



NATIONAL ACCREDITING COMMISSION OF CAREER ARTS & SCIENCES

3015 Colvin Street, Alexandria, VA 22314

PHONE (703) 600-7600 · www.naccas.org

November 14, 2023

VIA UPS

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

CONFIDENTIAL
Withdraw
Continue on Probation

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

Ref. # 027031-00

Process: **Financial Monitoring – Financial Reporting Requirements**

Dear Ms. Pruitt:

At a meeting held on October 18, 2023 the Board of Commissioners of the National Accrediting Commission of Career Arts & Sciences, Inc. (NACCAS) reviewed the record of the above referenced institution regarding compliance with Standard VII, Criterion 1(a)-(c) (Standard of Financial Practices and Management). It is with regret that I inform you that the Commission acted to **Withdraw** your institution's accreditation (with the right to appeal) for the reason given in the enclosed **Attachment A**.

During the withdrawal processing period, which includes your right to appeal, your institution's accreditation status with NACCAS shall continue as "**Accreditation on Probation.**"

The institution may appeal the adverse decision to withdraw the institution's accreditation in accordance with the procedures set out in Part 9 of NACCAS' *Rules of Practice and Procedure*. In order to initiate an appeal process, within twenty (20) days after receipt of this notification, NACCAS must receive a written statement of the intention to appeal, together with the appropriate appeal fee. The attached "Instructions for Appeals" provides information on the appeal process, fees, and document submission requirements.

If the institution elects to appeal its withdrawal, each reason the Commission has given for this adverse decision must be addressed in the institution's appeal documents. Unless otherwise provided under Section 9.5 of the *Rules of Practice and Procedure*, the institution's appeal documents must be received by NACCAS within forty-five (45) days after receipt of this notification. Please refer to the attached "Instructions for Appeals" for further information on the types of documents the institution may submit in support of its appeal. Throughout the appeal process, the institution shall continue in an accredited status, which will be "**Accreditation on Probation.**"

If there is no appeal, this adverse action of **Withdrawal** shall become final, in accordance with Section 8.1(b) of the *Rules*. Additionally, in accordance with Section 8.14(b) of the *Rules*, you will be required to remove from public view all certificates, decals, signs, emblems, and other evidence of accreditation at the school and cease using printed materials or advertising indicating in any way that the school is, or has been, accredited by NACCAS.

In accordance with Section 4.12(a)(3)(i) of the NACCAS *Rules*, this action qualifies as a Teach-Out Event. Accordingly, the institution must submit a Teach-Out Plan and, if practicable, a Teach-Out Agreement(s) for approval by the Commission.

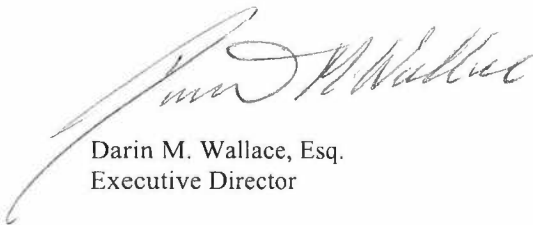
Within fifteen (15) days of receipt of this letter, please submit a Teach-Out Plan, prepared in accordance with Policy IV.05 of the NACCAS Handbook. If a Teach-Out Agreement has been entered into with another institution, please submit a copy of that Agreement. If your Teach-Out Plan contemplates entering into a Teach-Out Agreement with another institution, but your institution has not yet done so, please submit a list of NACCAS-accredited institutions which meet the requirements of a "teach-out institution" set out in Policy IV.05 and which your institution could request to take part in a Teach-Out Agreement. Please note that if your institution does enter into a Teach-Out Agreement in the future, that Agreement must be submitted to NACCAS for approval by the deadline(s) set out in Section 4.12(a) and Policy IV.05.

The Commission's action constitutes an adverse action. The institution is reminded that, pursuant to Section 8.17(b) of NACCAS' *Rules of Practice and Procedure*, the institution must disclose this Commission action to all current and prospective students.

