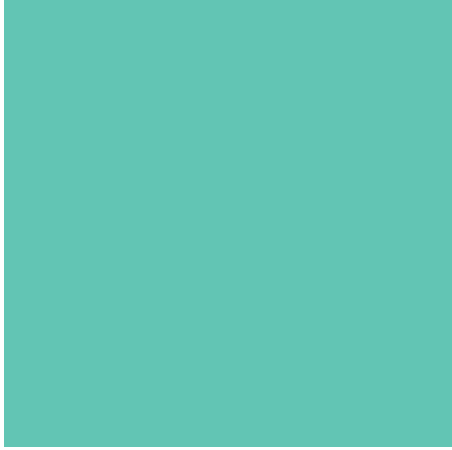
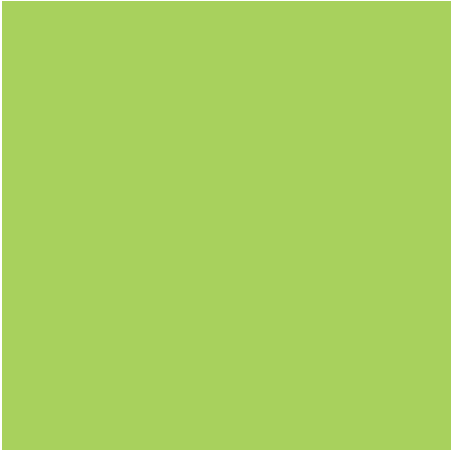


2017 Annual Report



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Letter from the Chair



**“This past year
we brought the
AACSB mission
and vision to life...”**

Business. Education. Connected. These three words are not only the essence of AACSB’s new brand identity, they also set the course for FY 2016–17 and beyond.

As a global association connecting educators with business, AACSB is dedicated to supporting and advancing quality business education worldwide. This past year we brought the AACSB mission and vision to life, and set key milestones that would position us for future success in an ever-changing global business environment.

To that end, we took a hard look at our organization and how AACSB could best serve its members, the business community, and students—today and tomorrow.

Over the course of the year, we aligned our organizational structure and service offerings by region to support AACSB’s global network in a geographically relevant and timely manner. We examined our accreditation processes and are pursuing certification through the International Organization for Standardization (ISO) to strengthen AACSB Accreditation worldwide, and align with the same quality standards used by business. We collaborated with industry stakeholders to collect and share data, and turn it into knowledge to help members make forward-looking decisions. Diversity and inclusion was another key focus, as we developed strategies and programs to promote a global mindset in all we do. Finally, we made strategic investments in technology and the professional development of AACSB staff to encourage innovation.

I would like to thank all AACSB members, sponsors, and collaborative partners for your ongoing support. Your diverse perspectives and insights, along with the contributions of our international board of directors and partners, and the tireless work of our volunteers and staff are shaping the future of business education, the future success of business, and the future prosperity of our world.

Santiago Iñiguez de Onzoño

*FY 2016–17 Chair, AACSB International Board of Directors
President, IE University*

Letter from the CEO



“AACSB is a connector and a convener, a movement to advance business education.”

Transformation. It is a bold move that defies convention, resists the rote, and challenges the predictable. It is also absolutely essential for any organization that wishes to lead and thrive in a relentless and volatile global business environment.

This past year, AACSB continued its journey of transformation, advancing strategic plans and making investments across key areas of the organization. AACSB’s financials will show our budget strategy, which forwards our new mission: to foster engagement, accelerate innovation, and amplify impact in business education, and upholds our new vision: to transform business education for global prosperity.

FY 2016–17 was a time of investment. To support the Collective Vision for Business Education and the new AACSB mission and vision developed during our centennial year, we redefined our value proposition and rebranded AACSB to have a clearer and stronger voice in the market. We also developed advocacy and awareness tools to better communicate with stakeholders around the world, and to forge deeper connections with the business community.

AACSB is a connector and a convener, a movement to advance business education. Nothing furthers that calling more than our vast member network—now referred to as the Business Education Alliance—which brings together the best minds in academe and business to create the next generation of great leaders. Through sustained collaboration and active participation, we have a tremendous opportunity to learn from each other and achieve long-term value for business, academe, and society.

Thomas R. Robinson
*President and Chief Executive Office,
AACSB International*



A Year of Transformation

In April 2016, during AACSB’s centennial year, the organization announced the Collective Vision for Business Education, which seeks to help business schools adapt to significant shifts within the higher education landscape, emphasizing the need for business schools to position themselves at the intersection of theory and practice. It also highlighted the importance of developing strategic partnerships with the industry to co-create knowledge and ensure that students graduate with the relevant skills, degrees, and experiences to fulfill the demands of today’s businesses.

AACSB also recognized the need to evolve itself, in light of the new Collective Vision, if it were to effectively offer guidance and serve industry and member needs. AACSB elected to undergo a transformation of its own with the creation of a new mission, vision, and brand that has continued into FY 2016–17. Through a collaborative process that engaged the Board of Directors, members, and staff, a series of planning meetings developed key strategies and objectives for achieving the organization’s mission and vision.

This was a year of growth for the organization. By investing in accreditation, research, thought leadership, professional development, advocacy, and technology, AACSB has helped to elevate the quality and promote the value of business education globally.



