



ACCREDITING COUNCIL FOR CONTINUING EDUCATION & TRAINING
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April 28, 2022

VIA EMAIL
(jbenoit@lsi.edu)

Mr. James Benoit
Director
Language Studies International
1706 Fifth Avenue, 3rd Floor, Suite 301
San Diego, CA 92101

***Re: Institutional Show Cause Continued
Interim Report Reviewed
Interim Report Required
Teach-Out Plan Required
ACCET ID #889***

Dear Mr. Benoit:

At its April 2022 meeting, the Accrediting Commission of the Accrediting Council for Continuing Education & Training (ACCET) reviewed the institution's February 18, 2022, interim report submitted in response to the institutional show cause directive issued at the December 2021 Commission meeting for Language Studies International (LSI) located in San Diego, CA, as a result of the institution's failure to submit 2020 financial statements due June 30, 2021. The Commission also directed the institution to provide a compelling rationale to show cause why its accreditation should not be withdrawn and to submit documentation to demonstrate LSI's financial stability.

Upon its review of the institution's interim report, submitted February 18, 2022, the Commission voted to continue the institutional show cause directive, requiring the institution to provide further compelling rationale to show cause why LSI's accreditation should not be withdrawn.

The institution's interim report included 2020 audited financials, Income Statement and Balance Sheet for fiscal year 2021, and accompanying bank statements from both Wells Fargo and Bank of America. However, the institution did not demonstrate liquidity for 2020 with a high accounts receivable balance in relation to revenue and a considerably low cash balance. This accounts receivable trend continued to worsen in 2021. The Commission noted that LSI's accounts receivables doubled from 2020, with only a 28% increase in revenue from 2020 to 2021. Further, the statement of earnings reflected substantial losses in both comparable years 2020 and 2021. School management referred to a "significant rebound" in 2021; however, when considering the 2021 statements provided, the net loss is essentially the same as the prior year (2020). An increase in revenue halfway through the year is noted; however, expenses continued to increase.

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

- 1. A narrative update to include a compelling rationale to show cause why LSI's accreditation should not be withdrawn.**

2. **A narrative description providing specific details of the variable interest entities represented in the school's financials.**
3. **A detailed operational strategy to increase revenue and control costs.**
4. **An analysis by month comparing budget versus actuals year-to-date (January–June 2022) with a projection for the subsequent two quarters (July–September 2022 and October–December 2022).**
5. **A proposed Teach-Out plan in accordance with ACCET Document 32 – Teach-out/Closure Policy.**

The institution's response, including the attached **Interim Report cover sheet**, must be uploaded (link provided below) no later than **June 30, 2022**, for the institution's report to be considered further at the Commission's August 2022 meeting. Please see the attached submission instructions.

ACCET Dropbox upload link: <https://www.dropbox.com/request/owwNFFSirPC8ai6OKh25>

As a reminder, a \$500 late fee will be charged to an institution for the late submission of an Interim Report. Please see (page 6 of) [ACCET Document 10 – Fee Schedule](#) for additional information.

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.

Should you have any questions or need further assistance, please contact the ACCET office at info@accet.org or (202) 955-1113.

Sincerely,



Res Helfer
Executive Director

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Attachments: Interim Report Cover Sheet
Interim Report Submission Instructions

cc: Mr. Herman Bounds, Chief, Accreditation Division, US ED (aslrecordsmanager@ed.gov)
Ms. Charity Helton, Accreditation Division, US ED (charity.helton@ed.gov)
Mr. James Hicks, Deputy Director for External Operations, SEVP
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