001958, was filed in the High Court of Justice, Business and Property Courts of England and Wales (the “High Court”) against one of our UK subsidiaries, Elite Legacy Education UK Ltd. (“ELE UK”), by one of its creditors (“Petitioner”) pursuant to which the Petitioner was claiming a debt of £461,459.70 plus late payment interest and statutory compensation was due and owing. The Petitioner sought an order from the High Court to wind up the affairs of ELE UK under the UK Insolvency Act of 1986. ELE UK has disputed the claim of the Petitioner and on June 11, 2020, ELE UK obtained a court order vacating the hearing on the Petition originally set for June 24, 2020. On July 24, 2020, the High Court entered an order finding that there was a genuine dispute on substantial grounds with respect to £392,761.70 of the Petitioner’s claim, and that only £68,698 plus late payment interest and statutory compensation was due and owing. The High Court further restrained the Petitioner from advertising its Winding-Up Petition until August 14, 2020 and, provided ELE UK pays the Petitioner the sums awarded under the High Court’s order, plus late payment interest and statutory compensation on or before August 14, 2020, the Petitioner’s Winding-Up Petition would be dismissed. On August 10, 2020, ELE UK filed its Notice of Appeal in which it sought permission to appeal the High Court’s ruling. On October 23, 2020, the Court denied ELE UK permission to appeal whereupon ELE UK filed an application to renew its application for permission to appeal (“Renewal Application”), which Renewal Application would be heard at a subsequent Oral Hearing on a date not yet determined. On October 27, 2020, ELE UK filed an application with the High Court of Appeal, Royal Courts of Justice (“Court of Appeals”) for a hearing to renew its application for permission to appeal the High Court’s order and a hearing was set for February 11, 2021. On October 30, 2020, the High Court entered a Consent Order restraining Petitioner from advertising its Winding Up Petition until ELE UK’s Renewal Application is determined at the Oral Hearing or until further order of the Court, whichever is earlier. At a hearing held on December 16, 2020, the High Court issued an order lifting the restraint on advertising the petition for a winding up order and that the matter be listed on January 13, 2021 for winding up and awarding costs to the creditor. However, at a meeting held on January 11, 2021 (“Creditors’ Meeting”), the creditors of Elite Legacy Education UK Ltd (“ELE UK”), a wholly owned subsidiary of Legacy Education Alliance, Inc. (“LEAF”), approved a Proposal for a Company Voluntary Arrangement (the “Arrangement”) under the UK Insolvency Act 1986 (the “IA”) and the UK Insolvency Rules 2016 (the “IR”). As a result, the Petitioner’s claims will be administered under the terms of the CVA and, at the request of ELE UK, the hearing on its application to renew its appeal of the High Court’s order was lifted.

Other Legal Proceedings.

In the Matter of Elite Legacy Education UK Ltd., Proposal for a Company Voluntary Arrangement. At a meeting held on January 11, 2021 (“Creditors’ Meeting”), the creditors of Elite Legacy Education UK Ltd (“ELE UK”), a wholly owned subsidiary of Legacy Education Alliance, Inc. (“LEAF”), approved a Proposal for a Company Voluntary Arrangement (the “CVA”) under the UK Insolvency Act 1986 (the “IA”) and the UK Insolvency Rules 2016 (the “IR”). Under the terms of the CVA, CVR Global LLP has been appointed as Supervisor of ELE UK for the purposes of administering the Arrangement. At the Creditors Meeting, the creditors also approved a modification to the CVA whereby any tax refunds due to ELE UK would be paid to the Supervisor and made available for distribution to creditors. The Supervisor will wind down the business of ELE UK and make distributions to ELE UK’s non-student creditors in accordance with the applicable provisions of the IA and the IR, on and subject to the terms and conditions set forth in the CVA in satisfaction of the non-student creditors’ respective claims against ELE UK. Pursuant to the CVA, student creditors of ELE UK were provided the opportunity to receive trainings from an independent training provider in satisfaction of their respective claims against ELE UK; as a result, all obligations of ELE UK to student creditors have been satisfied. Pursuant to the CVA, and at its conclusion, the remaining assets of ELE UK, if any, would be distributed to LEAF. As a result of the CVR, the Winding-Up Petition, CR-2020-001958, filed in the High Court of Justice, Business and Property Courts of England and Wales has been dismissed. At this time, LEAF management is unable to anticipate any distributions that would be received from ELE UK.

