

CHANGE in LEGAL STATUS, FORM OF CONTROL, OR OWNERSHIP

Post-Approval Report

# INSTRUCTIONS for SUBMISSION

**General Instructions:** After the proposed substantive change is approved by DEAC and the change of legal status, control, or ownership is closed, the institution provides written notification to DEAC within ten days following the effective date of its change in legal status, form of control, or ownership. The institution undergoes an on-site visit within six months of the transaction closing. The institution submits the Change in Legal Status, Form of Control, or Ownership Post-Approval Report at least five weeks prior to the onsite visit. For Title IV participating institutions, provide the Federal Student Assistance Companion SER Report.

Complete the following Change in Legal Status, Form of Control, or Ownership Post-Approval Report. Submit the completed report and supporting documentation following DEAC’s *Guidelines for Electronic Submission*.

**SECTION 1:** Provide requested institution information.

**SECTION 2:** Provide requested responses regarding the change in legal status, form of control, or ownership. Institutions should also provide responses for Standards below that are relevant to the substantive change.

**SECTION 3:** Provide total enrollment information for the last calendar year and the total number of students enrolled as of the date of report submission.

**SECTION 4:** Review and acknowledge each institutional affirmation by marking the check box to the left.

**SECTION 5:** Provide the identified supporting documentation following DEAC’s *Guidelines for Electronic Submission*.

**SECTION 6:** The president/CEO certifies that all information and documentation provided is true and accurate.

Distance Education Accrediting Commission

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# CHANGE in LEGAL STATUS, FORM OF CONTROL, OR OWNERSHIP – Post-Approval Report

Accreditation does not automatically transfer to an institution when all or a majority share of its interests are sold or when an institution is sold or changes its legal status. If the new ownership desires to continue the institution’s accreditation, it must notify DEAC and receive DEAC approval before the change is made. Failure to obtain approval results in withdrawal of institutional accreditation as of the date the change of legal status, control, or ownership occurs.

A proposed transfer of ownership is approved based on the new owners, governing board members, and administrators possessing the capacity to own and operate a DEAC-accredited institution. The new ownership’s financial condition includes sufficient resources to continue sound institutional operations in fulfillment of all commitments to enrolled students. The financial stability allows the institution to remain in compliance with DEAC accreditation standards.

The institution’s proposed new owners, governing board members, and administrators possess sound reputations and show a record of integrity and ethical conduct in their professional activities, business operations, and relations. The proposed new owners, board members, officials, and executive staff are free from any association with misfeasance, including any government enforcement action, owning, managing, or controlling any educational institutions that entered into bankruptcy or closed, to the detriment of the students.

An institution authorized for and participating in Federal Student Assistance Title IV programs assumes the responsibility of ensuring timely notification and submission of reports to DEAC to facilitate a seamless transfer of ownership and continuation of institutional eligibility. The Change of Legal Status, Control, or Ownership Post-Approval Report requires that copies of filings and submissions to the U.S. Department of Education be included, along with any correspondence received from the Department. The U.S. Department of Education has time-sensitive regulations regarding change of legal status, control, or ownership for institutions participating in federal student aid programs.

A **change in legal status** is defined as a change in the legal definition of the company or corporation, which is typically defined by the state or United States government, such as changing from a for-profit to a nonprofit or from an S Corporation to an LLC.

**Note:**A change in legal status may not require an on-site visit.

“**Control**” is the ability to direct or cause the direction of the actions of an institution. Examples of change of “form of control” are (1) the sale of all or majority interest of the institution’s assets, (2) sale or assignment of the controlling interest of the voting stock of a corporation that owns the institution or that controls the institution through one or more subsidiaries, (3) merger or consolidation of the institution with other institutions, or (4) an independent corporation owning an institution that becomes a subsidiary of another corporation with a different ownership. When an institution changes its form of control, as defined as the ability to direct or cause the direction of the actions of an institution, it is essentially changing ownership.

A “**change of ownership**” is any transaction or combination of transactions that would result in a change in the control of an accredited institution.

