

NACCAS Standards and Criteria

January 1, 2012 Version

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Standard VII

VII. FINANCIAL PRACTICES AND MANAGEMENT

The institution maintains a sound financial condition and has qualified financial management.

- D 1. Financial statements must be submitted no later than six months after the end of the institution's fiscal year. Institutions applying for initial accreditation must submit their financial statements for the most recent fiscal year at the time they submit their application for initial accreditation.
- D 2. The financial statements of the institution demonstrate that it has the financial resources to ensure continuity of operation, educational programs and services, and to fulfill its obligations to students and employees, by meeting the following requirements:
- a. Has met the requirements as set forth by the U.S. Department of Education in accordance with 34 C.F.R. 668.171, or the successor regulation, or
 - b. A ratio of current assets to current liabilities of one to one or greater (acid test); a positive tangible net worth; and a profit in the most recent accounting year or in two of the most recent three accounting years. Any assets of the institution that are excluded in the calculation of the composite score shall also be excluded by NACCAS in the calculation of the acid test ratio and net worth.

In accordance with Section 8.18 of the NACCAS *Rules of Practice and Procedure*, an institution is required to bring itself into compliance with accreditation requirements within the time frames established in the *Rules*.

In addition, the institution's financial statements:

- c. are audited by an independent Certified Public Accountant;
 - d. are prepared on an accrual basis, and in accordance with Generally Accepted Accounting Principles (GAAP).
- D 3. Institutions participating in Title IV funding programs must submit audited financial statements in accordance with federal auditing standards and guidelines.
- D 4. Unless superseded by a state-, federal- or program-mandated refund policy, the institution shall adopt a policy that complies with the NACCAS Withdrawal and Settlement Policy and Checklist.
- D 5. For institutions participating in federal Title IV financial aid programs, the institutional refund policy applies in addition to applicable returns to Title IV programs.
- D 6. The institution applies the applicable refund policy to all terminations for any reason, by either party, including student decision, course and/or program cancellation, or institution closure.
- D 7. The institution accurately implements the applicable refund policy.
- D 8. The institution complies with the NACCAS Policy on Extra Instructional Charges, if applicable.
- D/A 9. Staff working with financial and accounting records is qualified by training and/or experience in accounting and bookkeeping.

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D/A 10. Staff working with student financial aid is qualified by training and/or experience in applicable laws and regulations.