



MEETING OF THE BOARD OF GOVERNORS  
Committee on Educational Planning, Policies, and Programs

July 22, 2020 at 12:00 p.m.  
Via Videoconference and UNC-TV Live Stream  
University of North Carolina System Office  
Center for School Leadership Development, Room 128  
Chapel Hill, North Carolina

**AGENDA**

- A-1. Approval of the Minutes of May 19, 2020.....Temple Sloan
- A-2. Annual Report of the Committee on Educational Planning, Policies,  
and Programs..... Kimberly van Noort
- A-3. Academic Affairs Update ..... Kimberly van Noort
- A-4. HB 1043 COVID-19 Response Project ..... Kimberly van Noort
- A-5. Emergency Waiver to Section 700.1.1 of the UNC Policy Manual ..... Kimberly van Noort
- A-6. Consideration of Extension of Interim Permit ..... Daniel Harrison
- A-7. Adjourn

## DRAFT MINUTES

May 19, 2020 at 12:45 p.m.

Via Videoconference and UNC-TV Live Stream

This meeting of the Committee on Educational Planning, Policies, and Programs was presided over by Chair Anna Spangler Nelson. The following committee members were present by videoconference, constituting a quorum: Steven B. Long, N. Leo Daughtry, Mark Holton, Adam Schmidt, and Dwight Stone.

Chancellors participating were Johnson Akinleye, Nancy Cable, Todd Roberts, and Elwood Robinson. Chair of the UNC Faculty Assembly David Green was also present by videoconference.

Staff members participating included Kimberly van Noort and David English from the UNC System Office.

### OPEN SESSION

#### 1. Call to Order and Approval of OPEN Session Minutes (Item A-1)

Chair Nelson called the meeting to order at 12:45 p.m. on Thursday, May 19, 2020.

Chair Nelson reminded all members of the committee of their duty under the State Government Ethics Act to avoid conflicts of interest and appearances of conflict of interest. She asked if there were any conflicts or appearances of conflict with respect to any matter coming before the committee. No members identified any conflicts at the time.

Under the new amendments to the Open Meetings Act, all votes will be taken via roll call.

Chair Nelson called for a motion to approve the minutes of April 16, 2020.

**MOTION:** Resolved, that the Committee on Educational Planning, Policies, and Programs approve the open minutes of April 16, 2020 as distributed.

**Motion:** N. Leo Daughtry

**Motion: carried**

Roll Call Vote	
Daughtry	Yes
Holton	Yes
Long	Yes
Nelson	Yes
Stone	Yes

## 2. Academic Affairs Update (Item A-2)

Update was provided on the UNC System’s continued response to the COVID-19 pandemic including plans for the fall 2020 semester and beyond, as well as the UNC System’s response to supporting the fully online Summer Session.

## 3. UNC System Degree Program Establishments (Item A-3)

The Committee on Educational Planning, Policies, and Programs reviewed and discussed degree program establishments for the following:

### North Carolina Central University

- Bachelor of Science in Information Technology
- Bachelor of Science in Sports Medicine

### University of North Carolina at Chapel Hill

- Bachelor of Arts in Human and Organizational Leadership and Development
- Bachelor of Arts in Medical Anthropology

### University of North Carolina at Charlotte

- Bachelor of Fine Arts in Graphics

Chair Nelson called for a motion to approve the five degree establishments.

**MOTION:** Resolved, that the Committee on Educational Planning, Policies, and Programs approve the above request to establish the degree programs and recommend approval to the Board of Governors for a vote through the consent agenda.

**Motion:** Mark Holton

**Motion:** carried

Roll Call Vote	
Daughtry	Yes
Holton	Yes
Long	Yes
Nelson	Yes
Stone	Yes

## 4. Licensure Program Approvals (Item A-4)

The Committee on Educational Planning, Policies, and Programs reviewed and discussed licensure approvals for the following:

Johnson and Wales University - Charlotte: Master of Science in Clinical Mental Health Counseling; a Master of Science in Addiction Counseling; a Bachelor of Public Health; a Bachelor of Science in Health Science; a Bachelor of Science in Psychology; and a Bachelor of Arts in Economics.

Northcentral University: Doctor of Philosophy in Psychology and a Doctor of Nursing Practice in Executive Leadership

St. Andrews University/Webber International University: Bachelor of Science in Nursing

SKEMA Business School: Master of Science in International Marketing and Development

The University of Southern California: Master of Education in School Counseling and a Master of Science in Nutrition, Healthspan, and Longevity

Walden University: Bachelor of Science in Social Work

Chair Nelson called for a motion to approve the licensure applications.

**MOTION:** Resolved, that the Committee on Educational Planning, Policies, and Programs approve the above licensure applications and recommend approval to the Board of Governors for a vote through the consent agenda.

**Motion:** Mark Holton

**Motion:** carried

Roll Call Vote	
Daughtry	Yes
Holton	Yes
Long	Yes*
Nelson	Yes
Stone	Yes

\*Steven B. Long recused himself from the vote on SKEMA Business School due to a conflict.

Items 5 through 8, reports due to the Joint Legislative Education Oversight Committee to fulfill legislative requirements, were heard collectively.

**5. UNC-NCCCS 2+2 E-Learning Initiative Annual Report (Item A-5)**

**6. School Leadership Supply and Demand Report (Item A-6)**

**7. UNC-NCCCS Joint Initiative for Teacher Education and Recruitment Annual Report (Item A-7)**

**8. Annual Educator Preparation Report (Item A-8)**

Chair Nelson called for a motion to approve the reports.

**MOTION:** Resolved, that the Committee on Educational Planning, Policies, and Programs approve the above reports and recommend approval to the Board of Governors for a vote through the consent agenda.

**Motion:** Steven B. Long

**Motion:** carried

Roll Call Vote	
Daughtry	Yes
Holton	Yes
Long	Yes
Nelson	Yes
Stone	Yes

There being no further business, the meeting adjourned 1:35 p.m.

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N. Leo Daughtry, Secretary



## AGENDA ITEM

A-2. Annual Report of the Committee on Educational Planning, Policies, and Programs.....Kimberly van Noort

- Situation:** Each standing committee submits an annual report of its activities to the Board of Governors.
- Background:** Under the UNC Policy Manual, Section 302 E of *The Code*, “Each standing committee shall make a written report to the Board of Governors at least annually, reviewing the work of the committee during the preceding year.”
- Assessment:** The annual report on the activities of the Committee on Educational Planning, Policies, and Programs for the fiscal year 2019-2020 is ready for review and submission.
- Action:** This item requires a vote by the committee to accept the report for submission to the Board of Governors.

## DUTIES AND MEMBERSHIP

The Committee on Educational Planning, Policies, and Programs is one of four standing committees established by the Board of Governors on September 15, 1973. There are now six standing committees. The committee consists of no fewer than five voting members as designated by the chair of the Board of Governors for one-year terms, starting at the first meeting after July 1 of the year and continuing until their successors are appointed. As a matter of practice, the chair may also appoint additional members, and chancellors further staff the committee as ex-officio members. It is the duty of the committee to receive advice and recommendations of the president and, in turn, make recommendations to the Board of Governors in all areas pertaining to the development of a coordinated system of higher education in North Carolina, including:

- (a) the definition of mission and assignment of functions of each constituent institution;
- (b) the review of requests for the initiation of new degree programs and recommendations for the termination of existing programs; and
- (c) the provision of supportive services, facilities, and other resources for the instructional, research and public service programs of the constituent institutions.

The committee shall also advise and assist the president and the Board by maintaining close liaison with the State Board of Education, the State Board of Community Colleges, and private colleges and universities. It shall further recommend to the Board procedures and guidelines for the licensing of non-public educational institutions. [Code, Sec. 301C]

In July 2019, the following persons were appointed or reappointed to the committee: Mr. N. Leo Daughtry; Mr. Mark Holton; Mr. Steven B. Long; Ms. Anna Spangler Nelson; and Dr. Robert A. Rucho. The Board Chair subsequently appointed Ms. Nelson as committee chair, Mr. Long as vice chair, and Mr. Daughtry as secretary. The ex-officio members on the committee were Chancellor Johnson Akinleye (NCCU), Chancellor Nancy Cable (UNCA), Chancellor Todd Roberts (NCSSM), Chancellor Elwood Robinson, (WSSU), and Mr. Adam Schmidt (Association of Student Governments). In December 2019, Mr. Dwight Stone replaced Dr. Rucho on the committee.

The committee met in eight regular meetings between July 1, 2019, and June 30, 2020. The major actions of the committee are summarized as follows:

**Academic Program Development**

The committee recommended and the Board of Governors subsequently approved the establishment of the following new baccalaureate and master’s degree programs on the dates indicated:

	<b>Institution</b>	<b>Degree Level</b>	<b>Program Title</b>	<b>CIP #</b>	<b>Committee Approved</b>	<b>Board Approved</b>
1.	NCCU	BS	Clinical Research	51.0719	09/19/19	09/20/19
2.	UNCC	BA	Writing, Rhetoric, and Digital Studies	23.1301	09/19/19	09/20/19
3.	UNCG	BA	Environment and Sustainability	03.0103	09/19/19	09/20/19
4.	UNCG	BS	Geography	45.0701	09/19/19	09/20/19
5.	UNCW	BS	Respiratory Therapy	51.0908	09/19/19	09/20/19
6.	FSU	MSN	Patient Safety and Quality	51.1699	12/13/19	12/14/19
7.	NCCU	MAEd	Special Education, Assistive Technology	13.1009	12/13/19	12/14/19
8.	UNC-CH	MA	Asian and Middle Eastern Studies	05.0103	12/13/19	12/14/19
9.	UNCG	MS	Sustainability and Environment	03.0103	12/13/19	12/14/19
10.	WCU	MS	Experiential and Outdoor Education	31.0601	12/13/19	12/14/19
11.	ASU	BS	Interdisciplinary Studies	24.0101	03/19/20	03/20/20
12.	NC A&T	MS	Health Psychology	42.2810	03/19/20	03/20/20
13.	UNC-CH	BS	Economics	45.0603	03/19/20	03/20/20
14.	UNCC	BS	Data Science	11.0701	03/19/20	03/20/20
15.	UNCC	MS	Computer Engineering	14.0901	03/19/20	03/20/20
16.	ECU	BA	Bachelor of Arts in Biology	26.0101	04/16/20	04/17/20
17.	ECU	BSBA	Supply Chain Management	52.0203	04/16/20	04/17/20
18.	ECU	BS	Professional Writing & Information Design	23.1303	04/16/20	04/17/20
19.	UNCG	BS	Applied Statistics	27.0601	04/16/20	04/17/20
20.	NCCU	BS	Information Technology	11.0103	05/19/20	05/20/20
21.	NCCU	BS	Sports Medicine	26.0908	05/19/20	05/20/20
22.	UNCC	BFA	Graphic Design	50.0409	05/19/20	05/20/20
23.	UNC-CH	BA	Medical Anthropology	45.0203	05/19/20	05/20/20
24.	UNC-CH	BA	Human and Organizational Leadership and Development	52.0213	05/19/20	05/20/20

The committee did not recommend the establishment of any doctoral degree programs during the year.