## SECTION 1: INSTITUTION INFORMATION

**Institution Name:** Insert Institution Name

**Former Names:** Insert Former Name(s)

**Website(s):** Insert Website Link(s)

**Main Telephone Number:** Main Telephone Number

**Institutional Mission Statement:** Insert Mission Statement

**Primary Contact:** Name of President/CEO

**Title:** Title

**Email:** Email

**Telephone:** Telephone Number

**Compliance Officer Contact:** Name of compliance officer

**Title:** Title

**Email:** Email

**Telephone:** Telephone Number

Note: This individual must have already completed the *Preparing for DEAC Accreditation* tutorial.

## SECTION 2: CHANGE IN LEGAL STATUS, FORM OF CONTROL, OR OWNERSHIP

Indicate the type of transaction, as defined on page two above, that the institution is presenting in this report.

[ ]  Legal Status [ ]  Form of Control [ ]  Ownership

1. Provide the date that the change in legal status, form of control, or ownership took place (e.g. the date of transaction closing).

Insert Response
2. How is the institution legally established under the new ownership (e.g., S corporation, C corporation, nonprofit corporation, partnership, publicly traded corporation, proprietorship)?

Insert Response

1. If there exist multiple levels of ownership structures between the entity that directly owns the institution and the ultimate parent entity, provide a complete description of each level of ownership, including at least the following information for each entity (including the parent company): the entity’s full name, how the entity is legally established (e.g., S corporation, C corporation, non-profit corporation, partnership, publicly traded corporation, proprietorship), and the percentage of ownership of the institution that each level holds.

Insert Response, separately listing the full name, legal establishment information, and percentage of ownership of each entity over the institution.

1. Provide a narrative of any changes made of managers and/or partners affiliated with the new ownership structure as compared to the representations made in the Change in Legal Status, Form of Control, or Ownership Application.

Insert Response

1. Provide a narrative discussing any changes made to the institution as a result of the change in legal status, form of control, or ownership, including changes in curricula, educational services, student support services, faculty/staff, admissions criteria, advertising, or facilities.

Insert Response

## Accreditation Standards

Standard I: Institutional Mission

1. **Description of the Mission**

The institution’s mission communicates its purpose and its commitment to providing quality distance educational offerings appropriate to the level of study offered. The mission establishes the institution’s identity within the educational community and guides the development of its educational offerings.

1. Present the institution’s mission statement, if it changed as a result of the change in legal status, form of control, or ownership.

1. **Review and Publication of the Mission**

The institution’s administrative and academic leadership team, as well as representative members of the institution’s faculty, shall review the mission on a regular basis to determine whether the mission should be amended and how the institution is performing against the objectives set by its mission statement. The published mission statement is readily accessible to students, faculty, staff, other stakeholders, and the public.

1. Describe where the institution publishes its mission, demonstrating that the mission is readily accessible to students, faculty, staff, other stakeholders, and the public.

Standard II: Governance

1. **Owners, Governing Board Members, Officials, and Administrators**

The institution’s owners, governing board members, officials, and administrators possess appropriate qualifications and experience for their positions. The owners, governing board members, officials, and administrators are knowledgeable and experienced in one or more aspects of education administration, finance, and the design and delivery of academic programs and related student services within a distance learning model. The institution’s policies clearly delineate the duties and responsibilities of owners, governing board members, officials, and administrators. Individuals in leadership and managerial positions are qualified by education and experience appropriate to their position and have the ability to oversee institutional operations consistent with the institution’s mission and program offerings.

1. Provide the following information for the owner(s), governing board members, chief executive officer, and top institution administrators using the chart below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | Title | Length of Term  | Academic Credentials | Qualifying Professional Experience |
|  |  |  |  |  |

1. Describe how the owner(s), governing board members, chief executive officer, and top institution administrators are knowledgeable and experienced in educational administration.
2. Describe how the owner(s), governing board members, chief executive officer, and top institution administrators are knowledgeable and experienced to ensure quality regarding:
* Financial practices necessary to ensure institutional stability.
* Design and delivery of academic programs and student services.
* Educational offerings delivered via distance education.
1. Describe the institution’s processes and policies that clearly delineate the duties and responsibilities of the owner(s), governing board members, chief executive officer, and top institution administrators.
2. Describe how the institution verifies that all individuals in leadership and managerial positions are qualified by education and experience, as appropriate to their respective positions.
3. Describe how the owner(s), governing board members, chief executive officer, and top institution administrators remain current within the disciplines offered and the educational community.
4. **Reputation of Institution, Owners, Governing Board Members, Administrators, and Other Officials**

