



Accrediting Commission of Career Schools and Colleges

2101 Wilson Boulevard, Suite 302
Arlington, Virginia 22201
703.247.4212
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www.accsc.org

August 3, 2021

ELECTRONIC DELIVERY

[Redacted]
[Redacted]
SAE Institute Group, Inc. and Subsidiaries
14 Northeast 1st Avenue, Suite 602
Miami, Florida 33132

Warning

Dear [Redacted]

At the February 2021 meeting, the Accrediting Commission of Career Schools and Colleges (“ACCSC” or “the Commission”) considered its previous decision to continue the ACCSC-accredited schools owned by SAE Institute Group, Inc. and Subsidiaries (“SAE” or “the Company”)¹ on System-wide Financial Reporting. Upon review of the October 20, 2020 Continued System-wide Financial Reporting letter and the schools’ response, the Commission voted to place SAE on **Warning** with a subsequent review scheduled for ACCSC’s **February 2022** meeting. The reasons for the Commission’s decision and the Commission’s requirements for the school to demonstrate compliance are set forth below.

History of the Commissions Review

February 2019 Review

At the February 2019 meeting, the Commission considered the audited financial statements for fiscal year ended June 30, 2018 and 2017 submitted by SAE. Upon review of the financial statements, the Commission voted to place SAE on System-wide Financial Reporting. A review of SAE’s fiscal year ended June 30, 2018 audited financial statements found the following:

- [Redacted]
 - [Redacted]
 - [Redacted]
 - [Redacted]
 - [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

August 2019 Review

At the August 2019 meeting, the Commission considered its previous decision to place SAE on System-wide Financial Reporting. Upon review of the April 25, 2019 System-wide Financial Reporting letter, it was noted that a response was due to the Commission on or before July 25, 2019. The schools’ response

¹ See Appendix A for a complete list of ACCSC-accredited schools owned and operated by SAE Institute Group, Inc. and Subsidiaries.

[REDACTED]

Lastly, the Commission requested an update as to the schools' current status with the Department regarding the schools' fiscal year ended June 30, 2018 audited financial statements and the change of ownership. SAE provided emailed correspondence between the schools and the Department showing that as of the date of the response, a final notice has not yet been issued.

August 2020 Review

At the August 2020 meeting, the Commission considered its previous decision to continue SAE on System-wide Financial Reporting. Upon review of the December 6, 2019 Continued System-wide Financial Reporting letter and the schools' response, the Commission voted to continue SAE on System-wide Financial Reporting with a subsequent review scheduled for ACCSC's February 2021 meeting.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

February 2021 Meeting Review and Action:

At the February 2021 meeting, the Commission expressed heightened concern regarding the financial soundness of the system of SAE schools' and whether the system has resources sufficient for the proper operation of the schools and ongoing discharge of obligations to students (*Section I (C)(1), Substantive*

Standards, Standards of Accreditation). In support of this heightened concern, SAE's fiscal year ended June 30, 2020 and 2019 audited financial statements show the following:

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The schools' analysis and efforts notwithstanding, given the low working capital coupled with the ongoing net losses and increased deficits, the Commission expressed heightened concern regarding the Company's financial soundness. As such, the Commission determined that continued close monitoring of SAE's financial soundness is warranted and as such directs SAE to submit the following:²

- a. [REDACTED] fiscal year ended June 30, 2021 audited financial statements;
- b. An attestation from [REDACTED] on their continued financial support;
- c. SAE's internally prepared financial statements for six months to cover the period of July 1, 2021 through December 31, 2021, to include a balance sheet and profit and loss statement, prepared and submitted in accordance with requirements set forth in ACCSC's [Instructions for the Preparation and Submission of Financial Statements and Related Information](#);
- d. An updated MD&A narrative examining and explaining SAE's current financial condition and ability to project future financial soundness;
- e. SAE's full fiscal-year 2022 budget with a budget-to-actual analysis for the six-month period of July 1, 2021 through December 31 2021;
- f. SAE's current status with the Department to included copies of the renewed LOC's and correspondence between SAE and the Department; and
- g. Any other information or documentation that SAE believes will assist the Commission in its review of the school's financial position.