The committee recommended and the Board of Governors subsequently approved the discontinuation of the following baccalaureate and master’s degree programs on the dates indicated:

	<b>Institution</b>	<b>Degree Level</b>	<b>Program Title</b>	<b>CIP #</b>	<b>Committee Approved</b>	<b>Board Approved</b>
1.	NCSU	BS	Extension Education	01.0801	09/19/19	09/20/19
2.	NCSU	BS	Soil and Land Development	01.1299	09/19/19	09/20/19
3.	ECU	BA	Geography	45.0701	09/19/19	09/20/19
4.	WSSU	BS	Finance	52.0801	09/19/19	09/20/19
5.	WSSU	BS	Management	52.0201	09/19/19	09/20/19

	Institution	Degree Level	Program Title	CIP #	Committee Approved	Board Approved
6.	WSSU	BS	Management Information Systems	11.0401	09/19/19	09/20/19
7.	WSSU	BS	Marketing	52.1401	09/19/19	09/20/19
8.	WSSU	BA	Public Administration	44.0401	12/13/19	12/14/19
9.	UNCC	MA	Gerontology	30.1101	01/16/20	01/17/20
10.	UNCG	EdS	Intermediate Recognition	13.1102	01/16/20	01/17/20
11.	ECU	MM	Music Education	13.1312	03/19/20	03/20/20
12.	ECU	MAEd	Birth to Kindergarten	13.1209	04/16/20	04/17/20

The committee did not recommend the discontinuation of any doctoral degree programs during the year.

There were a total 24 programs for establishment and 12 programs approved for discontinuation for the year July 1, 2019, through June 30, 2020.

### **Reports and Recommendations, Received and Adopted**

The committee and the Board of Governors approved the following reports and recommendations:

	Reports	Committee Approved	Board Approved
1.	Annual Report of the Committee on Educational Planning, Policies, and Programs	09/19/19	09/20/19
2.	AHEC Annual Report on Primary Care Physicians, submitted to the Board of Governors under General Statute 143-613	11/14/19	11/15/19
3.	Louisburg College, a private two-year institution in North Carolina, has been approved to adopt the regulations within the Comprehensive Articulation Agreement (CAA) North Carolina General Statute 116-11(10c)	11/14/19	11/15/19
4.	UNC-NCCCS 2+2 E-Learning Annual Report as required by Section 9.7(c) of S.L. 2008-107	05/19/20	05/20/20
5.	School Leadership Supply and Demand Report as required by G.S. 116-11(12d), 116-74.21, and 143-613(b1)	05/19/20	05/20/20
6.	UNC-NCCCS Joint Initiative for Teacher Education and Recruitment Annual Report as required by Section 9.3(c) of S.L. 2005-276	05/19/20	05/20/20
7.	Annual Educator Preparation Report as required by GS 116-11 (12d)	05/19/20	05/20/20

The committee also received and discussed the following reports/topics:

	Reports/Topics	Presented to Committee
1.	Excellence in Teaching Awards Use of Funds Report	09/19/19
2.	Comprehensive Articulation Agreement between the University of North Carolina and the North Carolina Community College System Annual Report	09/19/19
3.	Comprehensive Articulation Agreement between the University of North Carolina and the North Carolina Community College System Technical Revisions 2019	09/19/19

	<b>Reports/Topics</b>	<b>Presented to Committee</b>
4.	The University of North Carolina Admission Policy (Early College Graduates) Report to the Joint Legislative Education Oversight Committee as required by S.L. 2015- 241 (HB 97)	09/19/19
5.	Future Teachers of North Carolina Program Annual Report to the Joint Legislative Education Oversight Committee as required by G.S. 116-41.32	11/14/19
6.	North Carolina Teaching Fellows Program Annual Report to the Joint Legislative Education Oversight Committee as required by G.S. 116-209.62(j)	12/13/19
7.	North Carolina Central University Bachelor of Science in Nursing Update on previously implemented Nursing Improvement Plan	04/16/20
8.	2020 AHEC Plan to Increase Primary Health Providers as to the Board of Governors of the University of North Carolina in response to General Statute 143-613	04/16/20

### **Policy Revision Approvals**

	<b>Subject</b>	<b>Committee Approved</b>	<b>Board Approved</b>
1.	Revisions to Section 700.10.1 of the UNC Policy Manual, (expands the provisions to include International Baccalaureate, Cambridge AS Level, and A Level examinations.)	09/19/19	09/20/19
2.	Proposed Revisions to Section 700.1.1 of the UNC Policy Manual, (update Minimum Requirements for First-Time Undergraduate Admissions to allow additional flexibility to constituent institutions in making admissions decisions.) The committee approved to send to the full Board for a vote. A Special Meeting of the Board of Governors was held on March 30, 2020. The Board of Governors voted to approve the proposed amendment effective Fall 2020 through the Fall 2022 semester.*	02/20/20	03/20/20*
3.	Revisions to Section 400.4.1 of the UNC Policy Manual, (revisions for clarity and internal consistency and to incorporate best practices for student protection under state authorization and licensure.)	04/16/20	04/17/20

### **Other Committee and Board Actions**

	<b>Subject</b>	<b>Committee Approved</b>	<b>Board Approved</b>
1.	2019 Governor James E. Holshouser, Jr. Award for Excellence in Public Service Nominees, Recommendations, and Selections	11/14/19	11/15/19
2.	2020 Board of Governors Awards for Excellence in Teaching Selections	03/19/20	03/20/20
3.	2020 O. Max Gardner Award Nominees, Recommendation, and Selection	03/19/20	03/20/20

**Licensure of Nonpublic Educational Institutions**

The committee recommended and the Board of Governors subsequently approved the licensure of the following degree programs on the dates indicated:

	<b>Institution and Degree</b>	<b>Committee Approved</b>	<b>Board Approved</b>
1.	<u>The University of Southern California</u> : Doctorate of Physical Therapy	09/19/19	09/20/19
2.	<u>Northcentral University</u> : Master of Science in Child and Adolescent Developmental Psychology, Master of Science in Educational Psychology, Master of Science in Forensic Psychology, Master of Science in Health Psychology, Master of Science in Industrial and Organizational Psychology, Master of Social Work, and a Doctor of Marriage and Family Therapy	09/19/19	09/20/19
3.	<u>The Chicago School of Professional Psychology</u> : Master of Science in Applied Behavioral Analysis, a Master of Arts in Clinical Mental Health Counseling, a Master of Arts in Forensic Psychology, a Ph.D. in Applied Behavioral Analysis, and a post-graduate certificate in Applied Behavioral Analysis.	09/19/19	09/20/19
4.	<u>United States University</u> : Master of Science in Nursing – Nurse Educator and a Master of Science in Nursing – Health Care Leadership.	09/19/19	09/20/19
5.	<u>St. Andrews University/Webber International University</u> : Bachelor of Science in Occupational Therapy Assisting, Bachelor of Science in Sports Performance, Health, and Fitness, Bachelor of Arts in Health Services Administration	01/16/20	01/17/20
6.	<u>Thales College</u> : Bachelor of Arts in Liberal Arts	01/16/20	01/17/20
7.	<u>Walden University</u> : Doctor of Nursing Practice	01/16/20	01/17/20
8.	<u>Johnson and Wales University – Charlotte</u> : Master of Science in Clinical Mental Health Counseling, Master of Science in Addiction Counseling, Bachelor of Public Health, Bachelor of Science in Health Science, Bachelor of Science in Psychology, Bachelor of Arts in Economics	05/19/20	05/20/20
9.	<u>Northcentral University</u> : Doctor of Philosophy in Psychology, Doctor of Nursing Practice in Executive Leadership	05/19/20	05/20/20
10.	<u>St. Andrews University/Webber International University</u> : Bachelor of Science in Nursing	05/19/20	05/20/20
11.	<u>SKEMA Business School</u> : Master of Science in International Marketing and Development.	05/19/20	05/20/20
12.	<u>The University of Southern California</u> : Master of Education in School Counseling and a Master of Science in Nutrition, Healthspan, and Longevity.	05/19/20	05/20/20
13.	<u>Walden University</u> : Bachelor of Science of Social Work	05/19/20	05/20/20



## AGENDA ITEM

A-3. Academic Affairs Update..... Kimberly van Noort

- Situation:** The committee will hear an update on recent activities involving academic affairs.
- Background:** The University of North Carolina System's Division of Academic Affairs complements the University's core academic mission, supporting faculty, and ensuring research efforts and sponsored and international programs are successful. The division also provides assistance for student affairs and certain other access and outreach activities.
- Assessment:** Information will be provided to the committee on recent updates in Academic Affairs at the UNC System Office and across the 17 institutions.
- Action:** This item is for information only.



## AGENDA ITEM

A-4. HB 1043 COVID-19 Response Project..... Kimberly van Noort

**Situation:** In the spring semester, the COVID-19 pandemic forced more than 14,000 faculty members across the UNC System to move over 50,000 face-to-face courses online in a matter of weeks. This was an admirable and herculean effort by faculty and staff. However, the surprising and accelerated timeframe required “emergency remote teaching,” and was not intended to develop long-term, sustainable solutions for delivering high-quality online academic courses.

