



February 4, 2010
FOR IMMEDIATE RELEASE
Contact: Tony Bieda, 202.336.6781

ACICS 2009 Annual Report: A success story in times like these

During a period of economic downturn, volatility in employment and uncertainty about the future of career education, more Americans pursued new career paths, became re-educated to jumpstart their careers, or pursued higher credentials to retool for the economic recovery. That's the context for the 2009 ACICS Annual Report, "Empowering Workforce Education."

"The report explains how The Accrediting Council for Independent Colleges and Schools has left its mark by empowering workforce education, member institutions, quality assurance through peer review, and through an ambitious implementation of technology upgrades," said Al Gray, executive director and CEO. "ACICS in short has played the important role of preserving institutional integrity during a period of explosive growth and phenomenal change."

The numbers tell the story. The membership of ACICS grew rapidly in 2009, passing the 800 member institution threshold, and serving a combined enrollment of more than 700,000 career-oriented students.

"The growth of enrollment by ACICS institutions reflects the preferences of hundreds of thousands of students to seek workforce education through nationally accredited colleges and schools with a focus on professional, technical, and occupational fields," said Eric Juhlin, chair of the ACICS Board. "The schools have increasingly become recognized as the schools of choice amongst career oriented students. They are mainstream institutions that cater directly to the needs of the adult learner."

The demand for accreditation services and reviews grew in proportion at ACICS. More than 1,000 new program reviews, more than 600 site visits and dozens of applications for additional learning sites were processed during 2009. ACICS facilitated all of this activity through new custom technology that provides member institutions the capacity to accomplish accreditation transactions through a secure, user-friendly on-line interface, rather than relying on the transport and consumption of paper products.

To maintain effective institutional and program quality assurance, more than 200 evaluators with qualifications in more than 300 program areas were vetted in 2009. As member institutions adjust to market workforce needs, evaluator recruitment continues in all areas such as allied health, criminal justice, information technology and business.

ACICS' new cadre of evaluators includes specialists in growing fields such as Biomedical Technology, Dietetics, Diagnostic Medical Sonography, Information Security, E-Commerce, Computer Graphics and Animation. To enhance the accreditation imprimatur, ACICS also sought and was formally recognized by authorities in Texas and by professional accreditors of allied healthcare programs for nursing, respiratory care, and radiologic technologists.


New Innovative Schools

ACICS recently accredited Bainbridge Island Graduate Institute, whose fundamental goal is to offer “an alternative to the traditional business school model for students who wanted to integrate values about social justice and environmental sustainability into their business education.” The institution promotes the idea that sustainability in business invokes the use of a triple bottom line—comprising of a social, environmental, and financial focus—rather than using the traditional single-minded bottom line that focuses strictly on monetary profit. BGI offers an MBA in Sustainable Business.

The annual report also profiles the first ACICS institution accredited in Saudi Arabia, Dar-al-Hekma College, which provides “selected degree programs of the highest quality to academically qualified women. The College fosters creativity and emphasizes the important role in society of women as the first builders of the family and the first educators of the nation.” The college offers many bachelor's degree programs that are relatively common to the career college sector, including Nursing, Interior Design, Graphic Design, Management Information Systems, Banking and Finance.

To obtain your copy of ACICS Annual Report 2009, please visit www.acics.org at the following link: <http://www.acics.org/publications/content.aspx?id=3772>. For additional information, please contact Mr. Anthony Bieda, Director, Regulatory Affairs, (202) 336-6872, or abieda@acics.org.

Founded in 1912, the Accrediting Council for Independent Colleges and Schools (ACICS) is one of the most respected and longest established national accreditors of academic institutions in the United States. It is recognized by the U.S. Department of Education and the Council for Higher Education Accreditation (CHEA).



Empowering Workforce Education

Accrediting Council for
Independent Colleges and Schools

2009 Annual Report

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ACICS Mission, Vision, and Strategic Plan



The mission of the ACICS is to advance excellence in career and professional education in institutions of higher learning. The ACICS vision is to be the premier accreditor of higher education serving tomorrow's workforce. ACICS's three-year strategic plan to fulfill the mission and vision has four main elements: 1) Enhance the accreditation process and review of criteria using technology and training programs and a thorough systematic review of key components of the accreditation process; 2) Enhance the image of ACICS and accredited institutions with comprehensive marketing and outreach programs; 3) Develop and implement a talent management program that cultivates an unrivalled diverse group of volunteers, staff, and leadership; and 4) Develop and implement a membership growth and retention program. Founded in 1912, the Accrediting Council for Independent Colleges and Schools (ACICS) is one of the most respected and longest established national accreditors of academic institutions in the United States. It is recognized by the U.S. Department of Education and the Council for Higher Education Accreditation (CHEA).

Dear ACICS Members and Friends,

When a full retrospective of applied workforce education in the United States is written, the period between 2007 and 2009 will surely represent a compelling narrative of the dynamic forces shaping our country, economic fortunes and the quality and relevance of private post-secondary education. We are certain history will look favorably on the role and effectiveness of ACICS, given the agency's integral role in preserving institutional integrity during a period of explosive growth and phenomenal change.