Mr. Kostiner, our Chairman, Chief Executive Officer, and Interim Principal Financial and Accounting Officer is a named defendant in three legal proceedings which are described below.

In Re Argon Credit, LLC, et al., Debtors, Case No. 16-39654 (U.S. Bankruptcy Court Northern District of Illinois Eastern Division).

On December 16, 2016, Argon Credit, LLC and Argon X, LLC (collectively the “Debtors”) filed petitions for relief under chapter 11 of title 11 of the United States Code. On January 11, 2017, Debtors’ bankruptcy cases were converted to chapter 7 cases. On December 14, 2018, the chapter 7 trustee filed an adversary proceeding as case number 18-ap-00948 (the “Bankruptcy Complaint”) against multiple defendants, including Barry Kostiner, asserting claims for aiding and abetting breach of fiduciary duty. As to Mr. Kostiner, the Bankruptcy Complaint alleged that, while an employee of the Debtor, he aided and abetted the former CEO of Argon Credit, Raviv Wolfe, in breaching his fiduciary duties to Argon Credit, by, among other things, knowingly participating in a scheme to funnel assets away from the Debtors and their creditors, double pledging Argon Credit’s assets, and knowingly submitting false or misleading financial reports to the Debtors’ secured lender to conceal the transfer of Argon Credit’s assets. On July 11, 2019, Mr. Kostiner, appearing through counsel, filed an answer denying all allegations against him set forth in the Bankruptcy Complaint.

On August 12, 2021, the trustee filed a Motion for the Entry of an Order Pursuant to Bankruptcy Rule 9019 Approving Settlement with Mr. Kostiner. Under the terms of the proposed settlement, Mr. Kostiner would pay the trustee \$35,000 in exchange for dismissal with prejudice from the suit and the exchange of mutual releases (the “Proposed Settlement”). Each of the trustee and Mr. Kostiner concluded that the Proposed Settlement was in their respective best interests in light of the contested nature of the Complaint, the costs that both parties would incur in connection with the litigation of same the uncertain outcome from protracted litigation. The trustee argued that the Proposed Settlement was reasonable based upon: (a) the range of potential outcomes taking into account the defenses that Mr. Kostiner could assert; (b) the likelihood of recovering more given Mr. Kostiner’s financial condition; (c) Argon Credit’s director and officers’ liability insurance policy had been exhausted; and (d) the Debtors’ pre-petition lender had recently filed a complaint against many of the parties originally named by the trustee in its adversary proceeding, including Mr. Kostiner, and this action further reduces the likelihood of recovery against Mr. Kostiner, because at a minimum, he will be forced to pay to defend that action. On September 3, 2021, the Bankruptcy Court issued an order approving the settlement, and on November 18, 2021, the Bankruptcy Court issued an order granting the motion to voluntarily dismiss the proceeding against Mr. Kostiner.

Fund Recovery Services, LLC v. RBC Capital Markets, LLC, et al., Case No. 1:20-cv-5730 (U.S. District Court for the Northern District of Illinois Eastern Division).

On September 25, 2020, Fund Recovery Services, LLC (“Fund”), as assignee of Princeton Alternative Income Fund, L.P. (“PAIF”) filed a complaint in the above-referenced action asserting a variety of claims against 37 defendants, including Mr. Kostiner. On May 15, 2021, Fund filed an amended complaint against 34 of the defendants, including Mr. Kostiner (the “Amended Complaint”). The claims against Mr. Kostiner in the Amended Complaint include: (i) violation of 18 U.S.C. 1962(2) by the conduct and participation in a RICO enterprise through a pattern of racketeering activity; (ii) violation of 18 U.S.C. 1962(d) by conspiracy to engage in a pattern of racketeering activity; (iii) fraud/intentional misrepresentation; (iv) aiding and abetting fraud/intentional misrepresentation; (v) fraudulent concealment; (vi) aiding and abetting fraudulent concealment; (vii) fraudulent/intentional inducement; (viii) conversion; (ix) aiding and abetting conversion; (x) civil conspiracy; and (xi) tortious interference with contractual relations. The Amended Complaint seeks damages of approximately \$240 million jointly and severally against all defendants, together with treble and punitive damages, among other relief.