**Background:** Fortunately, the General Assembly provided \$5 million in non-recurring funding to support initiatives designed to enhance the UNC Systems ability to develop and offer high-quality online educational experiences. Funds have been used to support three broad areas: a virtual student support initiative, a digital course enhancement initiative, and a designing effective online courses initiative.

**Assessment:** The response to the HB 1043 project has been an overwhelming success thus far. It has provided faculty and staff from across all 17 UNC System institutions to work together collaboratively on the development of strategies and tools that will enhance the quality of the educational experience. This will have immediate benefits during the duration of the COVID-19 pandemic and beyond.

**Action:** This item is for information only.

# The University of North Carolina System

## EXECUTIVE SUMMARY: HB 1043 COVID-19 Response

### Overview

The COVID-19 pandemic has upended the lives of students, faculty and staff. The sudden move to remote instruction and student services in the spring semester was a herculean task for students, faculty, and staff. Fortunately, the General Assembly invested \$5 million in non-recurring funding (HB 1043) for the UNC System to enhance the student experience in digital learning this summer and fall. Those funds have been used to support three broad areas: a virtual student support initiative, a digital course enhancements initiative, and a faculty development initiative.

### Virtual Student Support Initiative

We know that students—many of whom are new to learning at a distance—will need strong support services to help them stay on track to a degree in this new environment. Services that have been shown to increase student success and that can be delivered remotely, like success coaching and virtual tutoring, will be key to maintaining high retention and graduation rates. Funds from the Student Support Initiative went towards expanding access to two evidence-based strategies: student success coaching and virtual tutoring. Student success coaches work with students on a regular basis to develop clear postsecondary goals, guide them to make decisions in service of those goals, and support them in building academic skills.

### Digital Course Enhancement Initiative

The Digital Course Enhancements Resource Collections initiative has generated ten distinct collections of rigorously vetted materials, curated by over 70 UNC System faculty and staff, that will enhance digital instruction. The digital enhancement collections specifically support ten high-demand courses that are common across most UNC System institutions: Introductory Financial Accounting, Anatomy & Physiology 1, General Biology, Calculus 1, Chemistry 1, Chemistry 2, Organic Chemistry 1, Macroeconomics, Microeconomics, and Introduction to Statistics. Each collection features a range of open access content, from educational texts, videos, slides, software, virtual labs, and other digital materials, which vary depending on the subject matter. Each collection is organized into individual modules so that instructors can choose to adopt portions of the content that best suit their needs.

### Designing Effective Online Courses

The Designing Effective Online Courses initiative is built to provide UNC System faculty with information, tools, and experiences that will help them to be more successful—and more comfortable—teaching online. Because time is of the essence, the UNC System Digital Learning Initiative has designed this workshop to focus on the most essential topics any faculty member will need to move their courses online quickly and effectively. The material will be aimed at instructors who have minimal proficiency leading online learning environments, but experienced instructors will also find new tips, hot topics, and useful activities. Originally targeted to enroll 100 faculty members, the inaugural course served nearly 650 faculty members across all 17 UNC System Institutions, and a second course has been developed and is in operation from July 20 – 31.



## AGENDA ITEM

A-5. Emergency Waiver to Section 700.1.1 of the UNC Policy Manual..... Kimberly van Noort

**Situation:** Section 700.1.1 of the UNC Policy Manual, Policy on Minimum Eligibility Requirements for Undergraduate Admission to the University of North Carolina System, establishes the minimum academic standards that a student must satisfy in order to be considered for undergraduate admission at a University of North Carolina (UNC) System institution. This includes the requirement that students submit an ACT or SAT score to be eligible for admissions consideration. Due to the impact of COVID-19 on test availability, the likelihood of additional cancellations, and the fact that UNC System institutions begin their admissions requirement cycle on August 1, it is recommended that the Board waive the standardized test requirement for students applying for admission in Spring 2021, Summer 2021, and Fall 2021.

**Background:** The COVID-19 pandemic has continued to accelerate through the summer of 2020, and the two national standardized testing bodies, the College Board and the ACT, have responded with reduced testing capacity. While both entities had planned to develop and offer an “at-home” version of the test, which would have allowed students to complete the testing requirement remotely, those have now been cancelled. In response, the College Board has requested that colleges “...equally consider students for admission who are unable to take the test due to COVID-19.”

In response, over 200 colleges and universities nationwide have waived the requirement that a student submit an ACT/SAT score for a time-limited period. This includes Duke University, Davidson College, Elon University, all Ivy League Institutions, the California State University (CSU) system, the University of Illinois system, and the State University of New York (SUNY) system.

**Assessment:** The proposed waiver is consistent with the responses of other colleges, universities, and systems. It is recommended that the Board waive the standardized testing component of Policy 700.1.1 for students applying for admission in Spring 2021, Summer 2021, and Fall 2021. Guidance on implementation is to be issued by the president no later than August 1, 2020. A copy of the draft guidance document is included for reference.

**Action:** This item requires a vote by the committee and a vote by the full Board of Governors.



## AGENDA ITEM

A-6. Consideration of Extension of Interim Permit.....Daniel Harrison

**Situation:** The Board of Governors of the University of North Carolina System is charged under G.S. 116-15 with responsibility for licensing nonpublic educational institutions to conduct post-secondary degree activity in North Carolina.

**Background:** In July 2018, the Board granted authorization to CreatEd Institute located in Black Mountain, North Carolina to offer an Associates of Arts in Critical Thinking and Integrative Studies. Because CreatEd had not operated in another state before seeking authorization in North Carolina, the authorization was an interim permit to offer the degree for two years. The Board must now decide whether to grant CreatEd a license, which would extend its authorization indefinitely.

**Assessment:** Staff does not recommend granting CreatEd a license.

**Action:** If the committee chooses to grant CreatEd Institute a license, this item is for a vote by the committee, with a vote by the full Board of Governors through the consent agenda. If the committee chooses not to grant CreatEd a license, this item is for information and discussion only.

**Evaluation of CreatEd Institute’s fitness for a license to conduct postsecondary degree granting activity in North Carolina**

**Background:** Ordinarily, an institution must have offered postsecondary degrees in another jurisdiction for two years prior to being authorized by the Board to offer those programs in the North Carolina. However, there is a limited exception that allows the Board to issue an Interim Permit to an institution which has not done so. If the Board issues an Interim Permit, it expires two years after it is issued. Prior to the Interim Permit’s expiration, the Board re-evaluates the institution to determine if it should be issued a regular license.

The Board issued CreatEd Institute, Inc. (CreatEd), located in Black Mountain, an Interim Permit on July 27, 2018. On June 22, 2020 following a conversation with the institution’s provost, staff sent written inquiries (the Staff Inquiries) to the institution. The institution sought an extension of its deadline to respond to July 17, 2020, which staff granted. The staff’s inquiries, along with the institution’s responses, are attached as appendix A. Staff also engaged a reviewer to evaluate the institution’s compliance with North Carolina’s financial solvency requirements, and that evaluation is attached as appendix B. Finally, staff and the reviewer interviewed students, faculty, and staff, including a majority of students and former students in the institution’s current cohort. Relevant findings from those interviews are discussed below.

**Evaluation:** After its investigation, staff has remaining concerns regarding CreatEd’s compliance with N.C. Gen. Stat. § 116-15 and Policy Manual § 400.4.1 (the Rules and Standards).

1. In August 2019, CreatEd moved some operations from the YMCA Blue Ridge Assembly to new location in a residential area of Black Mountain (the New Location). By January 2020, CreatEd had transitioned all or nearly all of its operations to the New Location. Nevertheless, CreatEd failed to notify the System Office of the move, as required by Policy Manual § 400.4.1.1[R]. CreatEd’s response indicates that CreatEd knew it was required to notify staff.

There are significant problems with the New Location. First, when an institution does not own its facilities, the facilities must be likely to be available to it for one-and-one-half times the length of the institution’s longest postsecondary degree program.<sup>1</sup> When asked for evidence of ownership or a lease agreement for the New Location, CreatEd provided a lease, which expired on May 31, 2020, for part of a church, which the school represents as presently in use as transitional classroom space. The school states it also operates from 20 and 21 Florida Avenue in Black Mountain, which are residential houses. However, interviews with students and staff revealed that CreatEd is currently operating entirely from the residential houses, has not used the church facilities for some time, and does not presently make use of dedicated classroom space. CreatEd’s response referred to a lease agreement for the residential houses, but did not provide the agreement or any other relevant documentation.

Second, according to student interviews, at recruitment weekends, CreatEd staff represented that the New Location belonged to CreatEd. Several students and former students singled out this misrepresentation as being important in their decision to attend the school. Likewise, on a Facebook

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<sup>1</sup> CreatEd has stated it is transitioning its degree program to sixteen months, meaning it needs to provide evidence that its facilities are likely to be available to it for approximately two years to be compliant with this standard.

Live recruitment video posted on April 23, 2020, CreatEd representatives falsely described parts of the New Location as having been “recently acquired” by the school.<sup>2</sup>

2. Four of the ten interviewed students believed that CreatEd was accredited, or so believed at the time they enrolled.<sup>3</sup> The remaining students do not recall what they believed at the time they enrolled. CreatEd is not accredited, and CreatEd’s website and student handbook disclose that it is not accredited. However, some of the students interviewed indicated they were specifically told by a CreatEd recruiter that CreatEd was accredited or that it “would be by the time you enroll.” Likewise, seven of the ten interviewed students believed that academic credit earned at CreatEd would transfer to at least some other institutions, including Montreat College. These seven include several who specifically recalled being told by a CreatEd recruiter that credit earned at CreatEd would transfer to many or most other colleges, that CreatEd would work with whatever other colleges they wanted to attend to facilitate transfer, and similar statements. Neither CreatEd’s website nor its handbook contain the disclaimer on transferability of credits required by the Rules and Standards.

In fact, CreatEd’s 2018 Parent Packet contains a page entitled “Are CreatEd graduates prepared for success in a University?,” which states “[p]ast graduates from Davis Norment’s<sup>4</sup> method of study of the liberal arts were awarded credit for their work at the following institutions and sustained the stated GPA’s.” The page goes on to list such institutions as NC State University, William and Mary College, Arizona State University, and others. Only a small disclaimer clarifies that this credit was awarded not at CreatEd, but at an *accredited* institution that Mr. Norment was previously associated with. Some of these students indicated that accreditation and credit transfer were not important to them. However, other students indicated those factors were important.