The numbers only begin to tell the story of 2009. Crossing the 780 member institution threshold for the first time, serving a combined enrollment of more than 700,000 students, and adding institutions in countries such as Saudi Arabia, the demand for accreditation services and reviews grew in proportion. More than 1,000 new program reviews, over 600 site visits, and dozens of applications for additional learning sites were processed. All of that activity was expedited and enhanced through new custom technology that provides member institutions the capacity to accomplish accreditation transactions through a secure, user-friendly on-line interface.

ACICS financials grew stronger as the agency captured more revenue from sustaining memberships, accreditation services and other core business activities. At the same time, the costs of op-



*Executive Director,
Dr. Albert C. Gray
and Chair,
Board of Directors,
Mr. Eric Juhlin*



'The fundamentally unique aspects of applied, workforce education have evolved in response to the needs of working adults whose re-training and continuing education will qualify them for full participation in the country's economic recovery.'

erations were closely controlled; management's attention to efficiency and effectiveness was aligned with the tighter-belt mode of operation adopted by many of our colleges and schools.

The growth of enrollment by ACICS institutions reflects the preferences of hundreds of thousands of students to seek workforce education through nationally accredited colleges and schools with a focus on professional, technical, and occupational fields.

Strong interest in the transparency and accountability of private post-secondary education created activity in regulatory arenas. New leadership at the federal level initiated additional lines of inquiry into program integrity, bringing attention to regulatory issues that have implications for accreditation. Likewise, in states like California, Ohio, and Tennessee, policy formation included wrinkles that

produced disadvantages for nationally-accredited institutions, at a time when ACICS colleges and schools have become established mainstream institutions. When ACICS discusses the aspects of the imprimatur with policy makers, however, positive outcomes result. ACICS has been formally recognized or acknowledged by authorities in Texas and by the professional accreditors of allied healthcare programs for nursing, respiratory care, and radiologic technologists.

The fundamentally unique aspects of applied workforce education have evolved in response to the needs of working adults whose re-training and continuing education will qualify them for full participation in the country's economic recovery. Their leading-edge skills, high ambitions and strong work ethic may fuel the economic expansion of America.

'The stakes are too great, and the opportunities too profound, to operate the accreditation enterprise with anything less than full dedication to the highest standards of quality on their behalf.'



ACICS is developing strategic responses to those fundamental changes, recognizing that our brand of accreditation must continue to be updated, adjusted, or reinvented to assure the quality and integrity of widely distributed campus systems serving working learners. The attention and commitment of the ACICS Board and Council is directly focused on these tasks.

The impetus comes partially from the prerogatives of policymakers. It comes from the admonitions and encouragements of progressive, forward-thinking member institutions as well. However, the primary impetus comes from our close, direct knowledge and appreciation of the needs of the students served by ACICS colleges and schools: the interests of those enterprising, diligent, and dedicated learners begins and ends each conversation about institutional quality and integrity. The stakes

are too great, and the opportunities too profound, to operate the accreditation enterprise with anything less than full dedication to the highest standards of quality on their behalf.

We hope you enjoy reviewing the information and perspectives contained in this annual report. Please take a minute to reflect on your impressions and provide comments through the interactive link at www.acics.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Eric Juhlin'.

Eric Juhlin
Chair, Board of
Directors

A handwritten signature in black ink, appearing to read 'Albert C. Gray'.

Albert C. Gray
Executive Director &
Chief Executive Officer

Empowering Member Institutions



The Accrediting Council of Independent Colleges and Schools (ACICS) members consist of private postsecondary institutions offering certificates or diplomas, associate's, bachelor's, or master's degrees that provide education in professional, technical, and occupational careers. Member institutions are spread throughout 46 states, Puerto Rico, and nine foreign countries.

ACICS is devoted to preserving and enhancing excellence at our member institutions. The primary goal is for an ever-growing trained and educated workforce throughout the United States and abroad. ACICS has seen growth in many areas over the past five years. The number of member institutions has grown from 653 in 2005 to 772 in 2009 (8% increase). The total enrollment of member institutions was more than 550,000 four years ago and now has surpassed the 700,000 plateau (27% increase). The demand and interest for ACICS-accredited institutions is strong.

Enrollment certainly indicates interest in member institutions; however, ACICS is most concerned with outcomes. Are institutions retaining students until they graduate and are they placing students in career fields associated with their program of study? These are questions to which ACICS requires answers. Retention and placement statistics are reported by each campus every year, and must exceed our minimum standards. Students are

proving their commitment to education as the retention rates have consistently exceeded over 70% for the past five years, reaching 73.6% in 2009. During that time, ACICS institutions have graduated more than 500,000 students. Even more important are placement measurements. ACICS and its members pride themselves on providing career opportunities for students in a wide array of fields. Placement percentages four years ago were at 77.8%. While they have dipped to just below 70% for the 2009 reporting year – perhaps reflective of national unemployment rates – the average placement rate over the past five years is 72%.