The mission of AACSB International is to foster engagement, accelerate innovation, and amplify impact in business education.



The vision of AACSB International is to transform business education for global prosperity.



Our values:
Quality | Inclusion and Diversity | Global Mindset | Ethics | Social Responsibility | Community |

Globally Connected, Regionally Supported



It has never been more important for business schools to arm graduates with the knowledge and skills that reflect the needs of a global society. Through regional offices with diverse, accessible guidance in key locations worldwide, AACSB is closer to members and can better support unique culture, language, and market needs. Having accreditation, membership, and event support staff located within each region ensures AACSB's offerings are readily available to a widespread member base.

With global headquarters in Tampa, Florida, USA; Europe, Middle East, and Africa headquarters in Amsterdam, the Netherlands; and Asia Pacific headquarters in Singapore, AACSB is structured to help its *entire global network* provide quality education and increase community engagement. Through improved services, real-time conversations, and dedicated staff offering regional expertise and support, business schools are able to leverage AACSB resources and connections to make real impact both at home and around the world.

Today's world is complex, the pace of business change is accelerating, and disruptors are everywhere; no single organization can go it alone.



In FY 2016–17, the organization expanded its membership to reach 99 countries and territories and ended the year with a total membership of 1,604.

By the Numbers



AACSB's Impact Across the Regions

The Americas

In the Americas, outreach and engagement activities over the past year involved a diverse set of stakeholders from across the business education ecosystem. AACSB's efforts included engaging with and connecting business schools, eight U.S.-regional deans' groups, Canadian and Latin American business school associations, a Canadian quality assurance regulator, the United Nations, as well as a range of corporate and non-educational interests.

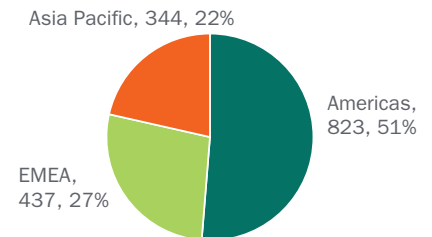
Throughout the year, AACSB focused efforts on improving service offerings across North and South America. A more localized approach was applied to generating new services and enhancing existing ones, all with a goal of creating the most value for membership. AACSB also developed a strategic operating plan together with members and partners that includes value-added offerings such as language-specific professional development programs.

Europe, the Middle East, and Africa

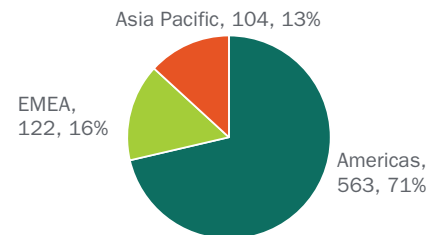
Building on strategic relationships with existing partners and forging new ones in the Europe, Middle East, and Africa (EMEA) region marked a critical path forward for AACSB. This year, as part of the 2015 agreement with NVAO, the Dutch governmental accreditation agency, AACSB conducted three joint accreditation visits. With four successful outcomes overall, the AACSB and NVAO relationship demonstrates the need for synergy with more regional accrediting bodies. To that end, a similar agreement with the accreditation council for Germany was signed this year and joint efforts begin in 2018.

AACSB also expanded relationships with organizations in the region, including the Baltic Management Development Association (BMDA), the African Association of Business Schools (AABS), the Central and East European Management Development Association (CEEMAN), the Russian Presidential Academy of National Economy and Public Administration (RANEP), and the Foundation for International Business Administration Accreditation (FIBAA). These relationships are valuable to the presence of AACSB in the EMEA region and enhance the range of professional development activities, quality assurance resources, and other offerings for AACSB members.

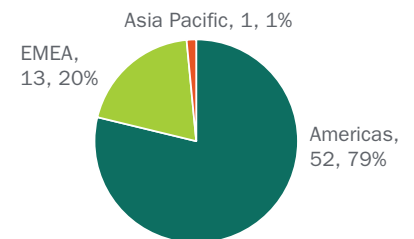
AACSB Business Education Alliance by Region



AACSB Accredited Members by Region



AACSB Business Members by Region



Asia Pacific

Over the past year, the Asia Pacific team met with more than 100 member and non-member schools to foster stronger relationships, solicit feedback on regional needs, and understand the knowledge gap of existing and prospective members. The takeaways from these visits have already helped AACSB formulate strategies to enhance regional support to members and design services tailored to local needs.

For instance, the development of a new eligibility application process for accreditation was a direct result of listening and learning from business schools in the region. AACSB also created several multi-language tools to improve communication with schools in areas where English is not the primary language.



Investing in Our People

AACSB promotes a truly global mindset. Cross-cultural sharing among departments and offices is not only encouraged, it is expected. This reinforces our key values of diversity and inclusion and supports our members in the regions where membership, accreditation, business education intelligence, communications, professional development, and all support teams reside and work together—both within the regions and around the world.

Diversity. Inclusion. Ethics. Collaboration.