The Amended Complaint, as it pertains to Mr. Kostiner, covers much of the same conduct that is the subject of the Bankruptcy Complaint described above and stems from a transaction that Argon Credit entered into with Spartan Specialty Finance, LLC (“Spartan”). Argon, a consumer finance platform that made high-interest, unsecured loans to credit-impaired borrowers, financed its loans through a revolving credit facility provided by PAIF. Mr. Kostiner was the sole member of Spartan and was also, for a period of time, the Vice President of Capital Markets at Argon. Argon and Spartan entered into an agreement whereby Spartan agreed to purchase a portfolio of loans from Argon. Spartan financed the acquisition by obtaining a loan from Hamilton Funding (“Hamilton”). The Amended Complaint alleges that PAIF had a perfected security interest in the loans that Argon improperly sold to Spartan (which were financed by Hamilton Funding), and that defendants, including Mr. Kostiner, engaged in a scheme to induce PAIF to initially lend funds, later to increase its credit line, and ultimately convert and deprive PAIF of its property by numerous acts of fraud.

On July 1, 2021, defendants, including Mr. Kostiner, filed a consolidated motion to dismiss the Amended Complaint in its entirety against them, based on the following arguments: (a) the RICO claims (Counts (1)-(2)) are time-barred; (b) Fund lacks standing to bring Counts 1-11; (c) Fund is collaterally estopped from litigating the issues that are the subject of the Amended Complaint; (d) the allegations in the Amended Complaint fail to satisfy the requirements of Rules 8 and 9(b) of the Federal Rules of Civil Procedure; (e) the Amended Complaint failed to allege a duty sufficient to support its allegations in Counts 1-7; (f) Fund failed to adequately plead the elements of a valid RICO claim; and (g) Fund failed to adequately plead the elements of any of its state law claims (Counts 3-13). This motion is fully briefed and awaits resolution by the Court.

On February 22, 2022, PAIF filed a Revised Second Amended Complaint (“RSA Complaint”) against 25 defendants, including Mr. Kostiner. The RSA Complaint incorporates information from witness statements and journal entries from alleged Argon insiders. The claims against Mr. Kostiner in the RSA Complaint include: (i) fraud/intentional misrepresentation; (ii) aiding and abetting fraud/intentional misrepresentation; (iii) fraudulent concealment; (iv) aiding and abetting fraudulent concealment; (v) fraudulent/intentional inducement; (vi) conversion; (vii) aiding and abetting conversion; (viii) civil conspiracy; and (ix) tortious interference with contractual relations. The Amended Complaint seeks damages of approximately \$240 million jointly and severally against all defendants, together with treble and punitive damages, among other relief.

In re Spartan Specialty Finance I SPV, LLC, Case No. 16-22881-rdd (U.S. Bankruptcy Court for the Southern District of New York White Plains Division)

On June 29, 2016, Spartan filed a petition for relief under chapter 11 of title 11 of the United States Code. It did so in order to resolve a loan dispute that it had with Hamilton, including Hamilton’s alleged right to access cash accounts that Spartan had pledged as collateral. On May 26, 2017, the bankruptcy court approved a Stipulation and Agreement Resolving Debtor’s Motion for Use of Cash Collateral and Fixing Amount of Secured Claim, between Hamilton, Spartan, and Mr. Kostiner, in his individual capacity. Spartan’s bankruptcy petition was dismissed as part of the Court’s approval of the Settlement.

Except for the actions set forth above, there is no material litigation, arbitration or governmental proceeding currently pending against us or any members of our management team in their capacity as such, and we and our officers and directors have not been subject to any such proceeding in the 12 months preceding the date of this report.

Note 17 - Leases

Right-of-Use Assets and Leases Obligations

We lease office space and office equipment under non-cancelable operating leases, with terms typically ranging from one to three years, subject to certain renewal options as applicable. We consider those renewal or termination options that are reasonably certain to be exercised in the determination of the lease term and initial measurement of lease liabilities and right-of-use assets. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

We determine whether a contract is or contains a lease at inception of the contract and whether that lease meets the classification criteria of a finance or operating lease. When available, we use the rate implicit in the lease to discount lease payments to present value; however, most of our leases do not provide a readily determinable implicit rate. Therefore, we must discount lease payments based on an estimate of its incremental borrowing rate.

We do not separate lease and nonlease components of contracts. There are no material residual value guarantees associated with any of our leases. There are no significant restrictions or covenants included in our lease agreements other than those that are customary in such arrangements.