The institution and its owners, governing board members, officials, and administrators possess sound reputations, a record of integrity, and ethical conduct in their professional activities, business operations, and relations. The institution’s name is free from any association with activity that could damage the reputation of the DEAC accrediting process, such as illegal actions, fraud, unethical conduct, or mistreatment of consumers. The institution’s owners, governing board members, officials, and administrators shall comply with the institution’s policies and procedures governing conflicts of interest and other applicable rules of conduct.

1. Describe how the owner(s), governing board members, chief executive officer, and top institution administrators possess sound reputations and records of integrity.
2. Describe how the owner(s), governing board members, chief executive officer, and top institution administrators practice ethical conduct in their professional activities, business operations, and business relations.
3. Describe how the owner(s), governing board members, chief executive officer, and top institution administrators comply with the institution’s policies and procedures governing conflicts of interest and other applicable rules of conduct.
4. Affirm that the institution’s name is free from any association with activity that could damage the reputation of the DEAC accrediting process, such as illegal actions, fraud, unethical conduct, or mistreatment of consumers.
5. Affirm whether any owner(s), governing board members, chief executive officer, or top institution administrators have been debarred by federal or state authorities from participating in any funding programs.
6. Affirm that the institution will promptly notify DEAC of any investigative, enforcement, legal, or prosecutorial actions which may be initiated against the institution, its owners, governing board members, officials, and administrators and that such notification shall include an explanation of the circumstances giving rise to such actions and the institution’s response to the same, as well as its explanation of why such actions should not be deemed a concern with respect to the integrity of the named persons or institutions.

Standard III: Institutional Planning and Effectiveness

1. **Mission Achievement**

The institution plans and implements comprehensive processes with clearly defined metrics and criteria to monitor effectiveness of all aspects of the institution’s operations against the institution’s mission and any initiatives identified in the strategic plan. The institution shares appropriate information from the data gathered with relevant stakeholder groups.

1. List the metrics and criteria the institution uses to measure achievement of the mission.
2. Identify who is responsible for documenting the institution’s achievement of its mission.
3. **Strategic Planning**

The institution implements a strategic plan utilizing a systematic process for the achievement of goals that support its mission. The institution’s planning processes involve all areas of the institution’s operations in developing strategic initiatives and goals by evaluating external and internal trends. Data is used to identify areas of weakness and opportunities for improvement, development, and growth. The plan helps institutions set priorities, manage resources, and set goals for future performance.

The strategic plan addresses, at a minimum, finances, academics, technology, admissions, marketing, personnel, and institutional sustainability and includes measurable action plans that lead to mission achievement. The plan identifies the individuals responsible, timelines for completion, and the financial resources required. The institution reviews the strategic plan at least annually and reports achievement of progress to its stakeholders.

1. Describe the institution’s strategic planning process in terms of gathering data to identify areas for improvement or opportunity, via a SWOT Analysis (strengths, weaknesses, opportunities, and threats) or other similar means of evaluation.

1. Describe how the institution’s strategic plan addresses:
* Financial stability.
* Development of educational offerings.
* Integration of technology to enhance its educational offerings.
* Effective and accurate admissions and marketing activities to promote institutional sustainability.
* Professional development of leadership, faculty, and staff.

## Standard IX: Academic Leadership and Staffing

1. **Academic Leadership**

The institution provides academically qualified and experienced leadership to direct and oversee the effective delivery of its educational offerings using distance learning models. Academic leadership is responsible for the quality of program and student outcomes, as well as for the selection, training, continued quality, and development of faculty.

1. Describe how the institution’s academic leaders possess the academic qualifications and experience to direct and oversee the effective delivery of its educational offerings.
2. Describe how the institution’s academic leadership includes individuals who are adequately qualified and experienced in the institution’s implemented distance learning modalities.
3. Describe the roles and responsibilities of academic leadership personnel.
4. Describe the processes in place to ensure that academic leaders are responsible for and engaged in review of program quality and student outcomes.
5. Describe the process in place for academic leadership’s selection, training, and ongoing development of faculty.