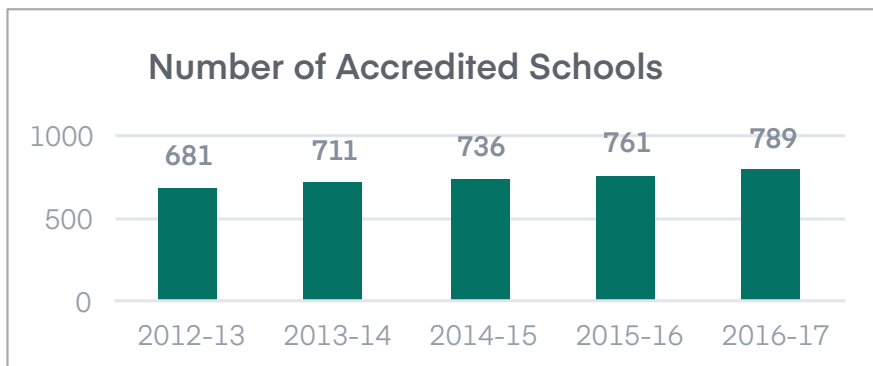
AACSB is a proud champion of global responsibility in leadership, practice, and business education. Since 1994, AACSB has been a supporter of The PhD Project, which encourages the growth and development of underrepresented doctoral business students and business educators in the U.S. During FY 2016–17, AACSB embarked on global strategic partnerships as well. Along with EFMD and the United Nations Global Compact, AACSB is advancing a world-class project incubator and collaborative laboratory jointly implemented by the Globally Responsible Leadership Initiative (GRLI) Foundation and the UN Global Compact's Principles for Responsible Management Education (PRME) initiative. The effort is already facilitating deeper collaboration and improved efficiencies in the responsible management education ecosystem.

Accreditation and Quality Improvement: Building the Best Business Education

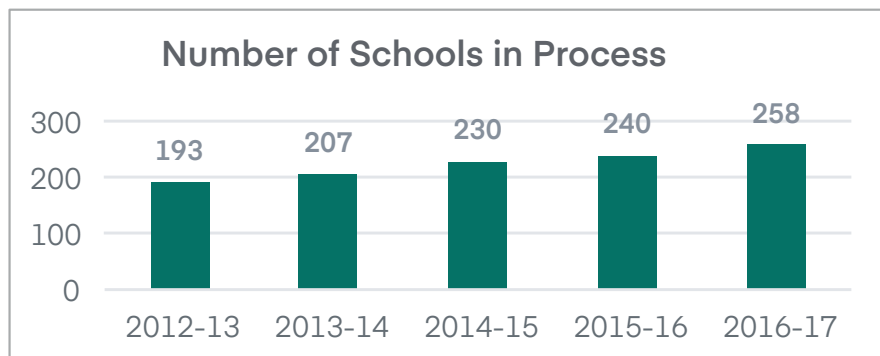


AACSB Accreditation and quality assurance have long been synonymous with the highest standards in business education. Accredited schools are sought after by top students worldwide, and the world's most dynamic businesses seek graduates of accredited schools to help them power the future.

Accreditation is a strong determinant for prospective students as they consider business education programs, which means there is no shortage of business school candidates in the pipeline for AACSB Accreditation. At the end of the fiscal year, AACSB had accredited 789 schools with a total of 31 schools accredited in FY 2016–17. Over the past five years, this growth has averaged about 4 percent per year. The number of schools seeking accreditation, currently 258, continues to grow, averaging about 8 percent annually over the past five years, with the greatest demand for accreditation in the EMEA and Asia Pacific markets.



As of the end of the fiscal year, AACSB had accredited 789 schools. Growth during the past five years is shown below, averaging approximately 4% per year.



The number of schools seeking accreditation, currently 258, continues to grow, averaging about 8% annually over the past five years.



ISO Certification

Just as members leverage the AACSB accreditation process to improve their programs, AACSB also recognizes the value of reviewing its own continuous improvement processes. As a result, AACSB is pursuing certification through the International Organization for Standardization (ISO) to reinforce a commitment to business standards that work for all of our members across the globe. To that end, AACSB has been working with ISO consultants since January 2017 and is making consistent progress. The ISO staff team, which represents all three of AACSB's regional headquarters, has been trained and is completing documentation of processes, systems, and risks necessary to achieve ISO certification.

AACSB connects business schools and business to educate and inspire great leaders.

Updated Standards

With oversight from the Committee on Accreditation Policy, updates to the AACSB accreditation standards were made to help schools adapt to the dynamic environment in which they function. Information about the Collective Vision for Business Education within the context of strategic planning was added. Because diversity and inclusion is central to AACSB's philosophy and vital for the free flow of ideas in a global marketplace, the organization has also focused on the integration of enhanced diversity and inclusion language and expectations throughout its accreditation standards.

Accounting Accreditation Task Force

Today, 185 accounting programs are accredited by AACSB, across seven countries globally. Of these, 175 are based in the United States. Thirty-one percent of U.S. schools with AACSB business accreditation also have earned accounting accreditation. AACSB's Accounting Accreditation Task Force, composed of both academic and practitioner members, is undertaking a comprehensive review of accounting accreditation, including standards, processes, structure and priorities. One of the primary goals is to develop more flexible standards that are principles-based and outcomes-focused.

Since October 2016, the task force has worked to develop recommendations for the Board of Directors and to develop revised standards and processes which will be released as an exposure draft to members and key stakeholders.