Lease Position as of December 31, 2021

The table below presents the lease related assets and liabilities recorded on the Consolidated Balance Sheets as of December 31, 2021 and 2020:

Balance Sheet Line	Classification on the Balance Sheet	December 31, 2021	December 31, 2020
(in thousands)			
Assets			
Operating lease assets	Operating lease right of use assets	\$ 20	\$ 45
	Total lease assets	<u>\$ 20</u>	<u>\$ 45</u>
Liabilities			
Current liabilities:			
Operating lease liabilities	Current operating lease liabilities	\$ 20	\$ 25
Noncurrent liabilities:			
Operating lease liabilities	Long-term operating lease liabilities	\$ -	\$ 20
	Total lease liabilities	<u>\$ 20</u>	<u>\$ 45</u>

Lease cost for the year ended December 31, 2021

The table below presents the lease related costs recorded on the Consolidated Statement of Operation and Comprehensive Income for the years ended December 31, 2021 and 2020:

Lease cost	Classification	Years Ended December 31,	
		2021	2020
(in thousands)			
Operating lease cost	General and administrative expenses	\$ 27	\$ 23
	Total lease cost	<u>\$ 27</u>	<u>\$ 23</u>

Other Information

The table below presents supplemental cash flow information related to leases for the years ended December 31, 2021 and 2020:

	Years Ended December 31,	
	2021	2020
	(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 27	\$ 20
Supplemental non-cash amounts of lease liabilities arising from obtaining right-of-use assets/(decrease) of lease liability due to cancellation of leases	\$ 1	\$ 13

As a result of the sale of Legacy UK, the leases classified as right-of-use assets and as lease liabilities in the amount of \$2.2 million, were written off to discontinued operations. See Note 4 “Discontinued Operations”.

During the quarter ended September 30, 2020, we cancelled all of our outstanding lease arrangements for office space and equipment. On October 1, 2020, the Company relocated its headquarter to 1490 N.E. Pine Island Road, Suite 5D, Cape Coral, FL 33909 and entered into a two-year operating lease for the new 1,600 square feet office and warehouse space. The new lease provides the Company an option to extend the term of the lease for a third year. The lease obligation is approximately \$32 thousand plus other costs for shared services, maintenance and sales tax over the course of its life.

Lease Terms and Discount Rates

The table below presents certain information related to the weighted average remaining lease terms and weighted average discount rates for our operating leases as of December 31, 2021:

	December 31, 2021	December 31, 2020
Weighted average remaining lease term - operating leases	0.75 years	1.75 years
Weighted average discount rate - operating leases	12.00%	12.00%

Undiscounted Cash Flows

The table below reconciles the fixed component of the undiscounted cash flows for each of the first five years and the total remaining years to the operating lease liabilities recorded on the Consolidated Balance Sheet as of December 31, 2021:

Amounts due in	Operating Leases (in thousands)
2022	\$ 20
2023	-
2024	-
Total minimum lease payments	20
Less: effect of discounting	0
Present value of future minimum lease payments	20
Less: current obligations under leases	(20)
Long-term lease obligations	\$ -

There are no lease arrangements where we are the lessor.

Note 18-Subsequent Events

On March 8, 2022, the Company defaulted on the Senior Secured Convertible Debenture to Legacy Tech Partners, LLC in the principal amount of \$47 thousand and accrued interest of \$9 thousand. (See Note 6 - Short-Term and Long-Term Debt)

On March 28, 2022 Legacy Education Alliance International, Ltd, made a motion of Withdrawal of Rejection of Proofs of Debt of (a) Elite Legacy Education UK, Ltd (b) Legacy Education Alliance Holdings, Inc. and (c) Legacy Education Alliance Hong Kong Ltd. A request was made for an extension of April 30, 2022.

On March 29, 2022, the First Draw Paycheck Protection Program Note Agreement in the amount of \$1000 thousand was amended and restated by extending the maturity date from April 24, 2022 to a maturity date of April 24, 2025. The interest rate is fixed and will not be changed over the life of the loan. The Company must pay monthly principal and interest payments on the outstanding principal balance on the loan amortized over the remaining term of the loan, beginning on the first day of the month following the date on which the amount of forgiveness determined under Section 1106 of the CARES Act is remitted to the lender until maturity. Payments of principal and interest must be made on the first calendar day in the months they are due.

