



ACCREDITING COUNCIL FOR CONTINUING EDUCATION & TRAINING
1722 N. Street, N.W., Washington, D.C. 20036
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<http://www.accet.org>

December 19, 2018

VIA EMAIL
(aoi@aoicollege.edu)

Mr. Charles Kim
Chief Operations Officer
AOI College of Languages
4040 Barranca Parkway #290, 270
Irvine, CA 92604

***Re: FRC Reporting Reviewed;
Institutional Show Cause Issued;
Interim Report Required***

ACCET ID #1454

Dear Mr. Kim,

At its December 2018 meeting, the Accrediting Commission of the Accrediting Council for Continuing Education & Training (ACCET) reviewed the institution's 2017 annual financial reporting, received June 29, 2018, and follow-up financial reporting to the Financial Review Committee, dated October 29, 2018. This reporting was referred to the full Commission by the Financial Review Committee of the Accrediting Commission due to concerns regarding financial stability.

As a result of its review, the Commission voted to issue a Show Cause directive, requiring the institution to provide a compelling rationale showing cause as to why its accredited status should not be withdrawn. The Commission found that the follow-up financial reporting, which was required to provide explanations for certain items in the balance sheet and demonstrate more current financial information, contained a balance sheet that did not balance. The balance sheet also indicated a current assets: liabilities ratio significantly below 1:1 and significant prior year adjustments resulting in negative equity. Further, the narrative provided indicated that the "bank overdraft" had been reclassified to "Credit Card Payable," but the institution's cash position as of September 30, 2018 was not sufficient to cover this cost. The narrative also indicated removal of the "other receivables" line item through a journal adjustment, but the explanation was unclear. Based on these financial stability concerns and the institution's inability to provide accurate financial statements including a balanced balance sheet, the Commission voted to issue a Show Cause directive.

Therefore, the Commission directed the institution to submit an interim report to include the following specific items:

1. Internally-generated financial statements for the period of January 1 through December 31, 2018, to include a balance sheet, income statement, and a cash-flow statement. The balance sheet and income statement must be line-by-line comparative with the previous fiscal year. Financial statements must demonstrate compliance with GAAP.
2. A signed statement from the CEO or CFO attesting to the truth and accuracy of the financial statements.
3. A financial recovery plan to include specific steps that have been taken, are in progress, and are planned to improve the institution's financial position and ensure adequate reserves. Steps must also include expected outcomes and timeframes for results.
4. A Teach-Out Plan in accordance with ACCET Document 32 – Teach-out Closure Policies, to demonstrate preparation of an organized teach-out procedure in the event the institution is forced to close. Note that the teach-out plan must include all applicable information including current student lists for both campuses as well as potential transfer schools offering ESOL programs in the area.

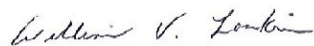
A copy of this report, **including the attached interim report cover sheet**, must be emailed to **interimreports@accet.org** for receipt at the ACCET office no later than **February 28, 2019**.

As a reminder, please be advised that late submission and receipt of documents and reports are subject to significant late fees in accordance with Commission policy. These fees are outlined in ACCET Document 10, which can be found at www.accet.org.

Further, while under a Show Cause directive, the institution is restricted from making any substantive changes including, but not limited to, new programs, major program revisions, new branch campuses or other new sites, or relocations out of the general market area.

Your demonstrated capabilities and commitment in support of the institution's accredited status are essential to a favorable outcome in this process. Should you have any questions or need further assistance regarding this letter, please contact the ACCET office at your earliest opportunity.

Sincerely,



William V. Larkin, Ed.D.
Executive Director

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Enclosures: Interim Report Cover Sheet

AOI College of Languages

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