ACICS institutions offer hundreds of different programs to students for varying purposes. Some students hope to jumpstart their careers, others have found interest in a new field, and still others are pursuing a higher credential for an advanced salary. Nursing and allied health programs have clearly become the leading career path for students at our institutions. There has been a growth of 30,000 students in Medical/Clinical Assistant programs in the past year alone that fills a much needed void. In addition, Criminal Justice, Business, and Computer-Technology related programs have experienced strong growth.

As a result of the growing number of institutions, expanding enrollments, and increased program offerings by ACICS institutions, the agency

has been actively processing, reviewing, and approving various types of applications. In the past year, ACICS had more than 150 initial inquiries for accreditation, and visited approximately 50 new institutions (either initial institutions or new branches). The number of on-site evaluation visits grew considerably. In 2008-2009, ACICS conducted more than 125 “new grant” or re-accreditation visits. In addition, ACICS approved nearly 1,000 new program applications. Reviews of distance education platforms, higher-credential applications, learning site applications, non-substantive program modifications, among other activities, occupy the daily agenda at ACICS.



'ACICS is devoted to preserving and enhancing excellence at our member institutions. The primary goal is for an ever-growing trained and educated workforce throughout the United States and abroad.'

Honor Roll Institutions

ACICS greatly appreciates and salutes the efforts of institutions that exhibit strong adherence to compliance standards. ACICS recognized 45 institutions at the Annual Meeting and Leadership Conference as the 2009 Honor Roll Institutions.

Recognition is based on several objective indicators of institutional quality, including few or no deficiencies identified by the site visit team, the speed with which short-comings are corrected, the satisfaction of reporting standards, and the length of accreditation grant awarded by the Council. The 2009 Honor Roll Institutions are:

ART INSTITUTE OF PHOENIX
Phoenix, Arizona

BECKFIELD COLLEGE
Florence Kentucky

DORSEY SCHOOL OF BUSINESS
Madison Heights, Michigan

DORSEY SCHOOL OF BUSINESS
Roseville, Michigan

DORSEY SCHOOL OF BUSINESS
Southgate, Michigan

DORSEY SCHOOL OF BUSINESS
Wayne, Michigan

DuBOIS BUSINESS COLLEGE
DuBois, Pennsylvania

DuBOIS BUSINESS COLLEGE
Huntingdon, Pennsylvania

DuBOIS BUSINESS COLLEGE
Oil City, Pennsylvania

**EDP SCHOOL OF COMPUTER
PROGRAMMING**
Brooklyn, New York

EVEREST COLLEGE
Ontario, California

EVEREST COLLEGE
San Bernardino, California

**HARRINGTON COLLEGE OF
DESIGN**
Chicago, Illinois

ITT TECHNICAL INSTITUTE
Albany, New York



ITT TECHNICAL INSTITUTE
Boise, Idaho

ITT TECHNICAL INSTITUTE
Chantilly, Virginia

ITT TECHNICAL INSTITUTE
Dunmore, Pennsylvania

ITT TECHNICAL INSTITUTE
Jacksonville, Florida

ITT TECHNICAL INSTITUTE
Murray, Utah

ITT TECHNICAL INSTITUTE
San Diego, California

ITT TECHNICAL INSTITUTE
Tampa, Florida

**LINCOLN COLLEGE OF
TECHNOLOGY**
Marietta, Georgia

LINCOLN TECHNICAL INSTITUTE
Brockton, Massachusetts

LINCOLN TECHNICAL INSTITUTE
Lincoln, Rhode Island

LINCOLN TECHNICAL INSTITUTE
Lowell, Massachusetts

METRO BUSINESS COLLEGE
Jefferson City, Missouri

METRO BUSINESS COLLEGE
Rolla, Missouri

**PRINCE INSTITUTE OF
PROFESSIONAL STUDIES**
Montgomery, Alabama

**RIDLEY-LOWELL BUSINESS &
TECHNICAL INSTITUTE**
New London, Connecticut

SANFORD-BROWN COLLEGE
Atlanta, Georgia

SANFORD-BROWN COLLEGE
Houston, Texas

SANFORD-BROWN COLLEGE
Middleburg Heights, Ohio

SANFORD-BROWN INSTITUTE
Fort Lauderdale, Florida

SANFORD-BROWN INSTITUTE
Garden City, New York

**SANFORD-BROWN INSTITUTE
(NORTHLOOP)**
Houston, Texas

SANFORD-BROWN INSTITUTE
Landover, Maryland

SANFORD-BROWN INSTITUTE
New York, New York

SANFORD-BROWN INSTITUTE
Trevose, Pennsylvania

**SANTA BARBARA BUSINESS
COLLEGE**
Bakersfield, California

**SANTA BARBARA BUSINESS
COLLEGE**
Santa Barbara, California

**SANTA BARBARA BUSINESS
COLLEGE**
Santa Maria, California

**SANTA BARBARA BUSINESS
COLLEGE**
Ventura, California

SPENCERIAN COLLEGE
Louisville, Kentucky

TEXAS CULINARY ACADEMY
Austin, Texas

THOMPSON INSTITUTE
Philadelphia, Pennsylvania

New Membership: Dar al-Hekma College



'On examining several options we selected the most appropriate accrediting body in the U.S. through which we could seek institutional accreditation. ACICS met many of the criteria that appeared suitable for us including our common mission to provide education that was career oriented.'