Global Improvement Network

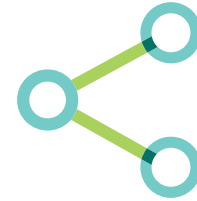
The Global Improvement Network (GIN) pilot emerged as one of the AACSB 2020 Committee recommendations in 2014, and was launched this fiscal year to help schools in emerging economies better develop business talent to stimulate growth, infrastructure, and commerce for the betterment of society. The program identified four business schools in Africa where the business school dean, volunteers, and senior AACSB leadership have committed to a two-year quality improvement program. Each of the participating business schools has been assigned an advisor with relevant expertise, background, and experience. Each institution also had the opportunity to participate in AACSB's Leading in the Academic Enterprise® (LAE) seminar to encourage growth and positive change within the business school.

AACSB alumni are leading the world's most admired businesses: 97 percent of Fortune 500 CEOs with business degrees are graduates of AACSB-accredited schools.





AACSB Member Network: Business Education Alliance



The global business community relies on AACSB schools to develop the talent and skills of future leaders, and AACSB relies on the business community to inform where business is going. That's why AACSB created the Business Education Alliance (BEA)—to bring together business schools and businesses. AACSB members, accredited schools, education organizations, and businesses are all part of the BEA. Sharing diverse perspectives, contributing knowledge and expertise, and volunteering all bolster the collective strength of AACSB where members support and challenge each other to continuously improve quality and deliver value.

Meeting Member Needs

Our members make us stronger and more diverse as an organization. AACSB took on the task of evaluating the unique needs of its membership to inform valued products and services for each member experience, whether newly or longtime accredited, in-process, or interested in quality assurance and improvement. Other resources for overall organizational improvement, such as regionalized membership strategies and ways to further develop and sustain member collaborations, were also explored to benefit members outside the accreditation pipeline.

Business Practices Council

AACSB is actively bringing academia and business together. It expanded representation in number, prestige, and global scope on the Business Practices Council, which serves as the collaborative partnership for an ongoing and sustainable relationship between the business community and business schools. This direct connection with business provides timely and relevant input on how to create the best business leaders.



Thank you AACSB Volunteers

AACSB thanks all of its volunteers for their work and many contributions whether serving on accreditation peer-review teams, board and committees; facilitating and speaking at events; and the countless other activities that contribute to the success of AACSB and its members. As a member-governed, volunteer-driven organization, AACSB will continue to reach out to its volunteers and align opportunities with the needs of membership.

Advocacy and Awareness

AACSB is investing to ensure that the Business Education Alliance, as well as the greater business education industry has a strong voice in higher education and industry. Across the year, the organization built and strengthened communications platforms and message delivery systems to amplify the value of business education and AACSB Accreditation among stakeholders including businesses, prospective students, and the media. AACSB continues to improve its digital platforms to facilitate the promotion of business education successes, provide thought leadership, and share industry trends and perspectives through outreach, member challenges and promotions, digital advertising, videos, blogs, websites, and an enhanced social media presence. This prolific content strategy enables AACSB to drive impact through increased online engagement with key publics.

Branding Initiative

AACSB embarked on a significant branding initiative during FY 2016–17 to redefine its value proposition and develop the tools—both verbally and visually—to better communicate to key audiences. Over the past year, the organization completed an organization-wide rebranding of more than 150 digital, print, and web assets, and set a new trajectory for the organization as a convener and connector in business education—uniting educators, business leaders, and global industry stakeholders around the world to transform business education for global prosperity.

Brand guidelines and identities for the AACSB logo, accreditation seal, and Business Education Alliance identity have been distributed to members to help them serve as brand ambassadors for AACSB and business education worldwide. Together, members now have a shared voice and effective channel to advocate for business education and increase awareness of the impact our members and alumni are having globally.

Advocacy

A number of new platforms were created to amplify the work of AACSB members and help share their stories. In FY 2016–17, AACSB focused many of its public relations efforts on partnerships with member schools and the good work that members are doing around the world. Much of this was seen through impact of the member challenges. AACSB hosted three member challenges throughout the year: **Influential Leaders, Entrepreneurship Spotlight, and Innovations That Inspire.**



Tagline:

Business Education. Connected.

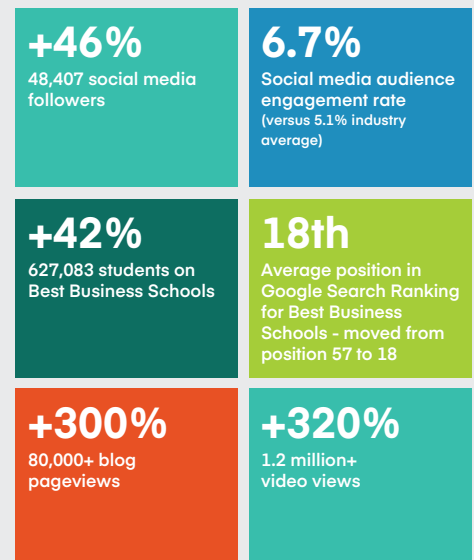
Brand platform:

AACSB **champions business education** through the **collective strength** of our membership to **inspire transformation.**

Personality and Voice:

Open, bright, visionary, and empowering.

