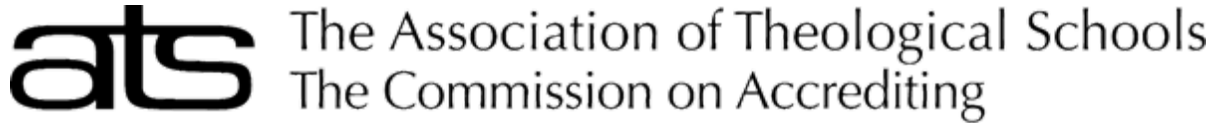


From: [ATS Accrediting](#)
To: jrmejias@se-pr.edu; [Elsie Miranda](#)
Cc: gramirez@se-pr.edu
Subject: [COAATS] Action Letter, June 2023
Date: Friday, June 9, 2023 4:27:52 PM
Attachments: [image001.png](#)



June 9, 2023

ATTN: Juan Mejias Ortiz
Seminario Evangélico de Puerto Rico
776 Avenida Ponce de Leon
San Juan, PR 00925-2207
via email only

Dear President Mejias Ortiz,

The Board of Commissioners met in Pittsburgh, Pennsylvania, on June 5-6, 2023, and included on its agenda Seminario Evangélico de Puerto Rico's interim report required by the Board in June 2020 related to the warning on resources (financial). The report should "document progress toward financial sustainability as documented by FY 2021 and FY 2022 audits, management letters (if any), the school's analysis of its FY 2022-23 operating revenues and expenditures, and three- to five-year budget projections (see Standard 10.3)" as required by the June 2022 Board action.

The Board reviewed the school's report and subsequent appendices on progress toward financial sustainability, which lacked the FY 2021 and FY 2022 audits. The report includes the completed IRS Form 990 for FY 2020 and FY 2021, which shows some improvement in the school's financial status but fails to provide a rationale for the missing audits. After a videoconference between the school's liaison and the school's president, CFO, and board chair, the administrators explained their ongoing implementation of a plan to achieve financial sustainability and their inability to submit financial statements in a timely manner. The conversation highlighted that the reason for the delay in submitting the complete reports stemmed from the spring 2022 focused visit, during which time the evaluation committee flagged \$200K in deferred revenue from 2019, which set in motion a forensic audit. The discovery required a forensic audit. As the CFO explained, this process requires going back into the archives to search for the source(s) of this financial discrepancy, which has taken more than one year to resolve. Without obtaining the clarity needed to address the \$200K in deferred revenue from FY 2019, the audits for the subsequent years could not be completed. In place of the required audits, the school submitted the corresponding 990 Forms in good faith as the best source of financial information they had at their disposal.

The school has committed to submitting a letter from the CPA with a timeline for the submission of their financial statements, along with a detailed description of the progress that has been made in the forensic accounting process to show modest improvements toward achieving financial sustainability.

After reviewing the information in light of the pertinent Commission [Standards](#) and [Policies and Procedures](#), the Board voted:

1. To impose probation for a period of 24 months (June 2023 to June 2025), as a result of the school not meeting the following Commission Standard (per *Policies and Procedures*, III.H):

Standard 10.3. The school is at risk of not having “sufficient and stable financial resources to achieve its mission with educational quality and financial sustainability.” The school must submit a report by the 1st of April 2025, documenting progress toward financial sustainability, including a financial plan that is “realistic, holistic, and sustainable” (see [Guidelines for Understanding Standard 10.3 on Finances](#) for additional guidance). The school’s FY 2020-2021, FY 2021-2022, and FY 2022-2023 audits, management letters (if available), analysis of the FY 2023-2024 and FY 2024-2025 operating revenues and expenditures, and budget projections for FY 2025-2026 must be appended to the report (see Standards 9.3 and 10.3).

2. To authorize a focused visit prior to the end of the period of probation (no later than April 15, 2025) to make a recommendation regarding whether the Board of Commissioners should remove probation or take an adverse action, i.e., withdrawal of accreditation (*Policies and Procedures*, III.J).

NOTE: Actions #1 & #2 (above) are effective **June 23, 2023**—thereby allowing sufficient time from the receipt of this notification for any initial request for a review (see ATS Commission [Policies and Procedures](#), VIII.A and VIII.A.1-3). To request a review of the above public sanction(s), the school must submit an official request signed by the school’s chief executive officer (or designee) within two weeks from today’s Board action letter; the school would then have two more weeks to submit specific documentation supporting its review request (VIII.A.1-2). Any initial request for a review is to be addressed to the Board of Commissioners and submitted in care of the Accrediting Records Coordinator (accrediting@ats.edu).

The ATS Commission [Policies and Procedures](#) defines a public sanction as (negative) action being taken by the Board of Commissioners to issue a Warning (III.G), to place on Probation (III.H), or to issue a Show Cause (III.I). Timeframes for resolving a public sanction may not exceed twelve months in the event of a Show Cause—which is neither reviewable nor appealable (III.I.1)—or two years in the event of either an imposition of Warning (III.G.1) or being placed on Probation (III.H.1). Evidence for removal of the above public sanction(s) should be sent to the ATS Commission on Accrediting no later than **April 1, 2025**, in order to be considered by the Board at its 2025 summer meeting (June). Submission of such evidence follows the guidelines and formatting as other interim reports to the Commission (III.E(.1); see also <https://www.ats.edu/Interim-Reports>). To request that a public sanction be removed earlier, the school should contact its assigned ATS Commission staff liaison regarding the possibility of any advance submission and associated deadline for Board review.

In preparation for any required focused evaluation visit, the school will receive a prospectus outlining the documentation that the school must provide prior to that visit (ATS Commission [Policies and Procedures](#), III.D.3). Note that the school’s assigned ATS Commission staff liaison will be in contact regarding the visit prospectus—in addition to establishing a date for the focused visit. Any relevant visit fees can be found on the ATS website (<https://www.ats.edu/Evaluation-Visit-Billing-Policies>); for a focused visit required to affirm findings of any comprehensive evaluation visit conducted virtually, there is no fee (though travel expenses may apply).

Please contact me directly at miranda@ats.edu with any questions.

Sincerely,

Elsie Miranda
Director of Accreditation and Diversity

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