

ADDENDUM TO DOCUMENT 27 - GUIDELINES FOR FILING FINANCIAL REPORTS (ALTERNATIVE FINANCIAL REPORTING)

The object of financial reporting is to insure that the institution has adequate financial resources to meet its obligations to deliver agreed upon and represented services to its students and consumers. Requirements for financial reporting should balance the reporting burdens with the need for accurate and complete information. ACCET recognizes that past performance, length of time required to deliver services and programs, financial reporting requirements and oversight of the institution by other entities, the cost of reporting compared to alternatives that offer even greater protection to the student or consumer, and availability of third-party financial assurances should be considered in seeking the balance between burden on the institution and protection of the student and consumer.

The ACCET Accrediting Commission may grant exceptional financial reporting to an institution seeking accreditation or reaccreditation when that institution (the licensee) stands in the position of a licensed independent contractor with another ACCET accredited institution (the licensor) and the following conditions are met:

- The Licensor has been continuously accredited for at least 10 years by ACCET.
- The Licensor has a consistent record that demonstrates compliance with all of the ACCET Standards for Accreditation.
- The Licensor has not been on financial review for the past 5 years.
- The Licensor has in the past consistently demonstrated its willingness to assure the protection of the students and consumers of its Licensees.
- The Licensor has given ACCET written assurances that it will continue to protect the students and consumers of its Licensees from loss of prepaid tuition.
- Students or consumers of a Licensee's services have not suffered loss of prepaid tuition through closure of the Licensee.
- The accredited services provided by the Licensee do not require more than four months to deliver.
- The accredited services provided by the Licensee are considered avocational by ACCET.
- The Licensee is not required by another agency to provide financial statements.
- Greater protection is provided to the students and consumers of the Licensee by the exceptional reporting.

The written assurance of the Licensor may be for an indefinite period, but shall be for a period at least equal to the fiscal year of the Licensor. If the written assurance is for an indefinite period, the Licensor may withdraw it by giving notice to ACCET and to the Licensee. The notice to withdraw shall be in writing and delivered in a manner that provides proof of delivery. The written assurance shall then continue in full force for a period of four months following receipt of the notice by ACCET.

An eligible institution seeking an exception to the reporting requirements must file a written request with ACCET showing that the above conditions are met, stating in detail the reporting that it asks for permission to provide. Permission for exceptional reporting may be withdrawn by the Commission at anytime it finds that any of the above conditions have ceased to exist and may then require the effected institution to provide such documentation as it deems appropriate to the circumstances. Institution's seeking initial accreditation must continue to submit the prior two (2) years of financial statements, per ACCET Document 27, with their application. Institutions seeking reaccreditation that have been approved to participate in the Alternative Financial Reporting plan, must submit attested financial statements that are internally generated, compiled, reviewed, or audited in accordance with Document 27 for the two most recently completed fiscal years.