FY 2016–17 Results



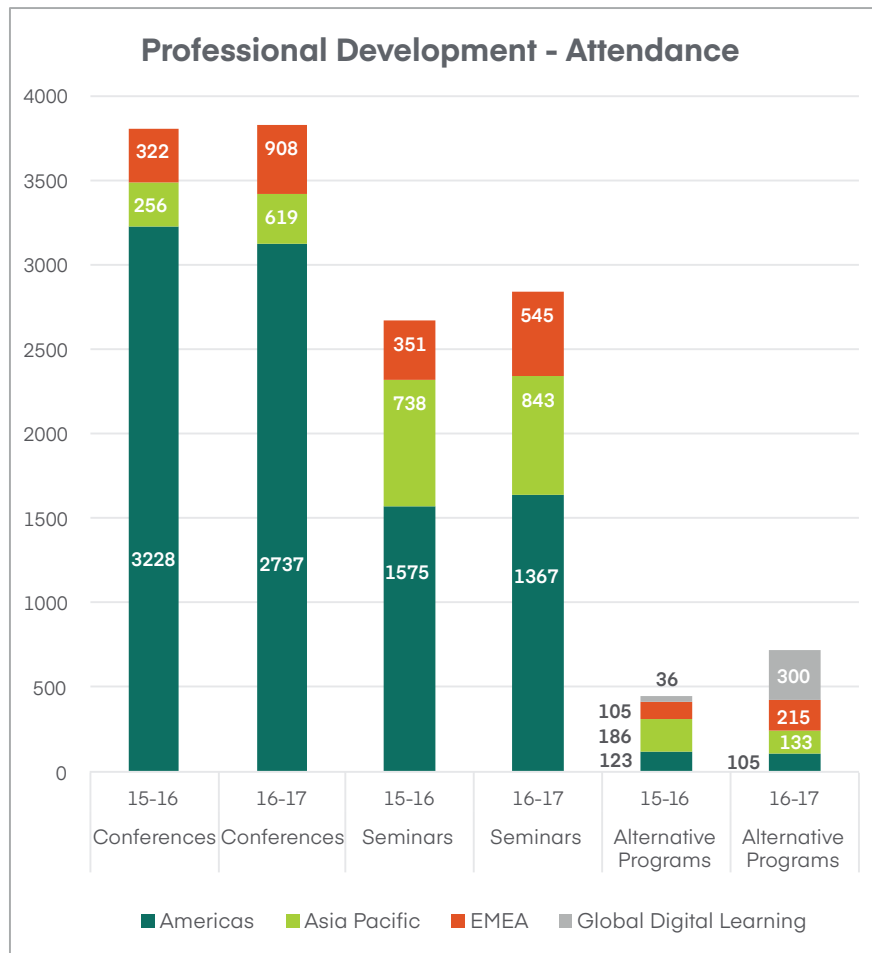
* Growth in FY 2016–17 results compared to FY 2015–16.

Professional Development



By inspiring members with new ways of thinking from business educators around the globe—and from inside the world’s most admired companies—AACSB provides valuable professional development and networking opportunities that result in richer educational experiences.

FY 2016–17 was a time for expanding both the quantity and quality of AACSB events to provide members with premier opportunities for networking and sharing of best practices. AACSB has diversified its event offerings in the EMEA and AP regions—over 100 programs were executed globally with over 7,700 participants, an 11 percent increase over the prior year. AACSB has also adopted a more research-focused, demand-based approach when creating content offerings. This has enabled AACSB to diversify its programming through specialized products with a more tailored regional focus.



Note: Column one data attendance count based on event location. All other columns based on organization location of attendee.

This thoughtful approach to program development has resulted in:

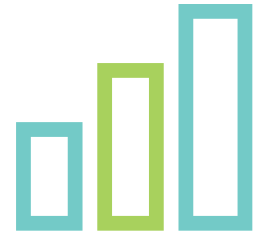
- Four Best Practice Speaker Series with locally relevant topics and speakers. These one-day seminars provided new opportunities and were held in Mexico, Chile, Dubai, and Tokyo.
- A broader range of non-accreditation-based programming to meet the needs of members outside of the Americas, including the Leading in the Academic Enterprise® Series, the Curriculum Development Series: Supply Chain Seminar, and the Bridge Programme (U.K.).
- The second annual Co-Lab: Connecting Business Schools With Practice conference, which brought together corporations and business schools, cultivating thought leaders in global business education.
- Increased digital learning offerings to better serve a global audience.

Global events such as the Deans Conference and the International Conference and Annual Meeting (ICAM) provide opportunities to bring membership together, giving a broader array of industry and networking opportunities. Attendance at AACSB's two largest global events attest to the value and impact of such networking opportunities coupled with applicable content. ICAM 2017 saw more than 1,350 participants from 54 countries, and the 2017 Deans Conference was the largest in AACSB's history.

AACSB started in the U.S. over a century ago and has since expanded to 99 countries worldwide, helping business schools, students, and businesses succeed.



Business Education Intelligence



AACSB empowers and inspires deans, faculty, and corporate learning teams with business education intelligence that offers clear and actionable insights for an ever-fluid education landscape, so they can innovate and lead. At AACSB events and in online forums, educators and business practitioners share ideas, exchange best practices, and develop innovations for improving business education. Prospective students have access to information that helps them choose the right business school to advance their careers.