The Company evaluated subsequent events and transactions that occurred after the consolidated balance sheet date up to March 31, 2022, the date that the financial statements were issued. Other than those listed above, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Exhibit No.	Title	Method of filing
2.1	<u>Agreement and Plan of Merger, dated as of November 10, 2014, by and among Priced In Corp., Priced in Corp. Subsidiary, Tigrent Inc. and Legacy Education Alliance Holdings, Inc.</u>	Incorporated by reference to Exhibit 2.1 in the Company's Form 8-K filed with the SEC on November 10, 2014.
2.2	<u>Elite Legacy Education UK LTD, Proposal for Company Voluntary Arrangement</u>	Incorporated by reference to Exhibit 99.1 in the Company's Form 8-K filed with the SEC on January 15, 2021.
3.1	<u>Second Amended and Restated Articles of Incorporation of the Registrant</u>	Incorporated by reference to Exhibit 3.1 in the Company's Form 8-K filed with the SEC on November 10, 2014.
3.2	<u>Certificate of Designation of Registrant</u>	Incorporated by reference to Exhibit 3.1 in the Company's Form 8-K filed with the SEC on February 17, 2017.
3.3	<u>Bylaws of the Registrant</u>	Incorporated by reference to Exhibit 3.2 in the Company's Form 8-K filed with the SEC on November 10, 2014.
3.4	<u>Amendment to Bylaws of Registrant</u>	Incorporated by reference to Exhibit 3.2 in the Company's Form 8-K filed with the SEC on February 17, 2017.
3.5	<u>Amendment to Bylaws of the Registrant</u>	Incorporated by reference to Exhibit 3.1 in the Company's Form 8-K filed with the SEC on January 12, 2018.
4.1	<u>Rights Agreement dated as of February 16, 2017, between Legacy Education Alliance, Inc. and VStock Transfer, LLC, which includes the Form of Certificate of Designation of Series A Junior Participating Preferred Stock as Exhibit A, the Form of Right Certificate as Exhibit B and the Summary of Rights to Purchase Preferred Stock as Exhibit C.</u>	Incorporated by reference to Exhibit 4.1 in the Company's Form 8-K filed with the SEC on February 17, 2017.
4.2	<u>Amendment to Rights Agreement dated as of November 12, 2018, between Legacy Education Alliance, Inc. and VStock Transfer, LLC</u>	Incorporated by reference to Exhibit 4.1 in the Company's Form 8-K filed with the SEC on November 16, 2018.
4.3	<u>Amendment to Rights Agreement dated as of February 11, 2021, between Legacy Education Alliance, Inc. and Broadridge Corporate Issuer Solutions, Inc.</u>	Incorporated by reference to Exhibit 4.1 in the Company's Form 8-K filed with the SEC on February 12, 2021.
4.4	<u>Assumption Agreement dated November 25, 2019, between Legacy Education Alliance, Inc. and Broadridge Corporate Issuer Solutions, Inc.</u>	Incorporated by reference to Exhibit 4.2 in the Company's Form 10-K filed with the SEC on April 15, 2019.
4.5	<u>Description of Registered Securities</u>	Incorporated by reference to the Company's Form S-1/A filed with the SEC on March 25, 2013.
10.1	<u>Bill of Sale, Assignment and Assumption Agreement dated as of September 10, 2014, by and between Tigrent Inc. and Legacy Education Alliance Holdings, Inc.</u>	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on November 10, 2014.
10.2	<u>Form of Indemnification Agreement</u>	Incorporated by reference to Exhibit 10.2 in the Company's Form 8-K filed with the SEC on November 10, 2014.
10.3	<u>Employment Agreement, dated September 1, 2017, by and between Legacy Education Alliance, Inc., and James E. May.</u>	Incorporated by reference to Exhibit 10.3 in the Company's Form 8-K filed with the SEC on September 6, 2017.
10.4	<u>Employment Agreement, dated March 18, 2021, by and between Legacy Education Alliance, Inc., and Vanessa Guzmán-Clark.</u>	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on March 20, 2021.
10.5	<u>Royalty Payment Agreement dated March 15, 2013 ⁽¹⁾</u>	Incorporated by reference to Exhibit 10.5 in the Company's Form 8-K/A filed with the SEC on February 11, 2015.
10.6	<u>License Agreement with Rich Dad Operating Company, LLC, dated September 1, 2013 ⁽¹⁾</u>	Incorporated by reference to Exhibit 10.6 in the Company's Form 8-K/A filed with the SEC on February 11, 2015.
10.7	<u>Settlement and Amendment to the 2013 License Agreement, dated April 22, 2014 ⁽¹⁾</u>	Incorporated by reference to Exhibit 10.7 in the Company's Form 8-K/A filed with the SEC on February 11, 2015.
10.8	<u>Second Amendment to Rich Dad Operating Company, LLC License Agreement, dated January 25, 2018. ⁽¹⁾</u>	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on January 29, 2018.
10.9	<u>Mutual Waiver and Release of Claims, dated January 25, 2018.</u>	Incorporated by reference to Exhibit 10.2 in the Company's Form 8-K filed with the SEC on January 29, 2018.
10.10	<u>Talent Endorsement Agreement with Robbie Fowler, dated January 1, 2015</u>	Incorporated by reference to Exhibit 10.9 in the Company's Form 10 filed with the SEC on May 12, 2017.