3. CreatEd’s discloses the religious nature of its program, but asserts that it is not affiliated with any particular denomination.<sup>5</sup> However, CreatEd has several affiliations with a church known as United, which operates from buildings adjacent to CreatEd and is led by Nick and Emily Dimitris. First, CreatEd’s bylaws now require “a majority of the governing board to be made up of people who are historically loyal to Nick and Emily Dimitris.” Second, CreatEd’s response states that the residential houses from which CreatEd operates are owned by New Day, LLC, which is owned by Ms. Dimitris. Third, the students interviewed described routine day-to-day overlap between CreatEd and United, including many of CreatEd’s employees being members of United, CreatEd staff encouraging CreatEd students to take part in training programs run by United members, and United members using CreatEd student housing to carry out United events. Finally, minutes of CreatEd staff meetings reveal a substantive relationship between the two entities, including a plan for a meeting between CreatEd and United leadership “concerning overall vision and execution of the future of the CreatEd/United relationship as well as the neighborhood.” According to students and others who attended CreatEd’s recruitment weekends, even when specifically asked about any affiliation with United, CreatEd staff simply responded that United were the school’s “neighbors.” Several former students explicitly mentioned CreatEd’s assertion that it was not affiliated with a particular denomination as a reason they chose to enroll, and stated that if

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[https://www.facebook.com/creatededucation/videos/1094833114219114/?so=channel\\_tab&rv=latest\\_videos\\_card](https://www.facebook.com/creatededucation/videos/1094833114219114/?so=channel_tab&rv=latest_videos_card), last accessed July 20, 2020 (descriptions made at approximately 25:00 and 27:15).

<sup>3</sup> Several others did not recall what they believed at the time they enrolled.

<sup>4</sup> Mr. Norment is currently listed as President and founder of CreatEd.

<sup>5</sup> <https://created.education/statement-of-faith/>, last accessed July 20, 2020.

CreatEd's affiliation with United had been accurately described, they would not have enrolled at CreatEd because they do not agree with United's teachings and or its leadership.

4. Prior to the Board granting CreatEd an Interim Permit, CreatEd made several written representations to staff and a team of examiners about how the institution would function. CreatEd has not fully operated in accordance with those representations.

CreatEd operates on a Great Books-style curriculum and the institution's full time faculty do not meet the Board's faculty qualification standards for all courses being taught. Therefore, prior to being granted the Interim Permit, CreatEd agreed to retain subject matter experts to be faculty of record for courses. The faculty of record were to be available to students to answer discipline-specific questions on readings and assist with assignments. In its 2019 Annual Report to the Board, CreatEd listed six faculty of record.

For each of the six faculty listed, staff asked CreatEd to "state how the faculty member of record was available to students, provide examples of interactions between faculty of record and students, and provide examples of the faculty of record assisting on assignments." CreatEd's response provides just one example of feedback on course design from a single member of the faculty of record, and no examples of interactions between faculty of record and students or faculty members assisting on assignments. Students interviewed could not recollect interactions with faculty of record, and some recalled there being specific questions that full time faculty could now readily answer. Former faculty indicated they once brought in a personal friend as a guest lecturer, but never utilized the institution's faculty of record. CreatEd's response stated that some of the six faculty of record listed in the 2019 Annual Report backed out, and only one agreed to be available to students.

Similarly, prior to being granted an Interim Permit, Created asserted it would "develop a more explicit plan for assessing student learning and mastery of the stated program outcome competencies," that it would "emphasize procedures keeping individual faculty members from being the main assessor of the cohort they were with [f]or their performance," and that the plan would "include bringing assessments from an independent faculty." In its response, CreatEd, citing staff turnover, admitted it had not done so.

5. CreatEd's enrollment has declined precipitously. Its most recently graduated cohort started with twenty-one students and graduated fifteen. Its current cohort started with fourteen students, but eight withdrew after the school moved to the New Location. A cohort which would begin in August 2020 has 11 deposit-paying students. By contrast, prior to being granted an Interim Permit, the school provided staff a five-year budget proposal which projected year-over-year growth in cohorts culminating in 133 students enrolling by 2021. Discussions with CreatEd's leadership revealed that CreatEd has already missed payroll for its employees.

To be licensed by the Board, institutions must show a capability to remain financially stable for 150% of the time of their longest degree. For the reasons stated in the financial reviewer's report, it is unlikely that CreatEd meets that standard.

**Options:** The Board may grant CreatEd a license to conduct postsecondary degree activity in North Carolina, or it may decline to do so. If the Board declines to grant CreatEd a license, CreatEd's interim permit will expire on July 27, 2020.

## Appendix A



# THE UNIVERSITY OF NORTH CAROLINA SYSTEM

**Daniel S. Harrison**

**Senior Associate Vice President for Academic and Regulatory Affairs**

Post Office Box 2688, Chapel Hill, NC 27515

910 Raleigh Road, Chapel Hill, NC 27514

(919) 962-2676 | dsharrison@northcarolina.edu

June 22, 2020

Mr. Jeffrey Ingle

Chief Academic Officer

CreatEd Insitute

via email - [inglejd@gmail.com](mailto:inglejd@gmail.com)

Dear Mr. Ingle,

On July 27, 2018 the Board of Governors (the Board) issued CreatEd Institute (CreatEd) an Interim Permit to conduct postsecondary degree-granting activity in North Carolina for two years pursuant to G.S. 116-15(i). Specifically, the Board authorized CreatEd to offer an Associate of Arts in Critical Thinking and Integrative Studies. You have informed us that your employment with CreatEd is now on a contractual basis, but that CreatEd still considers you to be its Chief Academic Officer.

An Interim Permit expires two years after it is issued by the Board.<sup>1</sup> The Board is considering whether to grant CreatEd a regular license to conduct postsecondary degree activity in North Carolina. **Unless otherwise specified in this letter, in order for the Board to consider its response, CreatEd must answer this letter by July 6<sup>th</sup>, 2020. CreatEd's response may be made via email to my attention at [stateauthorization@northcarolina.edu](mailto:stateauthorization@northcarolina.edu).**

1. As we discussed telephonically, the Board has engaged an outside reviewer to assist its evaluation of CreatEd's compliance with UNC Policy Manual (Policy Manual) § 400.4.1(IV)(k)(1), which provides standards regarding financial solvency. You have indicated you are available to discuss CreatEd's finances with the reviewer during the week of June 22nd or the week of June 29th. **Please provide me via email CreatEd's updated financial statements not later than the close of business on June 25<sup>th</sup>, 2020.** The statements may be un-audited.
2. Please provide a roster of the cohort currently enrolled at CreatEd or, if there is no cohort currently enrolled, the cohort that most recently graduated. This roster should include all students who began instruction with the cohort and include each student's name, telephone number, and email address. **Please provide me this roster via email not later than close of business on June 25<sup>th</sup>, 2020.**
3. It is our understanding that in late 2019 CreatEd began operations at a location in addition to the Blue Ridge YMCA Assembly and subsequently moved all operations to that new location (the

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<sup>1</sup> *University of North Carolina Policy Manual* § 400.4.1.3[R](IV).

4. Additional Location). In violation of Policy Manual § 400.4.1.1[R], CreatEd did not notify staff for the Board.
  - a. State the address or addresses of the Additional Location.
  - b. State the date on which CreatEd began operations at the Additional Location.
  - c. Provide evidence of ownership of the additional location, or the lease agreement for the Additional Location.
  - d. Provide evidence that CreatEd maintains adequate casualty insurance for the Additional Location.
  - e. State the full basis for why CreatEd did not inform staff for the Board about the Additional Location.
  - f. Provide all electronic or written communication in the possession of CreatEd or any of its agents discussing whether or when to notify staff for the Board of the Additional Location.
  
5. For each cohort that has entered CreatEd since the Board granted it an Interim Permit, please state the number of students who entered the cohort and the number of students who graduated from the cohort. For any cohort which is currently enrolled but has not yet graduated, please state the number of students who entered the cohort and the number of students currently enrolled.
  
6. Please state the number of students who have confirmed that they will enter the cohort scheduled to begin in the fall of 2020. "Confirmed" means students who have paid a deposit and who, as of the date of CreatEd's response, CreatEd believes intend to begin instruction as scheduled.
  
7. Please provide all student recruiting materials that CreatEd has used since the Board issued it an Interim Permit. You should include, without limitation, scripts, talking points, and similar materials, resources used to train recruiters, mass emails, and mailings.
  
8. *The Report to the President of The University of North Carolina from the Team of Examiners to Review CreatEd Institute's Proposed Associate of Arts Degree Program* dated February 22, 2018 (the Team Report) included a number of Requirements to which CreatEd responded via email on June 8, 2018 (CreatEd's Response). Staff for the Board relied upon the representations in CreatEd's Response when we recommended the Board issue CreatEd an Interim Permit.
  - a. CreatEd's Response indicated that it would contract with EbscoHost to provide library services to CreatEd students. Please provide copies of all agreements between CreatEd and EbscoHost that have been in effect since the Board issued CreatEd an Interim Permit.
  - b. CreatEd asserted that it would "include a formal review of our library objectives annually and make appropriate changes in the objectives or operations [of the library]." Provide evidence that CreatEd has undertaken a formal review of its library objectives and made appropriate changes annually since the Board has issued it an Interim Permit.