Over the course of the year, AACSB began developing a centralized master data system that will ultimately help streamline the way members provide and access data across their many engagements with AACSB. We continue to expand data partnerships with other organizations, including GMAC, MBA CSEA, and regional business education associations such as the Canadian Federation of Business School Deans and CEEMAN, for more consistent and comprehensive industry trend analysis.

AACSB's survey instruments and related reporting tools are evolving, thanks to member input on our Business School Questionnaire, Staff Compensation and Demographics Survey (formerly Salary Survey), and other surveys. We are working with affinity groups to yield new insights for business school professionals in a variety of roles, such as those related to technology, communications, and development/fundraising.

Innovation Committee

AACSB's Innovation Committee takes a forward-looking view of the opportunities for business education providers and their partners to positively impact business and society. In support of the Collective Vision for Business Education, the Committee is exploring strategies for successful partnerships with other disciplines and with business practice, as well as innovations in the way business education providers are organized and operate. It is also focused on uncovering how trends, disruptors, and emerging technologies such as the proliferation of artificial intelligence and digital learning impact the operations and offerings of business education providers.

AACSB made strategic financial investments in technologies that support AACSB's goals and future needs. These included:

- Building a central data system
- Redesigning the BizEd magazine website (a digital version of AACSB's print magazine) to make it more accessible to industry
- Expanding the design and functionality of AACSB.edu and BestBusinessSchools.com
- Expanding DataDirect user and support training to help members mine and review data
- Developing a volunteer portal to match the expertise of members to volunteer needs of the organization

AACSB Board of Directors

(as of June 30, 2017)



AACSB Board Chair
Santiago Iñiguez de Onzoño
IE University



AACSB Vice Chair-Chair Elect
Soumitra Dutta
Cornell University



President and Chief Executive Officer
Thomas R. Robinson
AACSB International



Secretary-Treasurer
Robert T. Sumichrast
Virginia Tech



Immediate Past Chair
William H. Glick
Rice University



Michael J. Arena
General Motors Corporation



Jean-Michel Blanquer
ESSEC Business School



Stephanie Mattox Bryant
Missouri State University



Pasu Decharin
Chulalongkorn University



María de Lourdes Dieck-Assad
EGADE Business School,
Tecnológico de Monterrey



John A. Elliott
University of Connecticut



Reginald H. Gilyard
Chapman University



Linda U. Hadley
Columbus State University



Susan J. Hart
Durham University



Amy Hillman
Arizona State University



Erika Hayes James
Emory University



Eli Jones
Texas A&M University



Jikyeong Kang
Asian Institute of Management



Idalene Kesner
Indiana University,
Bloomington/Indianapolis



Karyl B. Leggio
Loyola University
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Terry S. Maness
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Sue J. Mattison
Drake University



Jane F. Mutchler
Purdue University
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Lagos Business School



François Ortalo-Magné
University of Wisconsin-
Madison



Michael J. Page
Bentley University



Michael M. Thomas
Booz Allen Hamilton



Jerry Tomberlin
Carleton University



Philip Vergauwen
Maastricht University



Lin Zhou
Shanghai Jiao Tong
University

Independent Auditor's Report and Consolidated Financial Statements

**AACSB INTERNATIONAL –
THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016

**AACSB INTERNATIONAL - THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
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YEARS ENDED JUNE 30, 2017 AND 2016**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
AACSB International - The Association to Advance Collegiate
Schools of Business, Inc. and Subsidiary
Tampa, Florida

We have audited the accompanying consolidated financial statements of AACSB International – The Association to Advance Collegiate Schools of Business, Inc. (a nonprofit organization) and Subsidiary (collectively referred to hereafter as AACSB or the Organization), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
AACSB International - The Association to Advance Collegiate
Schools of Business, Inc. and Subsidiary

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AACSB International - The Association to Advance Collegiate Schools of Business, Inc. and Subsidiary as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Tampa, Florida
September 22, 2017

**AACSB INTERNATIONAL - THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016**

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 6,776,450	\$ 8,785,546
Accounts Receivable, Net of Allowance; \$43,000 in 2017 and \$8,000 in 2016	201,198	89,353
Prepaid Expenses	581,383	442,236
Investments	17,000,206	15,419,704
Total Current Assets	24,559,237	24,736,839
PROPERTY AND EQUIPMENT		
Software and Equipment	1,626,629	1,868,083
Office Furniture and Fixtures	402,362	408,686
Leasehold Improvements	589,388	589,388
Software in Development	86,000	-
Total Property and Equipment	2,704,379	2,866,157
Less: Accumulated Depreciation and Amortization	(1,754,330)	(1,805,387)
Property and Equipment, Net	950,049	1,060,770
OTHER ASSETS		
Deposits	140,717	112,714
Total Assets	\$ 25,650,003	\$ 25,910,323
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,449,268	\$ 865,907
Accrued Expenses	683,123	610,997
Deferred Revenue	9,663,501	9,968,526
Total Current Liabilities	11,795,892	11,445,430
NET ASSETS		
Unrestricted	13,854,111	14,464,893
Total Liabilities and Net Assets	\$ 25,650,003	\$ 25,910,323

See accompanying Notes to Consolidated Financial Statements.

