INTERNATIONAL BEAUTY ACADEMY, INC.
D/B/A
INTERNATIONAL SALON AND SPA ACADEMY

COLORADO SPRINGS, COLORADO

COMPLIANCE AUDIT OF THE
STATE-FUNDED STUDENT FINANCIAL ASSISTANCE PROGRAMS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2024

SST Accountants and Consultants PLLC

International Beauty Academy
d/b/a International Salon and Spa Academy
Colorado Springs, Colorado

STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2024

Statement of Assurances and Introduction 1

Report Summary 2

Summary of Current Year Comments 3

Independent Auditor's Report on Statement of Appropriations, Expenditures, and Reversions of State Funded Student Financial Assistance Programs 4-6

Summary of Progress in implementing Prior Audit Recommendations 7

Basis of Accounting 8

Auditor's Report on Internal Accounting Control 9-10

Statement of Appropriations, Expenditures, and Reversions 11

Notes to the Financial Statement 12

Required Statements, Comments, & Recommendations 13

Signature Page 14

International Beauty Academy, Inc.
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Colorado Springs, Colorado

STATE-FUNDED STUDENT ASSISTANCE PROGRAMS FOR THE YEARS ENDED JUNE 30, 2023 AND 2024

STATEMENT OF ASSURANCES

INTRODUCTION

International Beauty Academy, Inc. d/b/a International Salon and Spa Academy (Institution) is a proprietary institution of higher education located in Colorado Springs, Colorado.

Our financial and compliance examination of the various state-funded student assistance programs at the Institution FOR THE YEARS ENDED JUNE 30, 2023 AND 2024, was directed towards the objectives and criteria set forth in Colorado Department of Education's (CDHE) Financial Aid Policy, adopted April 2004. The state student financial assistance programs were examined simultaneously with the federal financial aid programs for the year ended December 31, 2024.

STATE-FUNDED ASSISTANCE PROGRAMS

The only state-funded student assistance program administered by the institution in the Colorado Student Grant Program.

The state-funded student assistance awards made by the Institution were $81,399 during the award year ended June 30, 2023 and $90,915 during the award year ended June 30, 2024.

The Director of Financial Aid is responsible for administration of these programs. This responsibility includes application processing, eligibility determination, and financial aid packaging, as well as ensuring compliance with regulations governing the participation of the Institution in federal and state financial aid programs. The Institution's fiscal officer is responsible for the program's financial management, general ledger accounting, payments, and collections.

During the audit period, the Institution obtained authorizations to award federal student financial aid funds of $2,039,796 in the Pell Grant Program and $31,701 in the Federal Supplemental Educational Opportunity Grant (SEOG) Program.

During the audit period the Institution was authorized to award Colorado student financial aid funds of $172,314 in the Colorado Need-based Grant Program.

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Colorado Springs, Colorado

STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2024

REPORT SUMMARY

PURPOSE AND SCOPE OF AUDIT

Our audit of the state-funded student assistance programs was performed in accordance with the financial compliance elements of *Standards for Audits of Governmental Organizations, Programs, Activities, and Functions* issued by the Comptroller General of the United States, as revised through 2004. The purpose of the audit was to formulate an opinion on the statement of student aid program appropriations, expenditures, and reversions for the award year ended June 30, 2023 and 2024, and to determine if these programs were administered in accordance with applicable laws, regulations, terms of agreements, and CDHE directives which were set forth in the handbook.

Our examination included:

- Expressing an opinion on the statements of student aid program appropriations, expenditures, and reversions.
- Evaluation of the policies, procedures, and practices used to administer these programs.
- Determination of compliance with applicable sections of the CDHE guidelines, 2023-24 version.

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STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2024

SUMMARY OF CURRENT YEAR COMMENTS

The audit covered the award period July 1, 2022 through June 30, 2024, and fieldwork was performed in January, 2025.

There were no findings requiring comment in this report.

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INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF APPROPRIATIONS, EXPEDITURES, AND REVERSIONS OF STATE FUNDED STUDENT FINANCIAL ASSISTANCE PROGRAMS

International Beauty Academy, Inc
d/b/a International Salon and Spa Academy
Colorado Springs, CO

To the Board of Directors:

Report on Compliance Applicable to the Colorado State-Funded Student Financial Assistance Programs

We have audited International Beauty Academy, Inc. d/b/a International Salon and Spa Academy's compliance with the specified compliance requirements which are listed in the Colorado Department of Higher Education's *Colorado State Funded Student Aid 2023-24 Audit Guide for Proprietary Institutions of Higher Education* and *Guidelines for Administering State Funded Assistance Programs,* relative to participation in the Colorado State-Funded Student Financial Assistance Programs during the year ended June 30, 2023 and June 30, 2024. International Beauty Academy, Inc. d/b/a International Salon and Spa Academy's Colorado State-Funded Student Financial Assistance Programs are identified in the accompanying Statement of Appropriations, Expenditures, and Reversions.

In our opinion International Beauty Academy, Inc. d/b/a International Salon and Spa Academy complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2023 and 2024.

Basis for Opinion on the Colorado State Funded Student Financial Assistance Programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States *(Government Auditing Standards);* and Colorado Statutes and Administrative Code. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of International Beauty Academy, Inc. d/b/a International Salon and Spa Academy and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Colorado Student Financial Assistance Programs.