An institution whose accreditation is withdrawn may apply for candidate status at any time, and may reapply for accreditation after one year, but only if any outstanding fees owed to NACCAS at the time of withdrawal are paid in full.

If there are any questions regarding the appeal process, Mr. Eddie Broomfield, Associate Executive Director, may be contacted at (703) 600-7600 ext. 101 or via email at ebroomfield@naccas.org. Please use the NACCAS reference number of the institution in all communications with NACCAS.

Sincerely,



Darin M. Wallace, Esq.
Executive Director

Cc: EB/SG

Enclosures: Attachment A (Reasons for Withdrawal), Instructions for Appeal

Attachment A

Reasons for Withdrawal

1. The institution failed to demonstrate compliance with Standard VII, Criterion 1(a)-(c) before the Section 8.18 deadline of September 30, 2023 (see below for further information).

Each year, the Board of Commissioners of the National Accrediting Commission of Career Arts and Sciences, Inc. (NACCAS) monitors institutions' compliance with standards of financial practices and management (Standard VII) based on financial statements which institutions must submit within six months following fiscal year's end. At its October 18, 2023 meeting, the Commission reviewed your institution's financial statements for the fiscal year ended December 31, 2022, which were the most recent submitted to NACCAS by the institution's Section 8.18 deadline. For the reasons set forth below, those financial statements failed to show compliance with the requirements of Standard VII, Criterion 1(a)-(c).

NACCAS Requirement: Standard VII – Criterion 1(a)-(c)	FY 2022 Financial Statement Shows:	Meets the requirement?
Have a composite score of 1.5 or higher; OR	Composite Score of (0.1)	No
Have a current ratio of current assets to current liabilities of 1:1 or greater; and	Current Ratio of 0.70:1	No
Have a positive tangible net worth; and	Tangible Net Worth of \$(320,768)	No
Have a profit in the most recent accounting year	Profit/(Loss) of \$44,302	Yes

Section 8.18 of NACCAS' *Rules of Practice and Procedure* establishes timeframes for an institution to bring itself into compliance with all accreditation requirements. These timeframes are based on the longest program offered (in calendar weeks) by the institution.

The school was first placed on Financial Reporting Requirements by the letter dated September 15, 2022 with a deadline to come into compliance by September 30, 2023. The deadline was based on the length of the longest program reported in the institution's then most recent Annual Report, which at that time was 50 weeks. However, the institution did not meet NACCAS' requirements as outlined in Standard VII, Criterion 1(a)-(c) by the deadline. As a result of this, the Commission has taken adverse action and withdrawn the school's accreditation, which can impact the school's ability to qualify for Title IV funding. The school has the right to appeal this decision in accordance with the timeline in this letter and the attached "Instructions for Appeals."

National Accrediting Commission of Career Arts & Sciences, Inc. (NACCAS) INSTRUCTIONS FOR APPEALS

PART 1: GENERAL INFORMATION

Appeals of Appealable Actions taken by NACCAS' Board of Commissioners are governed by Part 9 of NACCAS' *Rules of Practice and Procedure* (available on NACCAS' website at <http://naccas.org/naccas/rules-of-practice-procedure>). The Commission **strongly recommends** that any institution considering filing an appeal of a Commission action carefully review Part 9 to acquaint itself with its rights and responsibilities on appeal. Questions concerning the NACCAS appeal process should be directed to the Director of NACCAS' Government Relations and Legal Department.¹

In order to initiate an appeal of the Appealable Action taken by Commission described in the attached letter, the institution **must**:

1. Submit a complete and fully-executed **Notice of Intent to Appeal a Commission Decision** (available on NACCAS' website at <http://naccas.org/naccas/appeal-process>); and
2. Pay the appropriate **appeal fee** (see Part 2 below).

Both the Notice and the Appeal Fee must be received by NACCAS **not later than twenty (20) days** following the institution's receipt of the letter to which these Instructions are attached. The Commission's decision becomes final (and non-appealable) if the Notice and/or Appeal Fee have not been received by NACCAS by this deadline.

