Standard Eight: Financial Resources

The following criteria are used by professional staff members and evaluation committees as indicators of compliance for the standard.

1. The institution provides the appropriate fees and surety bonding.
2. The institution adheres to generally accepted accounting principles (GAAP) in the maintenance of its financial records and provides an income/expense statement and a balance sheet annually using the financial form provided by NPEC.

~~OR~~

~~The institution provides a formal independent financial audit prepared by a certified public accountant. If the institution’s Georgia operation is a branch or subsidiary of a larger corporation, an audited financial statement for the previous fiscal year prepared and certified by an independent, certified public accountant for the corporation is provided.~~

Additionally:

* Institutions reporting gross tuition between $500,000 and $1,000,000 are required to submit a Certified Public Accountant (CPA) financial review of the most recently completed fiscal year.
* Institutions reporting gross tuition over $1,000,000 are required to submit a CPA prepared independent financial audit of the most recently completed fiscal year.

1. The authorized institution:

* has unrestricted cash on hand available in the amount of ~~one year’s projected~~ 30 days expenses as indicated in the most recent NPEC Financial Statement;
* is not totally dependent on an increase in tuition or fees ~~or enrollment~~ in order to remain solvent in the current year and the immediately ensuing year;
* ~~has funds to operate which are not limited to current tuition or accounts receivable.~~

OR

The institution which is seeking initial authorization ~~has~~:

* ~~filed a financial statement prepared prior to application for authorization by an independent, certified public accountant showing the assets and liabilities of the institution;~~
* ~~provided an estimate of income which exceeds expenses for the first year of operation, using reporting forms provided by NPEC;~~
* has unrestricted cash on hand in the amount of ~~one year’s~~ 90 days projected expenses available.
* provides a projected income/expense statement and a balance sheet for the 12-month fiscal year using the financial form provided by NPEC;

1. The institution keeps financial records that separately identify all income and expenditures including but not limited to tuition, fees, and income from ancillary sources.
2. The institution that is a component of a business which also maintains non-instructional enterprises or functions ensures that income and expense records are maintained separately for the various functions.
3. The institution ~~whose fiscal information indicates that it is not financially sound has submitted a plan for financial recovery~~ provides supplemental documentation requested as part of the Financial Viability Assessment (ex. Financial Improvement Plan, Teach-Out Plan, CPA review and/or CPA audit).