Exhibit No.	Title	Method of filing
10.12	<u>2015 Incentive Plan</u>	Incorporated by reference to Appendix B to the Company's Definitive Proxy Statement on Schedule 14A for the 2015 Annual Meeting of Stockholders filed with the SEC on June 16, 2015.
10.13	<u>Form of Registration Rights Agreement</u>	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on June 17, 2015.
10.14	<u>Form of Warrant</u>	Incorporated by reference to Exhibit 10.3 in the Company's Form 8-K filed with the SEC on June 17, 2015.
10.15 +	<u>Form of Restricted Stock Award Grant Notice and Restricted Stock Award Agreement (2015 Incentive Plan)</u>	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on July 22, 2015.
10.16	<u>Settlement Agreement and Release dated October 31, 2017 among Elite Legacy Education, Inc.; Rich Dad Education, LLC; and Tigrent Enterprises, Inc. and the other parties thereto.</u>	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on November 1, 2017.
10.17	<u>December 23, 2019 Real Estate Education Training Program Development Agreement by and between Legacy Education Alliance Holdings, Inc., and T&B Seminars, Inc.</u>	Incorporated by reference to the Company's Form 10-K filed with the SEC on March 30, 2021.
10.18	<u>Bankruptcy or Receivership of Legacy UK</u>	Incorporated by reference to the Company's Form 10-K filed with the SEC on March 30, 2021.
10.19	<u>Commercial Contract dated July 24, 2021, between 1612 E. Cape Coral Parkway Holding Co., LLC, a subsidiary of the Company and Daniel Thom, as Trustee of Torstonbo Trust.</u>	Incorporated by reference to Exhibit 10.1 in the Company's Form 10-Q filed with the SEC on August 14, 2021.
10.20	<u>First Amendment to Commercial Contract dated August 20, 2021, between 1612 E. Cape Coral Parkway Holding Co., LLC, a subsidiary of the Company and Daniel Thom, as Trustee of Torstonbo Trust.</u>	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-k filed with the SEC on August 20, 2021.
10.21	<u>Second Amendment to Commercial Contract dated September 24, 2021, between 1612 E. Cape Coral Parkway Holding Co., LLC, a subsidiary of the Company and Daniel Thom, as Trustee of Torstonbo Trust.</u>	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on September 29, 2021.
10.22	<u>Promissory Note and Mortgage, Assignment of Rents and Security Agreement, dated August 6, 2021, by and between 1612 E. Cape Coral Parkway Holding Co., LLC and Northern Equity Group, Inc., JKH Ventures, Inc., and Donald Ross, LLC.</u>	Incorporated by reference to Exhibit 10.2 in the Company's Form 10-Q filed with the SEC on August 14, 2021.
10.23	<u>Senior Secured Convertible Debenture Agreement dated March 8, 2021</u>	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on March 12, 2021.
10.24	<u>Form of Guaranty.</u>	Incorporated by reference to Exhibit 10.2 in the Company's Form 8-K filed with the SEC on March 12, 2021.
10.25	<u>Form of Warrant</u>	Incorporated by reference to Exhibit 10.3 in the Company's Form 8-K filed with the SEC on March 12, 2021.