- c. CreatEd asserted that it would form a “committee of students and faculty meet twice a year (once as part of the annual review, and once separately) to review adequacy of library support.” Please provide the minutes or other memoranda of these meetings.
- d. CreatEd asserted that it would “develop a more explicit plan for assessing student learning and mastery of the stated program outcome competencies,” that it would “emphasize procedures keeping individual faculty members from being the main assessor of the cohort they were with [f]or their performance,” and that the institution would “include bringing assessments from an independent faculty.” With respect to these assertions:
  - i. Please provide evidence that CreatEd has developed and implemented this plan.
  - ii. Please identify the independent faculty which have been part of these assessments, and provide examples of the assessments the independent faculty have provided.
- e. Because its full time faculty did not meet the standards found at *Policy Manual* § 400.4.1(IV)(e)(2), CreatEd agreed to “incorporate[] the strategy described in the body of the [Team Report] with faculty of record.” With respect to faculty of record, the Team Report stated:

[P]art-time co-instructors could be hired who are subject matter experts in specific module disciplines to assist in instruction of those modules where CreatEd faculty are not appropriately credentialed. The role of these part-time co-instructors would be to serve as individual discipline subject matter experts to the students; the part-time co-instructors need not attend class every day, they just need to be available to students to answer discipline-specific questions on the readings and on other module activities as well as assist with assignments. Moreover, in order for CreatEd's modules to have any chance of transferring for credit to other institutions, the part-time co-instructors will need to be listed as co-instructors of record.

In its 2019 annual report, CreatEd listed six faculty of record. For each, please state how the faculty member of record was available to students, provide examples of interactions between faculty of record and students, and provide examples of the faculty of record assisting on assignments.

- f. CreatEd’s response included a “Conflicts of Interest Policy” (Conflicts Policy) executed by Lee Byberg in his capacity as President of Rivendell Worldview Education, Inc. (RVEC) and an addendum to the Conflicts Policy executed by Mr. Byberg in his capacity as President of CreatEd. Our understanding is that CreatEd leases its curriculum from RVEC. In the addendum, Mr. Byberg states that he will “recuse [himself] from any discussions, activities, deliberations or decision by the Board of Directors that could result in financial remunerations to or from RVEC as long as I hold the position of CEO of Rivendell Worldview Education Company (RVEC).” Please provide minutes of CreatEd’s Board and

any other evidence in CreatEd's possession indicating that Mr. Byberg has abided by the Conflicts Policy and its addendum.

9. According to CreatEd's 2019 annual report, the six faculty of record are assigned to a total of six courses in Sociology, Biology, Biblical Anthropology, Composition, Literature, and Physical Sciences. However, according to its Student Handbook, CreatEd's 2019-2020 curriculum includes numerous courses for which CreatEd has not listed a faculty of record. With respect to courses for which no faculty of record are listed, if CreatEd believes it meets the Board's faculty qualification requirements and has abided by the representations it made in its response to the Team Report, please provide the basis for that belief. In particular, please make reference to courses in Mathematics, Economics, and Political Thought in your response.
10. Please provide a list of all faculty who have taught at CreatEd since the Board issued the Interim Permit, including the dates each began and ended employment.
11. Please provide CreatEd's proposed faculty matrix for 2020-2021, including faculty of record.
12. Please confirm that the Excel Marketplace program advertised on CreatEd's website (Excel) does not lead or purport to lead to postsecondary degree credit.<sup>2</sup> To the extent that CreatEd issues a *non-degree* credential through Excel, please provide evidence that Excel has been authorized by the Proprietary School Board of the North Carolina Community College System.
13. Please identify the current governing board membership and provide the current bylaws of CreatEd and RWEC. With respect to RWEC, please identify all owners and state their ownership interest.
14. Provide CreatEd's governing board's policy on monitoring and resolving conflicts of interest.
15. Please identify the current chief executive officer, chief administrative officer, and chief academic officer of the institution. For each, state how they meet the degree requirements found in Policy Manual § 400.4.1(IV)(e)(9).
16. For each student disclosure requirement required by Policy Manual § 400.4.1(IV)(f), identify the page of the student handbook or the weblink at which the disclosure may be found.
17. It is our understanding that CreatEd is affiliated with Mr. Nicholas Dimitris in one or more ways. Specifically, (1) that CreatEd has entered into an agreement that its

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<sup>2</sup> Available at <https://created.education/excel/>, last accessed June 22, 2020.

governing board will be made up of “a majority of people who have been historically loyal to Nick and Emily Dimitris,” (2) that Mr. Dimitris or an immediate family member is now an owner of RWEC, and (3) that CreatEd operates in whole or in part from real property owned by Mr. Dimitris or an entity in which he or an immediate family member have an ownership interest or otherwise control. Our understanding is that in 2011 Mr. Dimitris pled guilty to Conspiracy to Commit Theft, Embezzlement, or Misapplication by Bank Officer or Employee, in violation of 18 U.S.C. §§ 371 and 656, in United States Court for the Western District of North Carolina, and that in 2014 Mr. Dimitris was sentenced to one year and one day in prison and ordered to pay over three-million dollars (\$3,000,000) in restitution. Please identify and fully describe any additional affiliations that CreatEd or RWEC have with Mr. Dimitris. To the extent that, notwithstanding these affiliations, CreatEd believes it meets the requirements of N.C. Gen. Stat. §§ 116-15(f)(12) and (15) and Policy Manual §§ 400.4.1(IV)(k)(2), please fully describe the basis for that belief.

18. Please identify all CreatEd employees or agents who helped form CreatEd’s response to these inquiries.

Thank you for your attention to these matters.

Sincerely,



Daniel S. Harrison  
Senior Associate Vice President for Academic and Regulatory Affairs

cc:

Kimberly van Noort, Ph. D., Senior Vice President for Academic Affairs and Chief Academic Officer  
Michael R. Delafield, Senior Associate General Counsel  
Kaity McNeill, Director of Licensure

V. Lee Byberg  
CreatEd Institute  
2 Tucker Rd. # 191, Ridgecrest, NC 28770  
612.834.1899  
lbyberg@created.education

Mr. Daniel Harrison  
Senior Associate Vice President for Academic and Regulatory Affairs  
University of North Carolina

Dear Mr. Harrison,

Thank you for working with us in your team's consideration of renewing CreatEd Institute's permit to offer postsecondary degree activity in North Carolina. We appreciate the opportunity to address the various items noted in your letter.

We have had several changes since our initial permit and one year renewal, and look forward to providing you with the documentation you requested. Various supporting documentation requested and noted in this letter can be found at the following Google Drive folder:  
[https://drive.google.com/drive/folders/1nOo08UROJcapZDkwS\\_x7pXW\\_nVDiFwU-?usp=sharing](https://drive.google.com/drive/folders/1nOo08UROJcapZDkwS_x7pXW_nVDiFwU-?usp=sharing)

1. Financial Statements

*As requested, we have sent financial statements for the period since the latest audit (which was previously sent to your office for our 2019 annual report) and will meet with your financial reviewer to discuss any questions.*

2. Student Roster

*As requested, we have sent a roster of CreatEd Institute students since the permit was issued along with graduation numbers, as requested in your item 5.*

3. New Location/  
4. Address

*Regarding CreatEd's having moved operating locations, we would like to clear any misunderstanding and apologize for our delay in communicating with your agency. The move away from having both classes and student housing at the Blue Ridge Assembly YMCA was incremental and due to a number of factors. Early on, we believed changes to be temporary and from*

*urgent circumstances, and later, to be followed very quickly by more complete and permanent changes, and so, for better or worse, waited (for what we initially thought would be a short while) to update your agency. We confess that the timeline extended much longer than we initially anticipated.*

*Initially, as we had discussed during the first site visit in 2018, we had the goal of eventually find a more dedicated space for our operations where faculty and staff could live in closer community and proximity with the students than the Y supported. Even before we had a specific plan in place, we began to experience difficulties with student housing at the Y, including tree/storm damage to one of the units, along with limited spacing availability due to the Y's other long term contracts.*

*In August of 2019, due to the Y both having some planned student housing buildings either unrepaired or under remodel, we transitioned to having the current students (C3) at our current location at 20 and 21 Florida Avenue, Black Mountain, NC 28711, and. We had understood at that time that one of the nearby properties we were hoping to eventually use as a classroom would be available in short order but unfortunately that property's construction project has faced unexpected delays, including in particular delays caused by slowdowns from the coronavirus pandemic.*

*We continued to run the program (apart from student housing) on the YMCA campus through January of 2020, after which we moved to a space rented to us by The Ridge Church for our classroom needs. This location is 41 Tucker Rd, Ridgecrest, NC 28711. This is still viewed as an interim space, as is evidenced in the lease, which will be included in the submitted documentation). It is still our hope to hold classes in a dedicated classroom near the new student housing as soon as the building becomes available, and have included a lease document for that building, ready to go as soon as the building is (the building is expected to be completed and available in August).*

*As can be seen in the staff meeting minutes submitted as the requested documentation, CreatEd leadership always intended to inform your agency upon having realized changing locations, but as things happened with intervention of happenstance, intended to wait until there was a whole story to report.*

5. Number of students in each cohort w/ graduation numbers

*This information is included in our student roster submitted as part of our response to item 2, but in brief:*

*C2: the 2017-2018 cohort that was active during our initial license had 7 students at that time; 6 students completed the program (although, as*

*the school was not licensed during the entirety of their enrollment, they did not “graduate,” nor were they granted a degree)*

*C3: the 2018-2019 cohort that finished in December of 2019 started with 21 students. 15 graduated, 4 finished the program without meeting the requirements for graduation, and 2 withdrew*

*C4: the 2019-Feb2021 cohort, currently ongoing, began with 14 students, 6 of whom are still enrolled, while 8 withdrew.*

6. Number of confirmed (w/ deposit) 2020 students

*11 students have currently confirmed their place in C5 (the cohort starting Fall 2020), along with one additional student who withdrew after having paid the initial deposit.*

7. Copy of all print/digital recruiting materials since 2018

*We have included the requested documentation apart from our website, which can be found at [created.education](http://created.education)*

8. VARIOUS ISSUES CREATED AGREED TO AMEND BEFORE RENEWAL –

a. Evidence of formal review of library services

*The renewal of CreatEd’s contract for use of the EBSCOHost Academic Databases is included in the submitted documentation.*

b. Evidence of student/staff meeting re: library services

*Minutes were not kept, but the initial meeting of students and staff regarding library services confirmed that the availability of resources through EBSCO and the library agreement with Montreat were more than sufficient, and that meeting so regularly would not be necessary unless student feedback in semesterly surveys (or faculty feedback at any time) indicated otherwise, so now regular library services reviews are to be with select students once every cohort midway through the program unless concerns arise.*

c. Evidence of CreatEd developing more explicit plan for assessing student learning w/o faculty assessing themselves/

d. Evidence of

i. assessments of student learning and mastery,

ii. by independent faculty

*c&d. CreatEd’s report response on assessments of student learning and mastery were originally planned out by former Program Director, Kevin Jenson, and consisted of the following elements: having a faculty member from outside the cohort be involved in assessing student outcomes, regular student surveys, follow-up alumni surveys that address student success after the program, and utilizing non-staff faculty-of-record in evaluating the*

