

## **OBPVS RELICENSING INSTRUCTIONS FOR FY-2019 to FY-2022**

**Fee, Forms, & Supporting Documents are ALL DUE by:**

| <b>YEAR</b> | <b>DUE DATE</b>     | <b>DAY OF WEEK</b> |
|-------------|---------------------|--------------------|
| FY-2019     | June 1, 2018        | Friday             |
| FY-2020     | <b>June 3, 2019</b> | <b>Monday</b>      |
| FY-2021     | June 1, 2020        | Monday             |
| FY-2022     | June 1, 2021        | Wednesday          |

### I. CONTENTS OF SECTION II., the Detailed Instructions

- A. OBPVS Contacts
- B. Due Date
- C. Relicensing Fees
- D. Reminders and Financial Statement Details (OAC 565:10-27)
- E. Surety Item (Bond or C.D.) Requirements (OAC 565:10-9)
- F. **Additional Financial Stability standards** effective with the **June 1, 2018 Relicensing Applications.**

### II. DETAILED INSTRUCTIONS

#### A. OBPVS Contacts:

1. Email **BOTH** of the following to receive the first-available response:  
[angela.moore@obpvs.ok.gov](mailto:angela.moore@obpvs.ok.gov) **AND** [nhouse@obpvs.ok.gov](mailto:nhouse@obpvs.ok.gov)  
 Or, telephone **405 / 528- 3370** during business hours.
2. **Address for Relicensing:** 3700 N. Classen Blvd., Ste. 250; Oklahoma City, OK 73118
3. Unless notified during annual, mandatory training, Forms other than these Instructions have not changed since the FY-2017 relicensing submitted in 2016. However, with a Website now available, Forms will **no longer** be **automatically** sent to each School/Seminar. Instead, a **packet of ALL relicensing Forms (choose: School or Seminar)** is available at <http://obpvs.ok.gov> (the OBPVS Website) **in the FORMS TAB**. Or, contact the OBPVS to request Forms be emailed or USPS-mailed.
4. When Forms didn't change since a prior year, and the School's "activity" is also unchanged, the OBPVS recommends pulling up the Form from the last year, **saving it under another File name**, and modifying it for the current year submission to save input time!

- B. Due Date** – There is a SINGLE Due Date. **All Forms, supporting documents and Fees are due BY 4:30 PM on June 1<sup>st</sup> EVERY YEAR – unless the 1<sup>st</sup> falls on a Saturday or Sunday.** In those years, the Due Date bumps to the next working day (Monday), as for the FY- 2020 renewal due in 2019. **When not received by the deadline, the Application is subject to a Statutory Late Fee. The fees range from \$250-\$1,000 in accordance with Title 70 O.S. §21-106., D. The Board and Staff are allowed NO DISCRETION over Statutory Fees.** That is, neither the OBPVS Board nor its Staff may reduce or eliminate a late fee!

### C. Relicensing Fees

1. A Main School/Seminar **OR** a Branch School/Seminar **EACH** pay a Fee based on the Tuition Collected during the immediate prior **Calendar Year** (or a different and consistent Fiscal Year, as documented in the CPA/PA Financial Statements):

| OKLAHOMA-ONLY TUITION LEVEL RANGES<br>(if/as reported in the CPA/PA Financials)<br>For either the last CY or the School's latest FY |                | <i>Tuition Based Fee<br/>For a MAIN or a BRANCH<br/>School/Seminar</i> |
|---|----------------|--|
| <i>BEGINNING</i>  | <i>ENDING</i>  |  |
| \$0.00  | \$50,000.00    | \$ 700.00  |
| \$50,000.01   | \$250,000.00   | \$ 800.00  |
| \$250,000.01  | \$500,000.00   | \$ 950.00  |
| \$500,000.01  | \$1,000,000.00 | \$ 1,100.00  |
| \$1,000,000.01  | \$3,000,000.00 | \$ 1,300.00  |
| \$3,000,000.01, and Above   |                | \$ 1,500.00  |