If the institution elects to file an **Administrative Appeal**, the institution **must** submit its proof of compliance **not later than twenty (20) days** following the institution's receipt of the letter to which these Instructions are attached (i.e., not later than submission of its Notice and Appeal Fee).

If the institution elects to file a Documentary or Personal Appearance Appeal, the institution **may** also file an Appeal Document (see PART 3 below), which must be received by NACCAS **not later than forty-five (45) days** following the institution's receipt of the letter to which these Instructions are attached.

PART 2: PAYMENT OF APPEAL FEES

NACCAS' *Schedule of Fees* sets out three categories of appeals, and the Appeal Fee that applies to each.

<u>Type of Appeal</u>	<u>Appeal Fee</u>	<u>When This Fee Applies</u>
Administrative Appeal	\$750.00	This fee applies <u>only if</u> (1) the <u>sole</u> reason for the Commission's appealable action was the school's failure to pay a fee or submit a document <u>and</u> (ii) the school's appeal will consist <u>only</u> of submitting proof that the missing document was timely received by NACCAS (e.g., proof of delivery) or that the fee was timely paid (e.g., a cancelled check).
Documentary Appeal	\$3,000.00	This fee applies to <u>all other appeals except</u> a Personal Appearance Appeal (see below).

¹ A brief and non-comprehensive "Introduction to the NACCAS Appeal Process" is available on NACCAS' website at <http://naccas.org/naccas/appeal-process>). This document is a brief summary **for introductory purposes only**. Institutions on appeal or considering appeal should familiarize themselves with Part 9 of the *Rules*.

Personal Appearance Appeal	\$15,000.00 ²	This fee applies <u>only if</u> the school states in its notice of intent to appeal that it wishes to have a representative or counsel appear before an Appeal Review Panel at a hearing.
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If the institution is uncertain which Appeal Fee applies to the type of appeal it intends to make, it should contact NACCAS as soon as possible to request clarification. Payment in full of the applicable Appeal Fee **on or before the twentieth (20th) day** following receipt of notice of the Commission's action is the responsibility of the institution.

NOTE: When a main campus and its additional locations are withdrawn solely for the following reason(s) – (1) failure to submit a document submitted jointly or common to all such campuses (e.g., financial statements) **and/or** (2) failure to comply with the requirements of Standard I, Criteria 3, 4 and/or 5 **and/or** (3) failure of the institutions' financial statements to meet the requirements of Standard VII, Criterion 1 – the institutions may pay a single Appeal Fee.

Appeal Fees must be paid in the form of a cashier's check, certified check or money order. Personal checks and credit cards will not be accepted for appeals.

PART 3: SUBMISSION OF APPEAL DOCUMENT

Submission of Documents to the Commission (Section 1.6 of NACCAS' *Rules of Practice and Procedure*)

All submission of documents to NACCAS shall be prepared and submitted in accordance with the Commission's Requirements for Organization of Document Submissions to NACCAS as well as with specific instructions issued by the Commission, and shall, in all cases, be submitted in an organized manner. The information contained therein shall be typewritten and in English, and any photographs included in the submission shall be originals or clear copies.

The "Requirements for Organization of Document Submissions to NACCAS" can be found on NACCAS' website at www.naccas.org/naccas/Other-Key-Documents.

The institution must submit three (3) copies of its Appeal Document in hard-copy format and one (1) copy in electronic (WORD or PDF) format (which may be delivered electronically to NACCAS or on a flash drive or other portable data storage device).

All Appeal Documents should be submitted to:

**Executive Director
Attention: Government Relations & Legal Dept.
NACCAS
3015 Colvin Street
Alexandria, VA 22314**

² Includes (i) a non-refundable \$4,000.00 application fee and (ii) an \$11,000.00 expense deposit for NACCAS' outside counsel legal fees. The balance of the deposit (if any) will be refunded.