*appropriateness of course assessment measures where possible. Unfortunately, there were some difficulties in executing this plan including the departure of first Kevin Jenson and, more recently, Sam Negus. Given the very small size of our full-time faculty, this made providing faculty independent of the cohort part of the assessment more difficult. The plan going forward will be to have Lee Byberg, as Provost, evaluating cohort staff's performance and student outcomes, while he remains largely outside of the classroom.*

*Other measures, such as adjusted semesterly surveys are moving forward, and an alumni survey is in progress.*

*The role of faculty of record will be discussed below.*

- e. Faculty of Record - match list of 6 faculty of record to how they were involved, how they interacted with students, and how they assisted faculty with assignments -

*Faculty of record who completed their assignment of reviewing CreatEd courses (syllabus, objectives, assessment measures, readings, etc.) and being available to students were asked to 1) Complete a course curriculum assessment form, 2) follow-up with a qualitative response via a phone call and/or email conversation, and 3) be available to answer student questions via in-cohort staff for any student questions that could not be answered by in-course staff or the readings (students did not take advantage of this). The option was also given to in-cohort staff to ask faculty of record to participate in an up-to-an-hour Q&A video call, but in no case did in-cohort staff feel this was necessary to schedule.*

*An example of the feedback from one faculty-of-record (Jenni Kaymeyer for Biblical Anthropology) has been included in the submitted documentation.*

*Unfortunately, several people who had agreed to be faculty of record last year ended up backing out for various reasons after having agreed to the work. Two persons who sequentially agreed to be faculty-of-record for the History and Philosophy of Biology backed out after having reviewed the syllabus, saying that while they thought the course met or exceeded their expectations for a first-year level course with its description and objectives, it was clearly not focused on the hard science of biology which was the*

*only area they felt adequate to assess. One, Deb Kohl, listed in the 2019 renewal (before she backed out), agreed to be available at no charge for if any of our students had questions about biology during the course that were not able to be answered by in-course staff or the readings.*

*This is another area on which CreatEd continues to work toward compliance, and we are in process with several potential faculty members for the upcoming academic year and fully believe we will have everything in place for the 2020-2021 year faculty-of-record.*

f. CreatEd's "Conflicts of Interest Policy" executed by Lee Byberg, its addendum re: Lee Byberg's prior role as RWEC CEO, and evidence of compliance:

*During the September 2019 retreat between CI and RWEC, a discussion ensued regarding the need to renegotiate the curriculum license agreement between CreatEd and RWEC. It was agreed that Ellen Whalley, representing CreatEd, would engage directly with the chairman of RWEC (Jim Manthei) for such purpose. A phone conversation did take place between Whalley and Manthei during in the fall of 2019, but no change to the agreement was agreed upon.*

*During December of 2019, the Rivendell board members and Lee Byberg agreed that Jim Manthei would assume from Lee the RWEC President role and that Lee Byberg would also be freed from the CEO responsibility of RWEC as well. This change was effective on January 1st of 2020.*

*Due to the fact that Jim Manthei and Ellen Whalley were unable to re-negotiate the license agreement during the fall of 2019, Lee called CreatEd's external legal counsel, in January of 2020, after Lee no longer was serving as CEO of RWEC, to affirm if he was free to at least suggest a lower fee structure on an interim basis to RWEC. CreatEd's legal counsel advised Lee that such would not be improper in view of CreatEd's financial and overall circumstances, and since Lee no longer was the President/CEO of RWEC, to seek a rapid and significant reduction in the license fee from RWEC. Per phone conversation between Lee and Jim Manthei in January, RWEC agreed to effectively, from January of 2020, reduce the cost per student semester from \$900 (per the contract) to \$400 per student semester. The formal license*

*agreement has however not been amended and needs to be negotiated and executed between the parties.*

9. Provide basis for courses without a non-staff faculty of record meeting qualification requirements without faculty of record -

*To the specific courses addressed in your question,*

*i.       **Mathematics:** our “Mathematics” course is a humanities course, the full title of which is The History and Philosophy of Mathematics. As is clear from the humanities classification, the title, the description, objectives, and discussions/assignments in the syllabus, this is not a “hard math” course, and generally stays in the implications, assumptions, and overlap with theology and philosophy. On this basis, we believe that the philosophical and theological training behind Peter Lackey, M.A. (faculty consultant) and Jeff Ingle, M.A. is sufficient to warrant no need for a formal faculty-of-record; nevertheless, you should know that the course was designed with input from James Nickel, a mathematics author and educator who has occasionally been a guest speaker and has expressed willingness to work with us again should students have any questions.*

*ii.       **Economics:** We have listed Lee Byberg, MBA as our faculty-of-record for Foundational Principles of Economics, both on account of his educational background and his experience in the business world.*

*iii.       **Political Thought:** Part of the appeal in selecting Dr. Sam Negus to hire was his background (PhD/MA) in political history, which would help satisfy that requirement. Unfortunately, since his departure, we will have to go with an alternate faculty-of-record in the future (which we have secured, as you will see below in the response to #11). In the interim, Lee Byberg has been tasked to cover this course as its faculty-of-record on the basis of his political experience (e.g., he was previously nominated by one of the major political parties as its nominee for U.S. Congress and won the primary along with other political activities). As for Dr. Negus’ also having covered our history courses, we are fortunate to have Pete Lackey serve as faculty of record for those courses, as he -in addition to being a long time partner of CreatEd and faculty mentor – also has an MA in history.*

*For many of our courses, especially in the first semester of our program, the THEOS semester, the humanities courses either focus on*

*1) basic yet critical skills for student learning (i.e., the Critical Thinking and Logic course and the Art of Public Speaking course), which we hold our staff to be adequately qualified to teach on the basis of having demonstrated those academic skills in the course of their graduate and teaching work.*

*2) Courses around building a Christian worldview foundation for the remaining courses (i.e., our Theology course and our Philosophy course, which has students ask the basic questions about metaphysics etc. on the basis of the discussions already had in Theology). We hold these courses' credentialing requirements to be met by Jeff Ingle, MA in Systematic Theology, and Pete Lackey, who has a dual MA in Theology and History.*

*As noted above, balancing CreatEd's distinctive integrated approach and providing adequate support from credentialed specialists through our staff and contracted faculty-of-record is an area on which CreatEd continues to work, as you will see in the roster provided under our response to question 11. As always, we welcome feedback from your team for how we may continue to improve.*

10. List of full-time faculty and their employment dates from 2018-present

Full-time faculty	Start	End (if applicable)
Kevin Jenson	Prior to 2018	Oct 2018
Samuel Negus	July 2019	May 2020
Lee Byberg	Prior to 2018	Present
Jeff Ingle	Prior to 2018	Present

11. Proposed faculty matrix for 2020-2021, including faculty of record.

Numbers and Titles of courses taught	Full Name	Credential/Degree	Notes
HUM 120 Critical Thinking and Logic	Jeffrey Ingle (and General Staff)	MA - Systematic Theology	
HUM 125 Theology: Existence, Nature, and Character of God	Jeffrey Ingle (and General Staff)	MA - Systematic Theology	
HUM 135 Philosophy: Reality, Knowledge, and Ethics	Jeffrey Ingle (and General Staff)	MA - Systematic Theology	
HUM 140 History and Philosophy of Mathematics	Jeffrey Ingle (and General Staff)	MA - Systematic Theology	
HUM 145 History and Philosophy of the Physical Sciences	Mitchell Schueler	Navy Commander with nuclear engineering training and experience	
HUM 155 History and Philosophy of Biology	Amanda Warden	<i>Masters of Medical Science in Physician Assistant Studies</i>	* Still waiting final review of academic background
HUM 160 Introduction to Biblical Anthropology	Jenni Kahmeyer	<i>MA - Counseling Psychology</i>	
HUM 165 Sociology: Historical & Theoretical Concepts	Steven Salazar	<i>Masters of Health Administration and Education</i>	* Still waiting final review of academic background
HUM 175 The History and Philosophy of Political Thought	Dr. Donald McConnell	<i>JD</i>	
HUM 180 Foundational Principles of Economics	Lee Byberg	<i>MBA - see note above on Economics</i>	
HUM 185 Introduction to Literature	Rebecca O'Sullivan	<i>MA - English</i>	
HUM 190 Art: Cultural and Aesthetic Literacy	Andrew Palmer	<i>Artist, MA - Art</i>	* Still waiting final review of academic background
COM 171 Composition I	Rebecca O'Sullivan	<i>MA - English</i>	
COM 271 Composition II	Rebecca O'Sullivan	<i>MA - English</i>	
HIS 111 Studies in the History of Western Civilization I	Pete Lackey	<i>MA - History &amp; MA - Theology</i>	
HIS 112 Studies in the History of Western Civilization II	Pete Lackey	<i>MA - History &amp; MA - Theology</i>	

12. Please confirm that the Excel Marketplace program advertised on CreatEd's website (Excel) does not lead or purport to lead to postsecondary degree credit. To the extent that CreatEd issues a *non-degree* credential through Excel, please provide evidence that Excel has been authorized by the Proprietary School Board of the North Carolina Community College System.