Dr. Mariam Gard
Accreditation Coordinator

ACICS accredited Dar al-Hekma College, one of the first and leading private colleges for women in the Kingdom of Saudi Arabia, in December 2008. It is also the first institution in the Middle East to be accredited by ACICS. The college is located on the shores of the Red Sea in Jeddah, Saudi Arabia. Dar al-Hekma teaches women exclusively and teaches all courses in English with the exception of Arabic and Islamic Studies. The institution began in 1999 as a pioneering project of the Al-Ilm Foundation.

The stated mission of Dar al-Hekma College is "to provide selected degree programs of the highest quality to academically qualified women. The College fosters creativity and emphasizes the important role in society of women as the first builders of the family and the first educators of the nation." The college offers many bachelor's degree programs that are relatively common to the career college sector, including: Nursing, Interior Design, Graphic Design, Management Information Systems, Banking and Finance. It also offers a bachelor's degree in Special Education focused on implementing instructional materials for gifted and talented learners as well as those with learning disabilities.

New Membership: Bainbridge Graduate Institute

Bainbridge Graduate Institute (BGI) received an initial grant of accreditation from ACICS in August 2009. Their fundamental goal is to offer “an alternative to the traditional business school model for students who wanted to integrate values about social justice and environmental sustainability into their business education.” BGI offers an MBA in Sustainable Business along with a certificate in Sustainable Business and a certificate in Entrepreneurship & Intrapreneurship. Orientation for the MBA program consists of a 5-day retreat on Channel Rock, a 140-acre center on Cortes Island, British Columbia, Canada. The property features a solar-powered computer lab and several eco-designed buildings. Students in the master’s program meet for a four-day weekend, once a month, for intensive classroom sessions. These intensives occur at IslandWood, a LEED gold certified learning center, on Bainbridge Island.

The institution promotes the idea that sustainability in business invokes the use of a triple bottom line—comprising of a social, environmental, and financial focus—rather than using the traditional single-minded bottom line that focuses strictly on monetary profit.



‘Bainbridge Graduate Institute is known in the business community as the pioneering sustainable business school. Now that we are nationally accredited by ACICS, other schools are able to use our model to affect change at their institution. This is very much a part of our mission.’

Dr. Darlene Minore
Education Enhancement & Evaluation Manager



Empowering Peer Review

One of the most important functions of an accrediting agency is to periodically evaluate institutions through on-site compliance visits. ACICS relies upon a multi-talented core of individuals to assist the Council in these reviews. The qualifications for each evaluator applicant are reviewed and vetted to ensure that all potential evaluators have sufficient expertise and professional experience (five years) in their particular field. The pool of evaluators exceeds 800 people. ACICS subscribes to the principle of peer evaluation. Approximately two-thirds of the evaluators are employed at some position—an instructor, administrator, or corporate employee—at one of ACICS’ institutions. The remaining one-third come from the public sector, work at non-member institutions, or are engaged in a specific career field. Several are retirees who maintain professional expertise through continuing education or other activities. ACICS uses more than 500 evaluators each year; many of these hard-working individuals have the flexibility to make numerous visits. ACICS has an expanding pool of more than 50 chairs—who are uniquely trained individuals that lead full-team visits. Due to the growth of institutions, ACICS initiated an evaluator recruitment plan that trained more than 200 new evaluators.

The efforts and commitment of all evaluators deserve special praise. ACICS honored three evaluators at the 2009 ACICS Annual Meeting and Leadership Conference for exemplary performance during on-site reviews. Selections were made on the basis of the endorsement and accolades of peer evaluators, team chairs, and ACICS staff. The honorees are: Terry Campbell, Evaluator of the Year; Rogena Kyles, Chair of the Year; and Joyce Strout, Student Relations Evaluator of the Year.



Evaluator of the Year
Terry Campbell



Chair of the Year
Rogena Kyles



*Student Relations
Evaluator of the Year*
Joyce Strout


Empowering Technology

ACICS continuously aims to keep pace with today's technological advances. Using technology to provide easily-accessible information and resources helps schools meet and maintain standards of educational excellence and quality.

February 2009 marked the first stage of a multi-faceted technology project – a thematic and substantial Web site renovation. The original site offered a tremendous amount of critical information to institutions, evaluators, and students but did not communicate fully the high standards or quality outcomes of ACICS and its institutions. The task was to creatively present information that reflects the value-driven standards of the agency. More than 150 pages of content were edited and reorganized for enhanced navigation and search capabilities. Contemporary photography and a fresh color palette were incorporated to make the site aesthetically engaging.