**ADD:** The Renewal of Solicitor Application Fee, *if applicable* at: \$ 100.00 for **EACH** Solicitor.

### D. Reminders and Financial Statement Details

1. Use **ONE** Form 1080CM for **EACH** Main or Branch School. Do **NOT** combine a Main School with one or more Branches. **Each Branch must submit a stand-alone Relicensing Application (completed packet)**, although a Branch Application may CROSS-REFERENCE the combined Bond/C.D. and the CPA-Financial Statements being located within the Main School Application.
2. On the Application Form 1080CM, **until the OBPVS Database is operational**, **PLEASE fill-in all fields** (School Name, Contact Persons and Contact Info., etc.), **THEN indicate if/when the information changed**. This **one step** BY THE School or Seminar SAVES a LOT of OBPVS time!!!!
3. **Due Date** - **ALL** Forms, supporting documents and fees must be submitted on or before the due date. **However, to stop the clock, the paperwork may be scanned, or faxed to the OBPVS on-time, if the hard copy and fee are postmarked on that or the next day.**
3. **Branch Relicensing Fee** - Branches **ALSO** pay a Tuition-based Fee like a Main School does.
4. What Amounts are Correct? If you are uncertain of the proper Relicensing Fee(s) to pay or the correct Surety Bond or Certificate of Deposit amount, **email or telephone the OBPVS for assistance**. Doing so saves time in the long run.
5. **Form 1190CMs** ("Citizenship or Qualified Alien Affidavit") need to be submitted for a renewing Solicitor or School/Seminar Proprietary Owner, Partner, or LLC Manager **ONLY IF the renewing Individual is a Qualified Alien!** Please refer to the **Form 1190CM** for additional information.
6. The **Form 1130CM**, List of Current Instructors, **provides Check Boxes** to aid the submission of the required **Form 1155CM** that must be a part of the Relicensing Application. **PLEASE do use the Check Boxes!**

7. **What Form is Frequently Overlooked - All Schools should submit a Form 1230CM even to report, "No Changes" to Instructional Equipment of \$500, or more.** (Or, \$100 or more if the School/Seminar chooses to continue to follow the old Rule).
8. **Compilation Attestation (Form 1380CM)** – Not EVERY School must submit a **Form 1380CM**.
9. Minimum type (level) of **CPA (or PA) Financial Statement** to submit AND how to know if the School should submit a **Form 1380CM** (Compilation Attestation):<sup>1</sup>

| Statement Type | Standard  | Is a Form 1380CM Required? |
|----------------|---|----------------------------|
| Compilation    | <b>Less than \$250,000</b> of Gross Tuition for the prior year                | <b>YES</b>                 |
| Review         | Gross Tuition last year of <b>\$250,000, or more</b>                          | <b>No</b>                  |
| Audit          | <b>IF an Audit is submitted to any other Entity</b> (U.S. Dept. of Ed., etc.) | <b>No</b>                  |

10. Other Tips to satisfy the Financial Statement requirements in **OAC 565:10-27**
- Email/call Director House with questions, **or share her direct contact information with your CPA/PA and authorize him or her to call Ms. House.**
  - MUST be prepared by a licensed CPA or PA with a **DATED letter** on the **CPA's/PA's letterhead** that must **show full contact info.** for the **CPA or PA.** Telephone the OBPVS if you don't know how to be certain whether a CPA/PA is properly licensed!
  - A relatively **frequent error area** is skipping the requirement to **provide additional, When the CPA's Financials are "too old."** **Here is when** to **ALSO** submit **Quarterly Financial Statements:**

| Balance Sheet Date as of:           | Date Received by the OBPVS  | Is a [Supplemental] Quarterly Statement ALSO Required?                   |
|-------------------------------------|---|--|
| December 31, 20X1                   | June 30, 20X2   | <b>No</b>  |
| <b>June 30, 20X1</b>                | <b>June 1, 20X2</b>   | <b>Balance Sheet is &gt; 6-Months Old, so YES do submit a Quarterly!</b> |
| <b>Any Balance Sheet Date . . .</b> | that is longer ago (further back) <b>then 6-Months before</b> the DAY the OBPVS receives the Statements | <b>YES!</b>  |