*ANSWER: Previously, CreatEd had intended to run a similar program under various names (e.g., "Phase II," as seen in CreatEd's original license application or, briefly, Excel), but eventually found that the program available through this other entity overlapped so well with CreatEd's goals, that it was decided to not offer our own program. The outdated CreatEd webpage unintentionally remained online while outdated following the events below but has since been removed. There is a current maturation program titled "Excel Career and Marketplace" is operated by Excel<sup>1</sup>, not CreatEd, and is not for credit, nor a degree, and is not a vocational curriculum.*

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<sup>1</sup> NOTE: Excel (is a DBA of United, LLC - which is owned 100% by Emily Dimitris)

*The CreatEd leadership as represented by Lee Byberg and Davis Norment asked Nick Dimitris to join them for the purpose to hold a meeting with CreatEd students explaining the upcoming new Excel practical program that would launch in January of 2020. This meeting was held in early November and Nick Dimitris, upon the invitation by Norment and Byberg, explained the program as an Excel program (not CreatEd) with a maturation and practical focus, with a self-directed advancement plan, that would be made available for the CreatEd students graduating in December of 2019. This Excel program launched the final week of January of 2020 and included several CreatEd graduates who enrolled into the program, and was administered fully by Andrew Chambers as a staff member of Excel.*

*In Excel's program, the students develop their own self-directed advancement plan, and pursue a practical learning experience through jobs (employment provided by various employers in the region) and/or apprenticeships (note: the participants are responsible for securing their jobs and/or apprenticeship opportunities). The program includes a focus on maturation in faith, character formation, developing good habits, and the soft life-skills. The role of the Excel staff is to function as mentors, while the "teacher" is the hands-on experience gained learned on the job. It is Excel's understanding that such non-vocational program does not meet the definition of § 115D-87 (2) (i.e., as it does not purport to offer a degree, credential, educational credits, or licensure and is not educational in the traditional sense) do not require authorization by the Proprietary School Board of the North Carolina Community College System.*

13. Identify current governing board membership and current bylaws. Relate current membership to RWEC ownership.

ANSWER:

a) *CreatEd Board of Governance: Table of board members*

Created Institute, Inc		Created board-members' relationship with Rivendell:
Board:		
Lee Byberg, Chairman	voting	unit holder and board member
Davis Norment, President	non-voting	unit holder and board member
Amanda Warden, Secretary	voting	no relationship
Andrew Chambers, Treasurer	voting	no relationship
Bob Nichols	voting	no relationship
Portia Wade	voting	no relationship
David Fredriksz	voting	no relationship

Notes:

- 1) *Five out of seven CreatEd board members have no relationship with RWEC*
  - 2) *Five out of six voting CreatEd board members have no relationship with RWEC*
  - 3) *Only one (Lee Byberg) voting out of six voting CreatEd board members have any relationship with RWEC*
  - 4) *Davis Norment, as a non-voting board member of CreatEd, is on the RWEC board and owns 8% of the RWEC units*
  - 5) *Lee Byberg, as a voting board member of CreatEd, is on the RWEC board (stepped down as President/CEO of RWEC effective January 1<sup>st</sup> of 2020), and owns just under 20% ownership in RWEC. Jim Manthei is the current President/Chairman of RWEC effective January 1<sup>st</sup> of 2020 and is not on CreatEd's board nor staff.*
- b) *The bylaws for CreatEd is submitted as attached.*
- c) *RWEC does not have bylaws and hence is not submitted. It should be noted that the CreatEd board is comprised of a large majority with no relationship with RWEC.*

14. Provide CreatEd Board's conflict of interest policy on monitoring and resolving conflicts of interest

*Please find the CreatEd Board's policy included in the submitted documentation.*

15. Identify CEO, Chief Academic Officer, Chief Administrative Officer, and how they meet degree requirements

*CEO – Davis Norment, President, as founder of CreatEd Institute and predecessor programs; prior experience as program director of Rivendell Sanctuary; and over a decade of instructing experience  
Chief Academic Officer/Chief Administrative Officer – Lee Byberg MBA, Chairman; has a Masters degree from the University of Minnesota.*

16. Identify where CreatEd discloses Policy Manual § 400.4.1(IV)(f),  
All required disclosers in § 400.4.1(IV)(f) can be found in CreatEd's handbook and catalog, which is available on our website, linked to in student applications, and covered with new students as part of orientation.

The specific individual requirements are noted below:

*Course substance and objectives are in the catalog on pages 7-14  
Course and program length are in the catalog on pages 5-6 (cf. 15)  
CreatEd does not offer equivalent experience/achievement testing options in lieu of courses taken at CreatEd (see page 20-21)  
Financial policies, including cancellation and refund policies, are available on page 22.*

*CreatEd's catalog is available on our website (see <https://created.education/resources/>), is linked to in the student application, and made available upon request whether in person or via email.*

*Faculty names and credentials are listed with staff on page 2.*

*Student rights are delineated throughout the handbook in appropriate sections, such as academic freedom (page 17), privacy (page 21), refunds (page 22), non-discrimination (page 22) grievances and non-retaliation (pages 28ff.), against harassment/misconduct (pages 31-32)*

*The period covered by the handbook is listed on the cover page.*

*CreatEd's statement on transferability is found on pages 20-21.*

*CreatEd's mission statement is found on page 2.*

*CreatEd is a non-profit, and is not owned by any other organization. It is governed by its board, and the board's information is found on page 3.*

*CreatEd's policies and notices regarding student complaints and who to contact can be found on pages 28-32.*

*Information on CreatEd's guarantee bond is found on page 22.*

*Policies regarding student conduct can be found throughout the catalog in sections most relevant to the respective conduct (i.e., classroom participation – page 16, academic honesty - page 17,*

*attendance – page 19, spiritual life – page 23, and various other student codes of conduct on page 24-28 and 33-36).*

*Information about health services is on page 39*

*CreatEd does not offer job placement services, nor does it anywhere indicate that it does.*

*CreatEd does not offer electronic courses, with the brief exception of COVID-19 alterations to standard practice, when, in compliance with state and federal guidance, CreatEd classes met online rather than in person. CreatEd staff made sure that all students had the necessary equipment and skills to participate, but does not intend to offer courses this way in the future, assuming no external emergencies require it in the future (although CreatEd remains prepared to continue to offer courses as it did during the earlier COVID-19 lockdown if necessary).*

*Other policies on technology used and required for the program can be found on pages 35-36.*

17. It is our understanding that CreatEd is affiliated with Mr. Nicholas Dimitris in one or more ways. Specifically, (1) that CreatEd has entered into an agreement that its governing board will be made up of “a majority of people who have been historically loyal to Nick and Emily Dimitris,” (2) that Mr. Dimitris or an immediate family member is now an owner of RWEC, and (3) that CreatEd operates in whole or in part from real property owned by Mr. Dimitris or an entity in which he or an immediate family member have an ownership interest or otherwise control. Our understanding is that in 2011 Mr. Dimitris pled guilty to Conspiracy to Commit Theft, Embezzlement, or Misapplication by Bank Officer or Employee, in violation of 18 U.S.C. §§ 371 and 656, in United States Court for the Western District of North Carolina, and that in 2014 Mr. Dimitris was sentenced to one year and one day in prison and ordered to pay over three-million dollars (\$3,000,000) in restitution. Please identify and fully describe any additional affiliations that CreatEd or RWEC have with Mr. Dimitris. To the extent that, notwithstanding these affiliations, CreatEd believes it meets the requirements of N.C. Gen. Stat. §§ 116-15(f)(12) and (15) and Policy Manual §§ 400.4.1(IV)(k)(2), please fully describe the basis for that belief.

*The answers to this question (17) is provided in consultation with legal representation from Phillip J. Roth, Attorney at Law, 90 Southside Avenue, Suite 100, Post Office Box 769, Asheville, NC 28802:*

*CreatEd appreciates the Board’s interest in understanding CreatEd’s affiliation with Nick and Emily Dimitris – given the conviction in 2011 to which the Board refers – but the truth of it is, CreatEd feels not only comfortable*

*with its affiliation with the Dimitris family but strengthened by it for all of the reasons discussed below.*

*Item (1): The governing board will be made up of a "majority of people who have been historically loyal to Nick and Emily Dimitris."*

*ANSWER: As a preliminary matter, it should be kept in mind that CreatEd has been operating since 2016, well before any affiliation with Emily and Nick Dimitris.*

*The quoted language itself should be placed in context:*

*In the fall of 2019, the CreatEd board, its President, and its major donors met to discuss the future of CreatEd inasmuch as the institution was facing three formidable challenges: one, a funding gap between the cost of the program, tuition, and donations; two, a question in the minds of the parents as to the perceived "value" of an Associate degree as seen from the perspective of parents; and three, securing long-term housing arrangements for the students that would be more suitable than the YMCA site currently housing CreatEd's programs.*

*Faced with these challenges, several of the CreatEd's donors conditioned further funding on CreatEd's securing support of the collaborative nature from other organizations to provide suitable housing and a framework by which CreatEd could offer a maturation and practical work program for CreatEd's graduates (not educational nor vocational in the traditional sense). It was felt that the combination of these two elements (housing and the maturation and practical program) could directly or indirectly add value to the CreatEd students.*

*Meanwhile, Emily Dimitris, who had previously discovered CreatEd's website, recognized that much of her vision for the discipleship programs she and her husband were developing in Black Mountain was similar to the vision held by CreatEd Institute; namely, they each were focused on helping young people to mature intellectually, spiritually, and practically. The main difference between the programs was that CreatEd operates in the field of higher education while the focus of the Dimitris' programs was on discipleship combined with providing a setting where young people could mature and grow practically by working in various jobs throughout the local region.*

*Emily Dimitris and Nick Dimitris attended a retreat held by CreatEd in September of 2019 to explore just how compatible the two visions were. Rather than have CreatEd embark on its own plan to develop a maturation and practical program (post the Associate degree), it*

*instead explored the idea of forming a relationship with the Dimitris' Black Mountain programs.*

*As the explorative discussions continued into the fall and winter of 2019-20, they focused on the development of the maturation and practical program where students would develop their own self-directed advancement plan to learn from the marketplace (not educational nor vocational), Emily Dimitris expressed her concerns that both the investment into housing development for CreatEd and the efforts to develop the maturation and practical program would require significant resources (time and/or capital). She sought assurances that CreatEd's Board would support the effort long-term.*

*Her concerns in this regard were not entirely unfounded. Following the resignation of one of its directors CreatEd's Board had essentially split over CreatEd's future direction (including potentially new leadership). This split preceded the pursuit of finalizing the potential relationship between CreatEd and the Dimitris, and as such was not triggered by the potential relationship as discussed herein. The split ultimately led to the resignation of two additional Board members.*