During phase two of the technology project, the Web site was linked to an association management system (AMS), an electronic document management system (EDM), and a new expense reimbursement portal. The AMS provides a comprehensive way for ACICS to interact with accredited and prospective schools and record transactions in one central database. It includes an event management,





e-business/ecommerce management, and member management modules which were customized to create an accreditation workflow. The EDM allows users to capture, store, index, and manage various types of electronic documents.

These online tools enable a prospective institution to complete and submit an initial application and fee; an accredited institution to edit contact information or complete an application; or a potential evaluator to fully apply for the volunteer position and to register for a workshop through the Web site. Institutional data and transactions are captured in the database, eliminating duplicate effort by staff, offering remote access to both staff and members, and improving member service.

ACICS is in the process of an enormous technological system enhancement phase with significant advancements having been achieved at present. ACICS is invested in a seamless, paperless, and highly effective accreditation management system.



Empowering the ACICS Identity

Raising the Profile of the ACICS Brand

In some circles, the professional standards of ACICS accreditation and the powerful outcomes created for students who attend member colleges and schools are low-profile, attracting neither congratulations nor controversy. Top executives at ACICS institutions and other leaders in the sector collaborated with the Board of Directors to authorize and begin a new communications initiative. This project is designed to place compelling information in the hands of those who must pay close attention to the quality of the colleges and schools, and the organizations that assure that quality. ACICS created and applied resources to establish and sustain a major new communications program, including media relations, policymaker outreach, web-based presence and rel-

evance, new publications and greater frequency of communications. Furthermore, ACICS commissioned a seminal study of attitudes and perceptions of accreditation among key stakeholder groups, to establish a baseline for measuring the effectiveness and impact of the communications investment.





Broader Recognition of ACICS

A multi-year initiative to enhance recognition of ACICS bore fruit in 2009, providing member institutions enhanced capabilities to attract and re-

tain students in degree programs in Texas, as well as high-demand allied healthcare fields. Through the direct intervention of the ACICS executive team and individual Commissioners, ACICS earned authority from the Texas Higher Education Coordinating Board to serve as a recognized accreditor of degree programs. That opened the door for member institutions in Texas to begin offering associate's, bachelor's, and master's degree programs in the Longhorn State for the first time. The same outreach and relationship-building earned ACICS member institutions the ability to seek specialized accreditation from the two major nursing accreditors, as well as the programmatic accreditors for respiratory care and radiologic technologists.



Empowering Education and Training

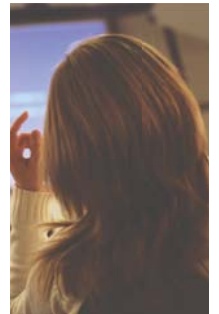
ACICS provides continuous training and educational opportunities to enhance the quality of member institutions. During 2009, ACICS conducted 24 workshops and training sessions regarding accreditation, distance education, institutional effectiveness planning, job placement, and student retention. The workshops were held at the ACICS office and various locations throughout the U.S. In addition, the ACICS Annual Meeting and Leadership Conference served as a venue for institutional representatives to participate in an assortment of educational programs.

The Annual Meeting and Leadership Conferences give higher education professionals the opportunity to exchange information and ideas and to explore the unique role career education plays in preparing the workforce.

The 2009 Annual Meeting was held in Orlando. The theme, “Professional Standards-Powerful Outcomes,” was supported by a dynamic and information-rich conference. The meeting featured a presentation on the demographic trends in education and the workforce; discussion forums on the Higher Education Opportunity Act of 2008, student cohort default rates, and Title IV and the Department of Education; and forums on best practices in distance education and job placement.

The conference also included accreditation, evaluator training, and distance education workshops.

In an effort to provide more opportunities for educational exchanges, ACICS launched an informational webinar series entitled “ACICS Webinar Announcing, Relating, and Explaining (AWARE).” The AWARE series is intended to communicate information relating to ACICS standards and higher education accreditation. Three AWARE webinars were conducted in 2009. The presentations were on the changes and proposed changes to the ACICS accreditation criteria. ACICS will offer other education and training webinars in 2010. The webinars will cover many of the accreditation topics included in the onsite workshops. ACICS is committed to meeting the training and educational needs of its member institutions and will continue to improve the content and delivery of relevant programming.



'ACICS provides training and educational opportunities to enhance the quality of member institutions.'

Financial Statements and Independent Audit Information





CERTIFIED PUBLIC ACCOUNTANTS

STOKES & COMPANY, P.C.

1201 15TH STREET, NW
SUITE 340
WASHINGTON, D.C. 20005-2842

(202) 293-9000

FAX (202) 293-9666

WWW.STOKESPC.COM

LARRY F. STOKES, C.P.A.
MATTHEW F. PENNIMAN, C.P.A.