## Standard XIV: Finance

* 1. **Financial Practices**

The institution provides on an annual basis complete, comparative financial statements covering its two most recent fiscal years’ financial statements that are audited and prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America or the International Financial Reporting Standards (IFRS).[[1]](#footnote-1) In the event the operations of the institution are supported in whole or in part by a parent company or a third party, the Commission may require audited financial statements from the parent or third party to demonstrate that the entity possesses sufficient financial resources to provide the institution continued financial sustainability. If the institution’s financial performance is included within the parent corporation’s statements, a supplemental schedule for the individual institution is appended to the parent statement, and inter-company transactions are clearly identified and defined. The institution’s budgeting processes demonstrate that current and future budgeted operating results are sufficient to allow the institution to accomplish its mission and goals.

1. Describe how the institution demonstrates financial responsibility.
2. Describe how the institution maintains sufficient resources to meet its financial obligations and provide quality educational offerings and service to students.
3. Describe how and how often the institution’s financial statements are audited.
4. Certify that the institution submitted its most recent fiscal year end audited comparative financial statements, opinion letter, and letter of financial statement validation.
5. Describe whether the institution’s financial statements are prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America or the International Financial Reporting Standards (IFRS).
6. Describe the institution’s budgeting processes.
7. Identify the individuals involved in and responsible for the institution’s budget.
8. Describe how the budgeting process documents and verifies that current and future operating results are sufficient to allow the institution to accomplish its mission and goals.
9. If the institution is supported by a parent company or third party, describe how that entity possesses sufficient financial resources to provide the institution with continued financial sustainability.
10. Describe the parent company or third party’s commitment to supporting the entity.
11. Describe the parent company or third party’s level of administrative and financial involvement with the institution.
12. If the institution’s financial performance is included within the parent corporation’s statements, provide a supplemental schedule which discloses the individual institution’s financial status and clearly identifies and defines inter-company transactions.

	1. **Financial Management**

Individuals overseeing the fiscal and budgeting processes are qualified by education and experience. The institution maintains adequate administrative staff and other resources to operate effectively within fiscal and budgeting constraints, consistent with its representations of the scope and quality of its educational offerings as guided by its mission statement and strategic plan. Any risk that exists is adequately monitored, manageable, and insured. The institution has adequate administrative resources for effective operations, and at least one person is qualified and able to prepare accurate financial reports in a timely manner. Documentation protocols and controls are in place to assure that finances are properly managed, monitored, and protected.

1. Describe how the individuals responsible for preparing the institution’s financial reports and budgets are qualified by education and experience.
2. Describe how often financial reports and budgets are prepared.
3. Describe who at the institution, whether internally or a third party, is responsible for reviewing and approving financial reports and budgets.
4. Describe how the institution maintains adequate administrative resources to operate effectively within fiscal and budgeting constraints.
5. Describe how identified risks are monitored, managed, and insured.
6. Describe the type of professional liability, property, and general liability insurance held by the institution, and provide a copy of the Certificate of Liability Insurance.
7. Provide a list of any significant insurance claims made in the past five years.
8. Describe the institution’s documentation protocols and controls in place to verify that finances are properly managed, monitored, and protected.
9. Describe how the accounts payable (numbers, amounts, and age) reflect sound financial responsibility and management.

	1. **Financial Stability and Sustainability**

Financial statements must reflect that the institution has sufficient resources to meet the institution’s financial obligations to provide quality instruction and service to its students for the full period of each student’s enrollment, consistent with the institution’s program representations.