**AACSB INTERNATIONAL - THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
OPERATING REVENUES		
Quality Assurance and Quality Improvement Fees	\$ 6,835,942	\$ 6,979,816
Membership Dues	4,720,625	4,549,900
Professional Development Fees	7,358,555	7,533,204
BizEd	604,569	586,259
Other Revenues	247,023	240,051
Total Operating Revenues	19,766,714	19,889,230
DIRECT PROGRAM EXPENSES		
Quality Assurance and Quality Improvement	687,675	507,087
Professional Development	2,999,102	3,038,834
BizEd	591,785	565,994
Other Expenses	95,463	50,997
Total Direct Program Expenses	4,374,025	4,162,912
PERSONNEL	10,503,994	9,585,618
GOVERNANCE	612,087	841,429
ADVOCACY AND AWARENESS	1,293,328	1,001,704
INFORMATION TECHNOLOGY	2,184,583	1,429,900
OTHER SUPPORT SERVICES	3,015,100	2,993,786
Total Operating Expenses	21,983,117	20,015,349
CHANGES IN NET ASSETS FROM OPERATIONS	(2,216,403)	(126,119)
OTHER CHANGES		
Interest and Dividend Income	422,157	650,848
Net Realized Gain on Investments	341,653	97,454
Net Unrealized Gain (Loss) on Investments	841,811	(681,333)
CHANGES IN NET ASSETS	(610,782)	(59,150)
Net Assets – Beginning of Year	14,464,893	14,524,043
NET ASSETS – END OF YEAR	\$ 13,854,111	\$ 14,464,893

See accompanying Notes to Consolidated Financial Statements.

**AACSB INTERNATIONAL - THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (610,782)	\$ (59,150)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Bad Debt Expense (Recovery)	34,150	(28,373)
Depreciation and Amortization	413,949	407,367
Realized and Unrealized (Gains) Losses on Investments, Net	(1,183,464)	583,879
Loss on Asset Disposal	271,364	-
(Increase) Decrease in:		
Accounts Receivable	(145,995)	51,471
Prepaid Expenses	(139,147)	28,741
Deposits	(28,003)	(23,725)
Increase (Decrease) in:		
Accounts Payable	583,361	241,477
Accrued Expenses	72,126	(127,753)
Deferred Revenue	(305,025)	2,587,391
Net Cash Provided (Used) by Operating Activities	(1,037,466)	3,661,325
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(574,592)	(446,768)
Purchases of Investments	(1,963,920)	(642,987)
Proceeds from Disposition of Investments	1,566,882	1,007,267
Net Cash Used by Investing Activities	(971,630)	(82,488)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,009,096)	3,578,837
Cash and Cash Equivalents – Beginning of Year	8,785,546	5,206,709
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 6,776,450	\$ 8,785,546

See accompanying Notes to Consolidated Financial Statements.

**AACSB INTERNATIONAL - THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

AACSB International – The Association to Advance Collegiate Schools of Business, Inc. (AACSB or the Organization) is a nonprofit organization whose mission is to foster engagement, accelerate innovation, and amplify impact in business education. AACSB is headquartered in Tampa, Florida and maintains regional offices in Singapore and Amsterdam. The regional office in Singapore is a separate incorporated entity operating as AACSB International – The Association to Advance Collegiate Schools of Business, LTD. The Amsterdam office operates as a representative office of the Organization, and is not a separately incorporated entity. Both regional offices are staffed with individuals that primarily provide support and service to AACSB members in a) Asia-Pacific and b) Europe, the Middle East and Africa (EMEA), respectively. AACSB's revenues and other support are derived principally from member dues and fees, which includes sponsorships from members and other outside organizations. Its activities serve a global network of educational institutions, corporate and nonprofit organizations.

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. There are no donor-imposed restrictions on the net assets of AACSB; therefore the changes in net assets are classified and reported as unrestricted net assets.

Principles of Consolidation

The consolidated financial statements include the accounts of AACSB International – The Association to Advance Collegiate Schools of Business, Inc. and AACSB International – The Association to Advance Collegiate Schools of Business, LTD (collectively referred to hereafter as AACSB or the Organization). The Organizations have been consolidated due to the presence of common control and economic interest as required under GAAP. All significant inter-entity balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates and those differences could be material.

Cash and Cash Equivalents

AACSB considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents.

**AACSB INTERNATIONAL - THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at the amount billed to members. AACSB provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 90 days are considered delinquent and may be written off based on individual credit evaluation and specific circumstances of the member. AACSB extends unsecured credit to its members. The allowance for doubtful accounts is \$43,000 and \$8,000 as of June 30, 2017 and 2016.

Investments and Investment Return

AACSB's investments consist of bond and stock mutual funds reported at fair value. These types of investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the amounts reported in the consolidated financial statements.

Investment return is composed of interest, dividends, realized gains and losses, and unrealized gains and losses on investments. Investment returns are considered nonoperating income, and are reported as other changes in the accompanying consolidated statements of activities.

Fair Value of Financial Instruments

Fair value measurements for assets and liabilities required to be carried at fair value on a recurring basis are determined based upon a framework prescribed by GAAP. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements):

Level 1 – Financial instruments with unadjusted quoted prices listed in active market exchanges. AACSB's Level 1 assets consist of bond and stock mutual funds.

Level 2 – Financial instruments determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals. AACSB does not have any Level 2 assets.