MEMBERS

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

PRIVATE COMPANIES
PRACTICE SECTION

GOVERNMENTAL AUDIT
QUALITY CENTER

EMPLOYEE BENEFIT PLAN
AUDIT QUALITY CENTER

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Accrediting Council for Independent Colleges and Schools

We have audited the accompanying balance sheet of the Accrediting Council for Independent Colleges and Schools (ACICS) as of June 30, 2009, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of ACICS' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative balance sheet has been derived from ACICS' 2008 balance sheet and, in our report dated January 9, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the June 30, 2009 financial statements referred to above present fairly, in all material respects, the financial position of the Accrediting Council for Independent Colleges and Schools as of June 30, 2009, and the change in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

STOKES & COMPANY, P.C.

Washington, D.C.

December 1, 2009

ACCREDITING COUNCIL FOR INDEPENDENT COLLEGES AND SCHOOLS

Balance Sheet

June 30, 2009

With comparative totals for June 30, 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 81,096	\$ 904,473
Accounts receivable, net	1,351,179	998,809
Prepaid expenses	120,728	93,800
	<hr/>	<hr/>
Total current assets	1,553,003	1,997,082
INVESTMENTS	7,962,012	9,379,531
PROPERTY AND EQUIPMENT, net	2,850,812	2,107,206
OTHER ASSETS		
Deposits	11,273	11,273
	<hr/>	<hr/>
Total assets	<u>\$ 12,377,100</u>	<u>\$ 13,495,092</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 868,490	\$ 603,473
Accrued expenses		
Salaries	113,144	60,269
Vacation	104,763	92,593
Pension	186,333	161,799
Other accrued expenses	11,628	33,510
Accreditation visits payable	-	73,343
Note payable, current portion	309,013	319,588
	<hr/>	<hr/>
Total current liabilities	1,593,371	1,344,575
LONG TERM LIABILITIES		
Note payable, non-current portion	292,858	628,689
Accrued rent, non-current portion	145,376	102,772
	<hr/>	<hr/>
Total long term liabilities	438,234	731,461
Total liabilities	<u>2,031,605</u>	<u>2,076,036</u>
NET ASSETS		
Unrestricted	10,345,495	11,419,056
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 12,377,100</u>	<u>\$ 13,495,092</u>

ACCREDITING COUNCIL FOR INDEPENDENT COLLEGES AND SCHOOLS
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2009

SUPPORT AND REVENUE	
Sustaining fees	\$ 3,380,901
Accreditation visits	2,521,645
User fees	2,326,417
Workshop registration fees	319,885
Investment income	(1,282,169)
Other revenue	2,194
	<hr/>
Total support and revenue	7,268,873
	<hr/>
EXPENSES	
Program services	
Accreditation expense	6,263,863
Education	161,976
Supporting services	
Management and general	1,916,595
	<hr/>
Total expenses	8,342,434
	<hr/>
Change in net assets	(1,073,561)
	<hr/>
NET ASSETS at beginning of year, as previously stated	11,464,783
Adjustment for prior period activities	(45,727)
	<hr/>
NET ASSETS at beginning of year, restated	11,419,056
	<hr/>
NET ASSETS at end of year	\$ 10,345,495
	<hr/> <hr/>

ACCREDITING COUNCIL FOR INDEPENDENT COLLEGES AND SCHOOLS
Statement of Cash Flows
Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Fees received	\$ 8,123,135
Other revenue received	2,194
Investment income received	308,528
Payments to vendors and suppliers	<u>(7,592,979)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>840,878</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(1,146,832)
Proceeds from sale of property and equipment	2,161
Purchases of investments	(2,933,930)
Proceeds from sale of investments	<u>2,760,752</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,317,849)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on note payable	<u>(346,406)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(823,377)
CASH AND CASH EQUIVALENTS at beginning of year	<u>904,473</u>
CASH AND CASH EQUIVALENTS at end of year	<u>\$ 81,096</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Change in net assets	\$ (1,073,561)
Adjustments	
Net unrealized and realized gains/losses	1,590,697
Depreciation	401,065
(Increase) decrease in assets	
Accounts receivable	(352,370)
Prepaid expenses	(26,928)
Increase (decrease) in liabilities	
Accounts payable	265,017
Accrued expenses	
Salaries	52,875
Vacation	12,170
Pension	24,534
Other accrued expenses	(21,882)
Accreditation visits payable	(73,343)
Accrued rent	<u>42,604</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 840,878</u>

The accompanying notes are an integral part of this financial statement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

Financial statement presentation follows accounting principles generally accepted in the United States of America in relation to net asset classification. The organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There are no temporarily or permanently restricted net assets at June 30, 2009.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid debt instruments with original maturities of three months or less.

Investments

ACICS invests in a professionally managed portfolio that contains equities, bonds, and mutual funds, which are publicly traded and are carried at fair value. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risk in the near term could materially affect investment balances and the amounts reported in the financial statements. Realized and unrealized gains and losses are reported as investment income in the statement of activities and changes in net assets.

Property and equipment

Property and equipment are recorded at cost. All acquisitions in excess of \$1,000 are capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Artwork is not considered a collection and is a non-depreciable asset. Property and equipment are reviewed for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation, and any gain or loss is reflected in income.