1. Describe whether the institution’s financial statements reflect sufficient resources to meet the institution’s financial obligations to provide quality instruction and service to its students for the full period of students’ enrollment, as represented to the public.
2. Describe how the institution is profitable. For nonprofits, describe how the institution has an excess of revenues over costs.
3. If the institution is not profitable, describe the institution’s strategic initiatives implemented to achieve a positive operating result sufficient to fund future operations.
4. Describe how the institution is committed to fulfilling all obligations to students in the event a teach-out is required.
5. Describe how the institution uses cost control and analysis systems to verify that it maintains sufficient current assets to fund a teach-out of students.
6. State whether or not the institution or any owner(s) or governing board members ever declared bankruptcy.
7. If a sole proprietorship or partnership, state whether or not the owner(s), governing board members, chief executive officer, or top institution administrators have ever declared bankruptcy.
8. Describe how the institution maintains reserves for honoring future service obligations, bad debts, and refunds.

	1. **Financial Reporting**

Annual financial statements are prepared in conformity with generally accepted accounting principles in the United States of America, often referred to as “GAAP”, including the accrual method of accounting. An independent certified public accountant (CPA) audit report accompanies these statements. At its discretion, the Commission may require additional financial reporting from the institution.

1. State whether the institution’s annual financial statements are prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America or the International Financial Reporting Standards (IFRS).
2. State whether the institution uses the accrual method of accounting.
3. Describe the qualifications and experience of the institution’s independent auditing firm.
4. State whether the independent auditor identified any deviations while conducting the institution’s audit.
5. Describe how the institution is addressing and resolving any identified challenges, anomalies, or threats.
6. Explain how the institution would continue operations if it received a going concern or liquidity footnote opinion from the independent auditing firm.
7. If a going concern or liquidity uncertainty is resolved through continued shareholder support, explain why the independent auditing firm did not accept the support as sufficient to avoid the going concern opinion or liquidity note.
8. Certify that the institution understands that the Commission may, in its discretion, require that the institution deliver additional financial reporting as deemed necessary when circumstances raise questions as to the institution’s financial soundness and stability.

## SECTION 3: ENROLLMENT INFORMATION

1. Provide the number of new enrollments in the last calendar year.

Insert Response

1. Provide the total number of students enrolled as of the date of report submission.

Insert Response

## SECTION 4: INSTITUTIONAL AFFIRMATIONS

Accreditation is a voluntary, peer review process. The institution assumes the burden of proof in demonstrating that its curricula are within DEAC’s recognized scope of authority and that all policies and procedures meet DEAC accreditation standards.

The president/CEO submits this report for the institution seeking the above noted substantive change and affirms the following:

|  |
| --- |
|[ ]  The institution is properly licensed, authorized, exempted, or approved by all applicable state education institutional authorities (or their equivalent for non-U.S. institutions). The institution complies with all laws applicable to the jurisdiction(s) in which the institution operates. Exemptions from state law are supported by state-issued documentation or statutory language for that state. Should an accredited institution lose its state licensure in its state of domicile for whatever reason (or international equivalent), DEAC accreditation terminates as of the date of the loss of state licensure, subject to DEAC’s appeal procedures. |
|[ ]  The institution has clearly articulated outcomes for its educational offerings and has an ongoing outcomes assessment program in place designed to measure student achievement and satisfaction. |
|[ ]  The institution documents, through audited comparative financial statements that cover its two most recent fiscal years, that it is financially sound and can meet its financial obligations to provide instruction and service to its students. All financial statements submitted to DEAC are prepared in compliance with generally accepted accounting principles in the United States of America (GAAP) or International Financial Reporting Standards[[2]](#footnote-2). If the financial operations of the institution are supported in whole or in part by a parent company or a third party, the institution understands that the Commission may require audited financial statements from the parent or third party to demonstrate that the entity possesses sufficient financial resources to provide the institution continued financial sustainability, as well as the commitment to do so. If the institution’s financial performance is included within the parent corporation’s statements, a supplemental schedule for the individual institution is appended to the parent statement. |
|[ ]  The institution demonstrates that its name is free from any association with any activity that could damage the standing of DEAC or of the accrediting process, such as illegal actions, unethical conduct, or abuse of consumers. |
|[ ]  The institution and the institution’s owners, governing board members, officials, and administrators possess sound reputations and show a record of integrity and ethical conduct in their professional activities, business operations, and relations. The owners, governing board members, officials, and administrators have records free from any association with any misfeasance, including, but not limited to, owning, managing, or controlling any educational institutions that have entered bankruptcy or have closed, to the detriment of the students. Ongoing state, federal or local indictments, enforcement activities, or other censure against an institution, an institution’s owners, governing board members, officials, and administrators must be promptly disclosed by an institution to DEAC regardless of whether initiated before or during the period in which an institution is applying for accreditation or reaccreditation and during any period during which an institution is accredited by DEAC (Section XIV.B). The notice should include an explanation from the institution as to the circumstances giving rise to the governmental action and why the governmental action should not result in a declaration of ineligibility under this section and/or a violation of Standard II. Upon receipt of the notice, the Commission may, in its sole discretion, initiate investigative proceedings and/or make a determination that the governmental action places the institution in violation of this eligibility criterion and of Standards II and/or XIV. |
|[ ]  The institution is free from any pending or final action brought by a state agency or recognized accrediting agency to suspend, revoke, withdraw, or terminate the institution’s legal authority to operate or to deny accreditation or renewal of accreditation. |

