



NATIONAL ACCREDITING COMMISSION OF CAREER ARTS & SCIENCES

3015 Colvin Street, Alexandria, VA 22314

PHONE (703) 600-7600 · www.naccas.org

January 22, 2024

VIA UPS

Ms. Audrea (Chenoa) Pruitt
TC Beauty, Inc.
222 East Unaka Avenue
Johnson City, TN 37601

CONFIDENTIAL
Place on SRR
Directive to Submit
Continue on Probation

Re: Jenny Lea Academy of Cosmetology
222 East Unaka Avenue
Johnson City, TN 37601

Ref # 027031-00

Process: Special Reporting Requirements - HCM2 Method of Payment

Dear Ms. Pruitt:

In accordance with Section 5.2 of the National Accrediting Commission of Career Arts & Sciences, Inc. (NACCAS) *Rules of Practice and Procedure*, information received from the U.S. Department of Education (DOE) or other government agencies shall be reviewed by a designated committee of the Commission and where it suggests any possible area of noncompliance with accreditation standards or other requirements, the Committee shall initiate a process of oversight of continued compliance.

Please be informed that based on correspondence received by NACCAS from the DOE that indicated your school has been transferred to the HCM2 method of payment, the Commission, pursuant to Section 5.3 of NACCAS' *Rules of Practice and Procedure*, hereby has acted to place the school on Special Reporting Requirements with the directive to submit a Special Report consisting of the following:

- 1) Within twenty-one (21) days** of receipt of this letter, the institution must watch the Special Reporting Requirements Webinar on the NACCAS website and complete the assessment. Please contact the Senior Accreditation Processor, Ms. Sharrelle Tibbs, at stibbs@naccas.org to begin the webinar and submit the assessment.
- 2) Every thirty (30) days within fifteen (15) days after the end of each month** the institution must submit a 60 (sixty) day financial plan that details:
 - a. The estimated financial impact of being placed on the HCM2 Method of Payment
 - b. The remedial actions to mitigate the potential adverse effects: Please indicate and provide evidence of all sources of institutional funds available (cash inflows) to mitigate the delay and/or absence of FSA funds.
 - c. **HCM2 Submissions and Reimbursements** schedule:
 - Date and amount of funds requested or to be requested to DOE within the 60 day period
 - Date and amount of funds reimbursed or to be reimbursed by DOE within the 60 day period

- d. A Cash Flow Analysis: An examination of the institution cash inflows and outflows on a monthly basis for a 60-day period. The **Statement of Cash Flows** must be accompanied by **supporting evidence** of the institution's starting cash position such as: checking/ savings bank statements, line of credit statements, money market statements, certificate of deposit statements, related party loans, owner capital contributions etc. If the institution fails to provide such supporting evidence, NACCAS may require the submission of a teach-out agreement.
- e. Please note that the requirement refers to a cash flow analysis (cash inflows vs. outflows). Therefore an income statement is NOT required, and it won't be accepted as part of the special report. **Please be advised that NACCAS has made available a template for the Cash Flow Analysis section of this report. The worksheet can be downloaded from the "Applications & Forms" section of NACCAS' website.**

The cash flows analysis must demonstrate that the institution can withstand the interruption or delay of funds resulting from the government action, and remain financially stable to protect its students, or it should define the time frame when the institutions will no longer have the resources to continue operations. In case of determination by the institution or by NACCAS' analysis of the submitted cash flows reports of a potential date when the institution would no longer be financially viable, then it will be required to provide a teach-out agreement on or before the date of the financial unviability.

NOTE: The monthly update must continue until final notification to NACCAS from the institution, or the U.S. Department of Education, that the HCM2 method of payment has been removed, or until NACCAS has determined that the school is able to remain financially stable despite the delay of Financial Student Aid funding.

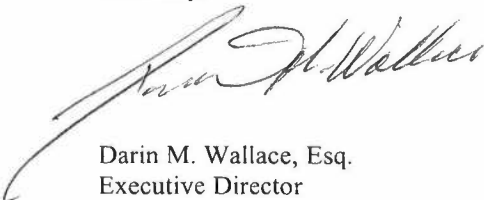
Please be reminded that, as stated in our schedule of fees, a quarterly monitoring process fee of \$297 will be assessed to your institution as a result of the Reporting Requirements hereby imposed by the Commission. The monitoring process fee is invoiced quarterly and it remains effective until the institution is removed from the Reporting Requirements.

Please also be reminded that your institution's accreditation status with NACCAS shall continue as "**Accreditation on Probation.**"

All reports shall be submitted to NACCAS via the member login portal under the "Financial Reports" section and with a document type in the special report category. For assistance with **electronic uploading**, please contact NACCAS Support at support@naccas.org.

If there are any questions regarding this notice, you may contact our Director of Finance, Mr. Steven Goldstein, at (703) 600-7600 ext.132 or via email at sgoldstein@naccas.org. Please use the school reference number of the institution in all communications with NACCAS.

Sincerely,



Darin M. Wallace, Esq.
Executive Director

Cc: SG