Revenue recognition

Sustaining fees are recognized in the year to which they apply. Sustaining fees received in advance are recorded as deferred revenue and are recognized in subsequent periods when they are earned.

User fees are charged to cover the administrative costs of processing forms and are recognized when the forms have been processed.

Accreditation visit deposits received prior to the on-site visits are recorded as a current liability until the on-site visit has been completed. A fixed fee schedule, along with a geographical discount schedule, was adopted prospectively, beginning with the winter cycle.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Accounts receivable includes program related revenue that has not been received as of June 30, 2009. No interest is accrued on receivables. Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. At June 30, 2009, the allowance for doubtful accounts amounted to \$86,294. ACICS provides for losses on accounts receivable using the allowance method. The allowance is based on experience. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is ACICS' policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Substantially all receivables are derived from institutions that ACICS accredits. All receivables to these institutions are made on an unsecured basis. Historically, ACICS has not incurred significant credit related losses.

Functional allocation of expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value measurement

Accounting principles generally accepted in the United States of America provide a common definition of fair value, establish a framework for measure of fair value and expand disclosures about fair value measurements, but do not require any new fair value measurements. All assets and liabilities required to be measured at fair value by these accounting principles have been assessed with the following three-tier hierarchy of inputs:

- Level 1 – quoted prices in active markets for identical instruments
- Level 2 – other significant observable inputs
- Level 3 – significant unobservable inputs.

All assets and liabilities are considered Level 1.

Financial information as of June 30, 2008

The financial information as of June 30, 2008 is presented for balance sheet comparative purposes only and is not intended to represent complete financial statement presentation. Certain accounts in the prior financial statements have been restated or reclassified for comparative purposes to conform to the presentation in the current period.

Advertising costs

ACICS expenses advertising costs as they are incurred.

ACCREDITING COUNCIL FOR INDEPENDENT COLLEGES AND SCHOOLS
Notes to Financial Statements (continued)
June 30, 2009

ORGANIZATION AND TAX STATUS

The Accrediting Council for Independent Colleges and Schools (ACICS) was founded in 1912 to establish and advance the quality of education of independent, non-public career schools, career institutions, and colleges. ACICS accomplishes these objectives by performing the accreditation function for its members.

ACICS is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as an organization that is not a private foundation. ACICS is, however, subject to income tax on any net profits generated by unrelated business activities as defined under the tax laws. To date, ACICS has not engaged in such activities.

CONCENTRATION OF CREDIT RISK

ACICS maintains its cash and cash equivalent balances at one financial institution in the Washington, D.C. area. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2009, there was no uninsured balance for all cash and cash equivalent accounts. The Association has never experienced a loss on its cash deposits.

ACICS maintains its investments at one financial institution in the Washington, D.C. area. The cash equivalents and certificates of deposit held at this institution are insured by the FDIC up to \$250,000. At June 30, 2009, there was no uninsured balance for these cash equivalents and certificates of deposit. All other investments held in this institution are insured by the Securities Investor Protection Corporation (SPIC) for up to \$500,000. At June 30, 2009, the uninsured balance for these investments was \$7,462,012.

PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2009 consists of the following:

Furniture and fixtures	\$ 3,180,947
Leasehold improvements	679,088
Artwork	4,006
	<u>3,864,041</u>
Less accumulated depreciation and amortization	<u>(1,013,229)</u>
	<u>\$ 2,850,812</u>

Depreciation and amortization expense was \$401,065 for the year ended June 30, 2009.

INVESTMENTS

The fair value of investments as of June 30, 2009 is presented below, along with a summary of investment income earned on investments and cash and cash equivalents for the year then ended.

Common stock	\$2,148,483
Corporate bond funds	4,424,966
Mutual funds	1,263,563
Commodities	<u>125,000</u>
	<u>\$7,962,012</u>

ACCREDITING COUNCIL FOR INDEPENDENT COLLEGES AND SCHOOLS
Notes to Financial Statements (continued)
June 30, 2009

INVESTMENTS (continued)

Investment income:

Interest and dividends	\$ 308,528
Realized gains/(losses)	(562,870)
Unrealized gains/(losses)	<u>(1,027,827)</u>
	<u>\$ (1,282,169)</u>

RESTATEMENT OF PRIOR PERIODS

Previously issued financial statements reflected accounts receivable and payable that were not collectible and payable. As such, previously reported accounts receivable were overstated by \$50,258 and accounts payable were overstated by \$4,531. Adjustments were made to accounts receivable and payable, accordingly, as of the beginning of the year, and a corresponding entry was made to reduce previously reported net assets.

COMMITMENTS AND CONTINGENCIES

Operating leases

ACICS leases office space in Washington, D.C., which has a term that expires September 30, 2017. Minimum monthly rent is currently \$52,163. The total of all rental payments due under the lease are being recognized on a straight-line basis in the statement of activities and changes in net assets. Accordingly, there is a liability recorded for accrued rent equal to the difference between the rent expense and the actual cash payments required by the lease.