11. **Does a CPA/PA also have to prepare the Quarterly Financial Statement?** - The Quarterly Financial Statement does **not** have to be prepared by a CPA or PA. But the Quarterly **must be signed by a School Executive** as, "True and Correct," and SHOW both the Executive's Title and the signature date.
12. How to make sure the Relicensing Submission **IS COMPLETE** to avoid **OBPVS assessment of a Statutory Legal Fee** - Page 3 of the **Form 1080CM** (Relicensing Application Form) provides Checklists of ALL types of materials to be received by the OBPVS on or before "June 1<sup>st</sup>" each year to avoid a Late Fee. **USE the Checklists!**

<sup>1</sup> A School or Seminar may ELECT to provide a **higher** level of financial statements to the OBPVS if the entity already has the other type/level of statements prepared for its own reason(s). The OBPVS does not expect the School or Seminar to pay to have 2 sets of financial statements prepared.

13. **Late Fees** are set by Statute at **Title 70 O.S. §21-106, D.**<sup>2</sup> The Late Fees set by law are:

- a. Two Hundred Fifty Dollars (\$250.00) **for a first violation**;
- b. Five Hundred Dollars (\$500.00) **for a second violation** within ten (10) years of the first late filing, whether consecutive or not;
- c. One Thousand Dollars (\$1,000.00) **for a third violation** within ten (10) years of the first late filing, whether consecutive or not.
- d. Each violation beyond the third shall result in the school, seminar or workshop being required to seek new or initial licensure and only after payment of the **full** fee for a new license."

**E. Surety Item (Bond or Certificate of Deposit, "C.D.") Requirements are set by OAC 565:10-9** – It is **not** uncommon to have trouble figuring out the CORRECT amount of a Bond or Certificate of Deposit **to submit as part of relicensing. *If in doubt, contact the OBPVS to double-check the amount.*** What's correct? Ten Percent (10%) of the Prior Year's Tuition collected, **ROUNDED UP to the next full THOUSAND DOLLARS.** A formula-application and 2 examples follow.

1. The AMOUNT required is **initially based** on the following Formula:

- 10% of the OKLAHOMA School/Seminar Tuition Collected by the **[Main + Branch(es)]** as shown in the CPA/PA Financial Statements.
- **Then, ROUND UP the amount 1<sup>st</sup> calculated to the next even \$1,000.00. Hint: NO Bond should be sent to the OBPVS if it ends in ANYTHING other than \$X,000.00 !**
- The **initial** Maximum Bond/C.D. will be up to Fifty Thousand Dollars (\$50,000.00).
- The **initial** School/Seminar-calculated amount may subsequently be required to be changed by the OBPVS Board when the **Balance Sheet shows that the School's Current Ratio is at less than 1.00 to 1.00 or other financial stability requirements are not met.**<sup>3</sup>
- Example #1 - .10 x \$275,275 of Tuition = \$27,527.50, then **ROUNDS UP** to require an initial Bond/C.D. of \$28,000.00.
- Example #2 - .10 x \$796,399.00 of Tuition = \$79,639.90, which would *ordinarily* **ROUND UP** to \$80,000. 00, but instead is permitted to be an initial Bond/C.D amount of only \$50,000.00.

2. **Certificate of Deposit Interest Income Difference** (a rare situation) – If the School makes the business decision to retain the interest with the C.D. at the Financial Institution, the C.D. amount may be **HIGHER than the formula's calculation and result in a non-even Thousand Dollar amount.**

<sup>2</sup> **Title 70 O.S. §21-106., d.** states that, "if the annual licensing renewal application is not complete on or before the first day of June each year, the fee for license renewal shall become delinquent and the license **shall not be renewed** except upon payment **of an additional late fee.** Late fees shall be determined based upon the school's past history of submitting late filings. The appropriate late fees shall be paid in full prior to the Board's issuance of a renewal license in the following amount." Late Fee amounts are listed in Item II.D.13., above.