Level 3 – Financial instruments not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques. AACSB does not have any Level 3 assets.

**AACSB INTERNATIONAL - THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Property and Equipment

AACSB records property and equipment additions over \$5,000 at cost with an estimated useful life in excess of one year. Depreciation and amortization are computed using the straight-line method over the estimated useful life of each asset class; with the exception of leasehold improvements and capitalized software which are amortized over the shorter of their lease term and licensing agreement, respectively, or their estimated useful lives. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Software in development is not depreciated until placed in service, at which time it is classified as capitalized software. The estimated useful lives of AACSB's long-lived asset classes are as follows:

Office Machinery, Equipment, and Capitalized Software	3 Years
Office Furniture and Fixtures	3 – 7 Years
Leasehold Improvement	3 – 10 Years

Depreciation and amortization expense was approximately \$414,000 and \$407,000 during the years ended June 30, 2017 and 2016, respectively, and is allocated in proportion to the respective service groups as more fully described in Note 5.

Revenue Recognition

AACSB recognizes revenue when earned. Revenues from dues and fees are recognized in the period to which they relate. Amounts billed for the subsequent year's due and fees that have been billed and collected as of current year-end are reported in deferred revenue.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities as described in Note 5. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**AACSB INTERNATIONAL - THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

AACSB is exempt from federal income taxes under Section 501(c)(3) and is exempt from state corporate income tax under applicable Florida Statutes. Under certain circumstances, the Internal Revenue Code provides for taxation of unrelated business income. Such status is subject to final determination upon examination of the related income tax returns by the appropriate taxing authorities. Management is not aware of any activities that would jeopardize AACSB's tax-exempt status.

Management has evaluated all other tax positions that could have a significant effect on the consolidated financial statements and determined that AACSB had no uncertain income tax positions at June 30, 2017.

Reclassifications

Certain reclassifications have been made to the 2016 consolidated financial statement presentation to correspond to the current year's format. Previously reported net assets and changes in net assets were not affected by these reclassifications.

Subsequent Events

AACSB has considered subsequent events through September 22, 2017, which represents the date the consolidated financial statements were available to be issued.

NOTE 2 CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject AACSB to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. Credit risk related to accounts receivable is generally diversified due to the large number of entities comprising the customer base.

AACSB places its cash and cash equivalents on deposit with institutions which at times may exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses on its deposits with financial institutions.

**AACSB INTERNATIONAL - THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 3 FAIR VALUE MEASUREMENTS

Investments are considered Level 1 financial instruments under ASC Topic, *Fair Value Measurements and Disclosures*, as previously defined in Note 1 and consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Equity Mutual Funds:		
Large Cap Growth	\$ 3,041,507	\$ 2,605,083
Large Cap Value	2,490,859	2,683,981
Mid Cap Growth	497,086	385,880
Mid Cap Blend	442,849	422,204
Small Cap Blend	1,016,814	838,214
International	2,805,521	1,479,161
Fixed Income Mutual Funds:		
Short-Term Bonds	3,553,128	3,258,510
Intermediate Bonds	3,152,442	3,746,671
Total	<u>\$ 17,000,206</u>	<u>\$ 15,419,704</u>

NOTE 4 PENSION PLAN

AACSB's employees, after one year of service, are eligible to participate in a retirement plan administered by the Teachers Insurance and Annuity Association (TIAA). TIAA is a "portable" plan which provides for immediate vesting of benefits to the employee. Employees are able to contribute up to the maximum amount set by the IRS per year. AACSB contributes double the employee's contribution up to 5% of their base salary. Total pension plan expense for the years ended June 30, 2017 and 2016 was approximately \$609,000 and \$576,000, respectively. Upon retirement, TIAA participants have options for payment of their vested benefits.

NOTE 5 MANAGEMENT AND GENERAL EXPENSES

For the years ended June 30, 2017 and 2016, general, administrative, and overhead expenses of \$7,097,336 and \$6,623,787, respectively, have been allocated to the service groups in the same proportion as direct staff costs. These costs include office facility and general operations, governance, management staff, IT systems and infrastructure, fiscal operations, insurance, and depreciation and amortization.

**AACSB INTERNATIONAL - THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 6 COMMITMENTS

Operating Leases

AACSB leases office space in Tampa, Florida, Singapore and Amsterdam under separate noncancellable operating leases, which expire between fiscal years 2018 and 2020. AACSB also leases certain office equipment under noncancellable operating leases through 2021. Minimum monthly rentals range from approximately \$350 to \$38,000.

Future minimum lease payments are as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2018	\$ 825,562
2019	758,839
2020	359,936
2021	1,049
Total	<u>\$ 1,945,386</u>

Rent expense for the years ended June 30, 2017 and 2016 was approximately \$869,000 and \$827,000, respectively.

NOTE 7 EMPLOYMENT CONTRACT OBLIGATIONS

AACSB has entered into employment contracts with certain key employees. These agreements establish the respective annual salaries and severance agreements. The employment agreements can be terminated at the sole discretion of AACSB without cause, by giving at least 60 days written notice to the respective employee. In that event, AACSB would pay these key employees an agreed-upon amount of salary as severance, provide for certain benefits, and reimburse relocation expenses, as defined by the individual agreements.



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