ACICS also leases equipment under operating leases. The copiers have leases that expire August 15, 2010. The monthly lease payments are \$2,974 and \$1,899. The postage machine lease expires November 21, 2011. This lease is paid in quarterly payments of \$3,864. The following is a schedule of future minimum lease payments as of June 30, 2009:

2010	\$ 709,221
2011	668,287
2012	668,674
2013	681,861
2014 and later	<u>3,017,440</u>
	<u>\$ 5,745,483</u>

The total expense incurred under all operating leases during the year ended June 30, 2009 was \$789,246.

Contractual

ACICS has contracted various consultants and insurance providers. ACICS is obligated to pay fees for these relationships. ACICS has an employment contract with its executive director. Should the executive director be dismissed, ACICS may be subject to severance payments.

ACCREDITING COUNCIL FOR INDEPENDENT COLLEGES AND SCHOOLS
Notes to Financial Statements (continued)
June 30, 2009

COMMITMENTS AND CONTINGENCIES (continued)

Note Payable

ACICS has a 4.9% interest note with its investment firm. The note is payable in monthly installments of \$29,958, and is secured by ACICS' investments. The following is a schedule of future maturities of long-term debt as of June 30, 2009:

2010	\$ 309,013
2011	<u>292,858</u>
	<u>\$ 601,871</u>

PENSION PLAN

ACICS has a defined contribution pension plan, as regulated by the Internal Revenue Service Code 403(b). Employees become eligible after one year of service, and become 25% vested for every year of employment. Contributions to the plan are discretionary and ACICS contributed 10% of eligible employees' salaries. \$186,333 was contributed for the year ended June 30, 2009.

ACCREDITATION AUTHORITY

The Secretary of the United States Department of Education has extended the recognition of ACICS as an accrediting body through December 2011. ACICS must reaffirm this authority every five years. Management believes it is highly probable that ACICS will continue to be recognized as an accrediting body for an indefinite period.



CERTIFIED PUBLIC ACCOUNTANTS

STOKES & COMPANY, P.C.

1201 15TH STREET, NW
SUITE 340
WASHINGTON, D.C. 20005-2842

(202) 293-9000

FAX (202) 293-9666

WWW.STOKESPC.COM

LARRY F. STOKES, C.P.A.
MATTHEW F. PENNIMAN, C.P.A.

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**INDEPENDENT AUDITOR'S REPORT
ON OTHER FINANCIAL INFORMATION**

Board of Directors
Accrediting Council for Independent Colleges and Schools

Our report on our audit of the basic financial statements of the Accrediting Council for Independent Colleges and Schools for year ended June 30, 2009 appears on page 3. We conducted our audit for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects to the basic financial statements taken as a whole.


STOKES & COMPANY, P.C.
Washington, D.C.

December 1, 2009

ACCREDITING COUNCIL FOR INDEPENDENT COLLEGES AND SCHOOLS
Schedule of Functional Expenses
Year Ended June 30, 2009

	Program Services		Supporting Services	Total
	Accreditation Expense	Education	Management and General	
Salaries and benefits	\$ 2,041,037	\$ 85,108	\$ 979,983	\$ 3,106,128
Travel and meals	2,430,888	2,148	76,230	2,509,266
Advertising	1,883	79	904	2,866
Bad debt expense	60,339	2,516	28,971	91,826
Computers	92,355	3,851	44,343	140,549
Depreciation	263,540	10,989	126,536	401,065
Dues and subscriptions	1,183	49	569	1,801
Equipment rentals and maintenance	58,034	2,420	27,864	88,318
Insurance	24,336	1,015	11,685	37,036
Interest and fees	78,630	3,279	37,753	119,662
Legal and accounting	82,780	3,452	39,746	125,978
Meetings	294,169	12,266	141,242	447,677
Miscellaneous	35,594	1,484	17,092	54,170
Occupancy	469,404	19,573	225,380	714,357
Office supplies	20,145	840	9,672	30,657
Payroll taxes	117,897	4,916	56,607	179,420
Printing and postage	14,217	593	6,826	21,636
Professional fees	57,325	2,390	27,524	87,239
Training	15,682	654	7,530	23,866
Utilities	65,284	2,722	31,345	99,351
Workshops	39,141	1,632	18,793	59,566
	<u>\$ 6,263,863</u>	<u>\$ 161,976</u>	<u>\$ 1,916,595</u>	<u>\$ 8,342,434</u>



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Chief Executive Officer,
Central Texas Commercial
College

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Business College

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ITT Technical Institute

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Senior Lecturer, Education/
Special Education Department
Fontbonne University

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Director of Institutional,
Compliance and Accreditation
National College

Ms. Jill DeAtley
Vice President of Regulatory
Review, Career Education
Corporation

Mr. Francis Giglio
Director of Compliance and
Regulatory Services, Lincoln
Educational Services

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of America



Accrediting Council for Independent Colleges and Schools

750 First Street, N.E.

Suite 980

Washington, DC 20002

www.acics.org