Warning Restrictions:

Pursuant to *Section VII (K)(9), Rules of Process and Procedure, Standards of Accreditation*, the Commission will not consider substantive changes, a change of location/relocation, or additions (i.e., separate facilities, new programs) to a school or its separate facilities while the school is under a Warning.

Notification to Students

The Commission requires the school to inform current and prospective students in writing that the school has been placed on Warning and to provide a summary of the reasons for the Warning Order (*Section VII (K)(8) Rules of Process and Procedure, Standards of Accreditation*).

Response Requirements:

By applying for accreditation, a school accepts the obligation to demonstrate continuous compliance with the *Standards of Accreditation*. While the Commission employs its own methods to determine a school's compliance with accrediting standards, the burden rests with the school to establish that it is meeting the

² The Commission will also review SAE's fiscal year ended June 30, 2021 audited financial statements submitted in accordance with ACCSC's normal requirements on or before December 31, 2021.

standards. The Commission's deliberations and decisions are made on the basis of the written record and thus a school must supply the Commission with complete documentation of the school's compliance with accrediting standards.

SAE must provide a response to the items expressed above that provides the information requested along with any additional information that the school believes supports a demonstration of compliance with accrediting standards.³ If the school's response contains documentation that includes personal or confidential student or staff information that is not required for the Commission's review (e.g., social security numbers, dates of birth, etc.), please remove or redact that information.

SAE must upload the school's electronic response directly to ACCSC's College 360 Database. The ACCSC College 360 database can be accessed by [clicking here](#). Please note that the password utilized by the institution to access the Annual Report Portal is the same to access the School Submission section of the College 360 database. The Instructions for Electronic Submission can be found [here](#). A detailed overview on how to upload a school submission can be found [here](#).

Keep in mind, the school's response must be prepared in accordance with ACCSC's Instructions for Electronic Submission (e.g., prepared as one Portable Document Format ("PDF") file that has been prepared using Adobe Acrobat software (version 8.0 or higher) and which has a .pdf extension as part of the file name). The school will receive an e-mail confirmation that the file has been received within 24 hours of the submission.

The school's response must also include a signed certification attesting to the accuracy of the information and be received in the Commission's office **on or before January 13, 2022**. If a response, the required fee,⁴ and the certificate of attesting to the accuracy of the information is not received in the Commission's office **on or before January 13, 2022**, the Commission will consider further appropriate action.

For assistance with the password or for any other questions regarding the electronic submission requirements, please contact [REDACTED]. Please note that any password requests to access College 360 must be made by the school director, or designated member of the school's management team, via e-mail.

For further assistance or additional information, please contact [REDACTED] or [REDACTED]

Sincerely,

[REDACTED]
Michale S. McComis, Ed.D.
Executive Director

Encl.: Appendix A

³ ACCSC has issued two modules of the **Blueprints for Success Series** – [Organizing an Effective Electronic Submission](#) and [Preparing a Comprehensive Response for Commission Consideration](#) – which provide a framework for submitting a well-documented, organized, electronic response for Commission consideration. ACCSC encourages the school to review these modules when formulating its response to this letter. More information is available in the [Resources section](#) at www.accsc.org.

⁴ ACCSC assesses a \$500 processing fee to a school placed on Warning.



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APPENDIX A

ACCSC-Accredited Institutions Owned and Operated by SAE Institute Group, Inc. and Subsidiaries

SAE Expression College Emeryville, California #M070519	SAE Institute of Technology Nashville Nashville, Tennessee #M070557
SAE Institute - Chicago Chicago, Illinois #B072428	SAE Institute Atlanta, Georgia #B072601
SAE Institute of Technology Miami, Florida #B072788	SAE Institute of Technology New York, New York #B072789