<sup>3</sup> If the required Current Ratio or other financial stability standards effective for the Renewals due June 1, 2018 are NOT met, the Board's Financial Review Committee and then the full Board will review the School/Seminar Financial Statements and other information to determine **if** an alternate Bond/C.D. amount will be required. If so, the OBPVS Staff will then notify the School or Seminar, by letter (usually between August and October) of the amount of the increase to the Bond/C.D. that is required and by when. The deadline is will usually not be set at any less than 30 days after the School/Seminar receives the OBPVS letter. Increases are usually handled by means of a Bond Ride that adds/changes the current amount, or by opening a new C.D. or by obtaining a new (replacement) Bond for the total amount or the additional/difference.

### 3. Necessary Surety Bond or C.D. Document Details

- a. **CHECK** the document(s) the School or Seminar receives from its Surety Company or Bank **before submitting a Surety Item to the OBPVS!**
  - b. The Main School Name, Location, and **Owner Name MUST MATCH IDENTICALLY to the Application Form 1080CM** (and what is already on file with the OBPVS)! Call or email *the OBPVS if you have questions about what should be shown on a Bond* including how to include a Branch School/Seminar identity or location.
  - c. The Bond's ending or "effective through" date **may NOT be** through **earlier than June 30<sup>th</sup> of the NEXT year AFTER the present Relicensing Submission**. However! **The OBPVS will accept a multi-year Bond**, i.e. a Bond that will not expire until June 30<sup>th</sup> of the 2<sup>nd</sup>, 3<sup>rd</sup>, or 4<sup>th</sup> year AFTER the minimum (next year's) expiration date.<sup>4</sup>
  - d. The Notarization Date may NOT be an earlier date of Bond/Rider' Signing.
  - e. Watch that a Power of Attorney is NOT dated AFTER the Bond's actual Signing Date.
  - f. **Be sure the Owner (or a lawful Executive for a Corporation) SIGNS the original Bond!**
4. If the Maturity Date for a Certificate of Deposit is **earlier than** the next year's June 30<sup>th</sup>, **email or telephone the OBPVS for possible additional instructions.**

**F. Additional** Financial Stability Standards effective with the FY-2019 Relicensing - **Email OBPVS Director Nora House if you have any questions about the newest Financial Stability requirements.** Here is the actual **OAC 565:10-11- 27-2(e)** and **(f)** Rules first reported during the annual training events the last couple of years.

#### Rule Language

(e) Beginning not later than the second annual relicensing following the effective date for rule changes [the relicensing for FY-2019 due on/by June 1, 2018. NAH], a licensed school shall have and maintain:

(1) A ratio of current assets to current liabilities of not less than 1:1<sup>5</sup>

**(2) Adequate financial resources to meet its responsibilities and to ensure the continuity of services as demonstrated by:**

**(A) A positive cash or total liquid assets balance on the latest Balance Sheet; and  
(B) A positive net worth or net equity on the latest Balance Sheet.**

(f) Upon the failure of a school to comply with the financial stability requirements, the Board **may** require the school bond or certificate of deposit to be increased as provided in **OAC 565:10-9-1(a)**. To further assure adequate financial resources, the owners(s) may be permitted or required to file a personal financial statement along with a notarized statement stating that the owner(s) shall take financial responsibility for the school and shall furnish adequate financial resources for its operation, or to document to the OBPVS the placement of another safeguard(s).

[End.]

<sup>4</sup> Do understand that the amount of a multi-year Bond may have to be adjusted upward for subsequent years *if the Tuition Formula requires a larger Bond, or if the School/Seminar fails the required 1:00 to 1:00 ratio or other financial stability standard.*

<sup>5</sup> The Current Asset to Current Liability ratio is the long-standing (existing) financial stability requirement, and is **NOT** new.