Our audit does not provide a legal determination of International Beauty Academy Inc. d/b/a International Salon and Spa Academy's compliance with the compliance requirements referred to above.

Responsibilities of Management of Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to International Beauty Academy, Inc. d/b/a International Salon and Spa Academy's Colorado State-Funded Student Financial Assistance Programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the
compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and Colorado Statutes and Administrative Code will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about International Beauty Academy, Inc. d/b/a International Salon and Spa Academy's compliance with the requirements of the Colorado State-Funded Student Financial Assistance Programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding International Beauty Academy, Inc. d/b/a International Salon and Spa Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of International Beauty Academy, Inc. d/b/a International Salon and Spa Academy 's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Purpose of This Report

This report is intended solely for the information and use of management, members of the Legislative Audit Committee and the Colorado Department of Higher Education and is not intended to be and should not be used by anyone other than these specified parties.

SST Accountants and Consultants PLLC

March 31, 2025
Dallas, Texas

International Beauty Academy, Inc.
d/b/a International Salon and Spa Academy
Colorado Springs, Colorado

STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2024

SUMMARY OF PROGRESS IN IMPLMENTING PRIOR AUDIT RECOMMENDATIONS

There were no findings or recommendations contained in the prior audit report.

International Beauty Academy, Inc.
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Colorado Springs, Colorado

STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2024

BASIS OF ACCOUNTING

International Beauty Academy, Inc. d/b/a International Salon and Spa Academy's accounting system is structured and administered in accordance with the accounting principles promulgated by the National Association of College and University Business Offices in their revised publication College and University Business Administration, as supplemented by the American Institute of Certified Public Accountants industry audit guide Audits of Colleges and Universities.

All student aid is expensed on a cash basis.

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International Beauty Academy, Inc.
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Colorado Springs, Colorado

STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2024

AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROL

International Beauty Academy, Inc
d/b/a International Salon and Spa Academy
Colorado Springs, CO

To the Board of Directors:

INDEPENDENT AUDITORS' REPORT

We have audited International Beauty Academy, Inc. d/b/a International Salon and Spa Academy's compliance with the applicable statutes and rules of the Colorado State-Funded Student Financial Assistance Programs as published by the Colorado Department of Higher Education for the award years ending June 30, 2023 and 2024, and have issued our report thereon dated March 31, 2025.

Internal Control over Compliance

In planning and performing our Compliance Audit, we considered International Beauty Academy, Inc. d/b/a International Salon and Spa Academy's internal control over compliance with types of requirements that could have a direct and material effect over Colorado State-Funded Student Assistance Programs to determine the testing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance over the Colorado State-Funded Student Financial Assistance Programs and to test and report on internal control over compliance in accordance with Government Auditing Standards - Standard for Audits of Governmental Organizations, Programs, Activities and Functions, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of International Beauty Academy, Inc. d/b/a International Salon and Spa Academy's internal control over compliance.

A *deficiency in internal over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the Colorado State-Funded Student Financial Assistance Programs on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirements of the Colorado State-Funded Student Financial Assistance Programs will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the Colorado State-Funded Student Financial Assistance Programs that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing. Accordingly, this report is not suitable for any other purpose.

SST Accountants & Consultants

SST Accountants and Consultants PLLC

March 31, 2025
Dallas, Texas

International Beauty Academy, Inc.
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STATE-FUNDED STUDENT ASSISTANCE PROGRAMS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2024

STATEMENT OF APPROPRIATIONS, EXPENDITURES, AND REVERSIONS

	Colorado Needs-based Grants
Fund Balance, June 30 2023 and 2024	$ -
Appropriations:	
State Authorizations	172,314
Expenditures:	
Grants and Awards	172,314
Reversions:	
Amounts returned to the State	-
Fund Balance, June 30, 2024	$ -

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STATE-FUNDED STUDENT ASSISTANCE PROGRAMS FOR THE YEAR ENDED JUNE 30, 2024

NOTES TO THE FINANCIAL STATEMENT

The accompanying statement of appropriations, expenditures, and reversions is a summary of the cash activity of the Institution 's Colorado student financial assistance activities and does not present transactions that would be included in financial statements of the Institution presented on the accrual basis of accounting, as contemplated by accounting principles generally accepted in the United States of America. All student aid is expended on a cash basis.

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FOR THE YEARS ENDED JUNE 30, 2023 AND 2024

REQUIRED STATEMENTS, COMMENTS, & RECOMMENDATIONS

There were no audit findings.

The Institution 's packaging priority for need-based applicants is required to give the highest priority to the neediest students. During the award years ended June 30, 2023 and 2024, International Beauty Academy, Inc. d/b/a International Salon and Spa Academy 's packaging plan was structured to determine which eligible, resident students had the most need based on the Pell EFC index determined by the U.S. Department of Education and to award State-funded Student Assistance in accordance with CDHE policy on a first enrolled basis throughout the award year.

The Financial Aid Policy and Guidelines for State Financial Assistance Programs Issued by CDHE does not allow institutions receiving allocations for financial aid programs to transfer funds between those programs.