*It is precisely due to CreatEd's experience with a split board that led to the "loyalty" agreement quoted above; in other words, the reference amounted to short-hand for an approach calling for Board membership to be filtered, not by devotion to certain individuals, but by a shared vision of CreatEd's long-term plan to better serve its students by developing complimentary programs in conjunction with Emily and Nick Dimitris' own discipleship, maturation, and practical programs.*

*Careful attention has been paid to expanding the Board with independent thinkers who are professionally capable and committed to making wise decisions (including following proper conflict of interest procedures). While four of six voting board members of CreatEd have been associated with Emily and Nick Dimitris in some form of relationship, (albeit not as employees), only three of the six voting board members serve on the Excel advisory team.*

*The relationship and methodologies to handle potential conflict of interest is described as follows:*



ANSWER:

a) *CreatEd operates at a facility owned by New Day Holdings, LLC, which itself is owned entirely by Emily Dimitris.*

b) *New Day Holdings will provide classroom space by this August and currently do provide housing facilities in Black Mountain not only for CreatEd students but for other discipleship and maturation programs. The current lease agreement with New Day Holdings was signed by Lee Byberg on 1/1/2020 as President of CreatEd under the authority of the Bylaws prescribing such executive action. Lee consulted with former Provost Jeff Ingle to affirm the appropriateness of the terms of the agreement. The board members also toured the facilities prior to the signing of the agreement and agreed to the suitability. It is expected that the lease agreement will be re-negotiated before 9/1/2020 as requested mutually by both parties. Due to the new relationship between the parties as described herein, the new lease agreement will be reviewed and approved by the CreatEd board. CreatEd's Board members who may have a potential conflict of interest issue will recuse themselves from the vote. The terms of the lease agreements themselves are customary to the market.*

*Neither Emily nor Nick Dimitris have a direct relationship with CreatEd. As discussed above, CreatEd leases property from an entity owned by Emily Dimitris and purchases its curriculum from RWEC, of which Ms. Dimitris is a minority shareholder. It should also be noted that the RWEC curriculum has been available in the market since 2011 and was not developed in conjunction with either Mr. or Mrs. Dimitris.*

*Prior to the formalization of the lease agreement between the parties, all of the CreatEd board members were introduced to Emily and Nick Dimitris. Nick Dimitris shared in full openness his unique story of why he pleaded guilty and was sentenced to serve in prison for a real estate-related transaction occurring during the Great Recession. No doubt those not familiar with the story and the workings of the legal system may have questions about Nick Dimitris' past. However, Nick's experience is of the past and everything CreatEd observed affirmed that both Emily and Nick are credible, ethical and professional in their conduct. Furthermore, the formal and legal entities involved between CreatEd and Emily and Nick are processed through entities which are legally owned fully by Emily and not Nick. The ensuing lease agreement between New Day Holdings and CreatEd are based on a fair-market lease-arrangement while providing assurance of at least a three-year rental term for the benefit of both parties.*

*In a word, CreatEd does not otherwise feel that Mr. Dimitris' conviction bears upon CreatEd itself in terms of credentialing. The criminal conviction is nearly ten years old and was unrelated to education. Even conflating that a criminal conviction amounts to "unprofessional conduct or incompetence" for purposes of NC Gen Stat § 116-15(f)(12), Mr. Dimitris' prior conviction is irrelevant because he is not CreatEd's chief executive officer, or one of its trustees, directors, owners, administrators, supervisors, staff, instructors<sup>1</sup>, or employees.*

*Similarly, for purposes of NC Gen Stat § 116-15(f)(15), Mr. Dimitris' conviction is also irrelevant inasmuch as CreatEd has not entered into any agreement with him. That CreatEd leases property owned by New Day Holdings, LLC, and licenses curriculum from a well-established, well-regarded company like RWEC of which Ms. Dimitris is a minority shareholder) can hardly be a basis for calling "into question the overall quality of" CreatEd.*

*Note 1: CreatEd may in the future invite Emily and/or Nick to share their story and/or teach faith or spiritual lessons to CreatEd students in or outside a classroom setting and/or teach graduates of CreatEd who enters into other maturation programs outside of CreatEd available at the Black Mountain site.*

18. Please identify all CreatEd employees or agents who helped form CreatEd's response to these inquiries.

*CreatEd's response is submitted by Lee Byberg with assistance and information from Jeff Ingle. Marketing materials submitted with the report were assembled (and avouched to be whole and complete to the best of their knowledge) by staff involved in marketing, including Missy Norment, Isaiah Schmidt, and (contractor) Andrew Chambers. The answers to question (17) is provided in consultation with legal representation from Phillip J. Roth, Attorney at Law, 90 Southside Avenue, Suite 100, Post Office Box 769, Asheville, NC 28802:*

## Appendix B

July 20, 2020

Mr. Daniel Harrison  
Senior Associate Vice President for Academic Affairs  
University of North Carolina System, Academic Affairs  
910 Raleigh Road  
Chapel Hill, NC 27514

Dear Mr. Harrison:

I have completed an analysis of available financial information for CreatEd Institute (CreatEd or the Institute) to assess compliance with Section IV, K, Standard 10, Item 1a of the ***Policy on Standards for Licensure of Nonpublic Degree Granting Postsecondary Activity (the Policy)*** issued by the University of North Carolina System. This item states the following:

*Stability. Financial resources should be characterized by stability that indicates the institution is capable of maintaining operational continuity for an extended period of time. The minimum "extended period of time" is one and one-half times the duration of the most lengthy postsecondary degree program offered.*

To make the assessment, I relied on financial information provide by the client, primarily audited financials for the previous two years ended August 31, 2019 and 2018; and interim unaudited financials for the 9 months ended May 31, 2020. I was also provided projected enrollment and tuition for the upcoming Fall semester and spoke with the Institute's Chief Executive Officer and Provost on June 26, 2020. Financial projections for the remaining 3 months of Fiscal Year 2020 and for the next Fiscal Year were not provided by the Institute.

### **Financial Review**

One measure of financial stability and adequacy is the current ratio, which is derived by dividing current assets by current liabilities. The current assets for CreatEd, as of August 31, 2019, were \$52,222, and current liabilities were \$228,961, for a current ratio of .23x. This ratio means that the Institute could not cover its current liabilities by selling off current assets. The same ratio from the interim statements at May 31, 2019 is higher at .73, but still not adequate. The Chart on page 3 shows that the ratio has decreased in the last two years and is not at a desired level. The projected increase in Current Assets for this year is primarily due to a combination of cost savings leading to increased margin, and a large increase in Pledges Receivable that may be reduced due to discounting during audit.

As of August 31, 2019, CreatEd had total assets of \$96,486 and total liabilities of \$228,235 for a ratio of total assets to total liabilities of only .42 times. This ratio is down from the previous year, and although projected to increase this year, will still be below 1.0 and is not adequate.

Other ratios calculated related to Cash were the quick ratio and cash ratio. Both ratios declined in 2019, and current year improvement do not get back to 2018's levels.

As of May 31, 2020, CreatEd had cash and cash equivalents of \$43,712, which was better than at the beginning of the Fiscal Year, but below ending cash on August 31, 2018 of \$121,414. According to the

Institute's Executive Management, a Paycheck Protection Plan loan of \$78,915 was received in April and an Economic Disaster Loan of \$150,000 was approved, but still not received. It was not known when those funds will be made available to the Institute. If received, the Institute will have 30 years to repay the loan, according to Executive Management.

Tuition and fees make up most of CreatEd's revenue. For the nine-month period ended May 31, 2020, CreatEd had total revenue of \$577,680, and total expenses of \$513,778 for an Operating Gain of \$63,902. A quick comparison to the Statements of Operations from August 31, 2019 would lead to the conclusion that operating performance improved; however, the COVID-19 pandemic has had negative effects on enrollment. For the upcoming Fall semester, the Institute is expecting 11 new students and 6 returning. The new students will be on a 16-month plan, returning students are finishing out an 18-month plan.

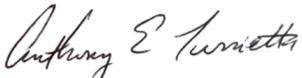
Based on the interim performance for the current year, a projection was run for Fiscal Year 2021. The calculations on page 4 assume the following:

- All 17 students will stay enrolled for the entire 12 months of the year.
- Institutional Aid will be at 22%
- Profit Margin of 11 % will remain, which was used to back into projected expenses.

Utilizing these assumptions, CreatEd could have a positive change in Net Assets of \$68,607 in 2021. This does not consider emergency expenditures or continued negative consequences due to the COVID-19 pandemic. Even with this modest gain, the Institute will not have adequate current assets to cover liabilities. Of primary concern is the Institute's lack of readily available liquid assets. Should CreatEd receive the full \$150,000 from an Economic Disaster Recovery Loan, it will be better positioned to get through the next 15 months.

Based on the financial data reviewed, unless CreatEd can find additional sources of liquidity, such as additional Line of Credit funds, and including receipt of the loan noted in the previous paragraph, it is in a precarious financial position.

Regards,



Anthony E. Turrietta, CPA, M.Ed.

<b>Select Financial Ratios</b>			
	8/31/18	8/31/19	5/31/20
Current Ratio	1.05	0.23	0.73
Quick Ratio	1.53	0.30	0.99
Cash Ratio	0.48	0.07	0.26
Total Assets/Total Liab	1.32	0.42	0.97
Net Profit Margin	0.21	-0.336	0.11
Debt to Assets	0.76	2.37	1.03
Op Cash Flow to Sales	0.303	-0.17	0.11

	August 31, 2020 Projected	
Anticipated Fees, New Students	\$ 282,216	<i>Based on 11 students for the Fall</i>
Anticipated Fees, Returning Students	181,800	<i>Based on 6 returning students</i>
Less Discounts (22%)	<u>(102,084)</u>	<i>Average from PY financials</i>
Net Tuition	361,932	
Contributions	262,680	<i>Assuming monthly average from Interim FS</i>
Total support	\$ 624,612	
Assumed Expenses	\$ 555,905	<i>Total support less assumed gain</i>
Assumed Gain	<b>\$ 68,707</b>	<i>Assume 11% profit margin</i>