## SECTION 5: DOCUMENTATION

* Non-refundable Change in Legal Status, Form of Control, or Ownership Post-Approval Report Fee (see *DEAC Accreditation Fees* document). Provide evidence of payment (scanned copy of check or similar). Insert Date Fee was Mailed
* Federal Student Assistance Companion SER Report (as applicable)
* Copy of the institution’s state certification (or international equivalent) authorizing continued licensure under the new ownership.
* Updated strategic plan
* Updated succession plan
* Résumés of any new personnel assigned to positions in leadership, administration, faculty, or staff.
* Audited comparative financial statements covering the two most recent fiscal years for both the institution and its owner/controlling entity.

**Note:** Financial statements are audited and prepared in compliance with generally accepted accounting principles in the United States of America (GAAP) or International Financial Reporting Standards. The institution’s budgeting processes demonstrate that current and future budgeted operating results are sufficient to allow the institution to accomplish its mission and goals.

* An audited “same day” balance sheet, with appropriate financial statement notes, that reflects the financial condition of the institution as of the date of the change of ownership.
* Financial Reports including operating budget from date of acquisition or change in control and most recent interim-period balance sheet and income statement since the date of acquisition or change in control compared to budget.
* Evidence that the supporting entity possesses sufficient financial resources to provide the institution with continued financial sustainability.
* Parent company or third-party financial commitment letter.
* A copy of the final contract or agreement, signed by all parties, which finalizes the transfer of ownership and control of the institution.
* Updated teach-out commitment letter
* Updated facilities, equipment, and supplies maintenance plan
* Updated Certificate of Liability Insurance

## SECTION 6: CERTIFICATION

I certify that all of the information contained on this report and in the submitted documentation is true and correct, and I understand that, by electronically typing my name in this document, it is considered to have the same legally binding effect as signing my signature using pen and paper.

**Institution’s President/CEO:** Name of President/CEO

**Institution’s President/CEO Signature:** Print Name or Insert Digital Signature

**Date:** Insert Date

1. The implementation and submission time frame of Standard XIV.A.’s requirement that institutions provide audited comparative financial statements (reviewed comparative financial statements will no longer be accepted) is as follows: For institutions with fiscal years ending between January 1, 2025, and June 30, 2025, audited financial statements are due by December 31, 2025. For institutions with fiscal years ending between July 1, 2025, and December 31, 2025, audited financial statements are due by June 30, 2026. In both cases, the Commission is waiving the requirement for comparative statements and accepting audits of one fiscal year. Future submissions of audited statements (submitted after June 30, 2026) must be prepared on a comparative basis. [↑](#footnote-ref-1)
2. The implementation and submission time frame of Standard XIV.A.’s requirement that institutions provide audited comparative financial statements (reviewed comparative financial statements will no longer be accepted) is as follows: For institutions with fiscal years ending between January 1, 2025, and June 30, 2025, audited financial statements are due by December 31, 2025. For institutions with fiscal years ending between July 1, 2025, and December 31, 2025, audited financial statements are due by June 30, 2026. In both cases, the Commission is waiving the requirement for comparative statements and accepting audits of one fiscal year. Future submissions of audited statements (submitted after June 30, 2026) must be prepared on a comparative basis. [↑](#footnote-ref-2)