Exhibit No.	Title	Method of filing
10.26	Employment Agreement dated March 9, 2021, between Legacy Education Alliance, Inc., and Michel Botbol	Incorporated by reference to Exhibit 10.4 in the Company's Form 8-K filed with the SEC on March 12, 2021.
10.27	Non-Binding Term Sheet, dated February 11, 2021	Incorporated by reference to Exhibit 10.5 in the Company's Form 8-K filed with the SEC on March 12, 2021.
10.28	Subordinated Secured Convertible Debenture Agreement dated May 4, 2021	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on May 7, 2021.
10.29	Form of Guaranty	Incorporated by reference to Exhibit 10.2 in the Company's Form 8-K filed with the SEC on May 7, 2021.
10.30	Form of Warranty	Incorporated by reference to Exhibit 10.3 in the Company's Form 8-K filed with the SEC on May 7, 2021.
10.31	Paycheck Protection Program Note, dated April 19, 2021, by and between Cross River Bank and Elite Legacy Education, Inc.	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on April 27, 2021.
10.32	Amendment to Senior Secured Convertible Debenture Agreement dated August 27, 2021	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on September 2, 2021.
10.33	Senior Secured Convertible Debenture Agreement dated August 27, 2021	Incorporated by reference to Exhibit 10.2 in the Company's Form 8-K filed with the SEC on September 2, 2021.
10.34	Form of Guaranty	Incorporated by reference to Exhibit 10.3 in the Company's Form 8-K filed with the SEC on September 2, 2021.
10.35	Form of Warranty	Incorporated by reference to Exhibit 10.4 in the Company's Form 8-K filed with the SEC on September 2, 2021.
10.36	Intercreditor Agreement dated August 27, 2021	Incorporated by reference to Exhibit 10.5 in the Company's Form 8-K filed with the SEC on September 2, 2021.
10.37	Stock Purchase and Option Agreement dated November 18, 2021 with Mayer and Associates, LLC	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on November 23, 2021.
14.1	Code of Business Conduct and Ethics	Incorporated by reference to Exhibit 14.1 in the Company's Form 10-K filed with the SEC on March 28, 2016.
21.1	List of Subsidiaries	Incorporated by reference to Exhibit 21.1 in the Company's Form 10-K filed with the SEC on March 31, 2022.
31.1	Section 302 Certification by the Chief Executive Officer	Filed herewith.
31.2	Section 302 Certification by the Executive Vice President and Chief Financial Officer	Filed herewith.
32.1	Section 906 Certification of the Chief Executive Officer	Filed herewith.
32.2	Section 906 Certification of the Executive Vice President and Chief Financial Officer	Filed herewith.
101.INS	Inline XBRL Instance Document	Filed herewith.
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase	Filed herewith.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)	Filed herewith.

+ Executive management contract or compensatory plan or arrangement.

(1) Portions of this exhibit have been omitted pursuant to a request for confidential treatment.

(2) Certain identified information has been excluded from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K for the fiscal year ended December 31, 2021 to be signed on its behalf by the undersigned, thereunto duly authorized.

LEGACY EDUCATION ALLIANCE, INC.

By: /s/ BARRY KOSTINER

Barry Kostiner

Chairman of the Board and Chief Executive Officer

Dated: September 16, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on our behalf of the Registrant and in the capacities and on the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ BARRY KOSTINER</u> Barry Kostiner	Chairman of the Board, Chief Executive Officer (principal executive, financial and accounting officer)	September 16, 2022

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Barry Kostiner, certify that:

1. I have reviewed this Form 10-K/A-1 of Legacy Education Alliance, Inc.;
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: September 16, 2022

/s/ BARRY KOSTINER

Barry Kostiner
Chairman of the Board and Chief Executive Officer (principal executive officer)

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Barry Kostiner, certify that:

1. I have reviewed this Form 10-K/A-1 of Legacy Education Alliance, Inc.;
2. Based on my knowledge, this report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: September 16, 2022

/s/ BARRY KOSTINER

Barry Kostiner
Chairman of the Board and Chief Executive Officer (principal financial and accounting officer)

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K/A-1 of Legacy Education Alliance, Inc. (the “Company”) for the period ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-K”), I, Barry Kostiner, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 16, 2022

/s/ BARRY KOSTINER

Barry Kostiner

Chairman of the Board and Chief Executive Officer (principal executive officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K/A-1 of Legacy Education Alliance, Inc. (the “Company”) for the period ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-K”), I, Barry Kostiner, Interim Principal Financial and Accounting Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 16, 2022

/s/ BARRY KOSTINER

Barry Kostiner

***Chairman of the Board and Chief Executive Officer (principal
financial and accounting officer)***

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
