



2019
ANNUAL
REPORT





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LETTER FROM THE CHAIR



While as educators we need to teach our students how to be flexible so they can succeed in business, we also need to examine our own ability to adapt, to become more malleable in a shapeless tomorrow.



Flexing in the Face of Disruption

If one thing has remained constant over the past several years in business education, it is the changing expectations of stakeholders. From student needs to workforce demands to society's imperatives, we know it is no longer acceptable to simply respond to disruption after it occurs; instead we must embrace it and flow alongside it.

We know one of the defining attributes of today's successful leader is agility. While as educators we need to teach our students how to be flexible so they can succeed in business, we also need to examine our own ability to adapt, to become more malleable in a shapeless tomorrow. This means challenging traditional assumptions, ensuring our own skills are relevant, and asking tough questions like, is our research having enough impact? Is the time we spend on scholarship productive and useful? Are we as aligned with business practice as we could be and should be?

These questions are difficult, but we do not have to examine them alone. In fact, building relationships with partners and colleagues broadens our perspectives and enhances our value—even, and especially, if those collaborations indicate that we need to change, to adapt. Over the past year, AACSB has gained great insights into ways business schools and business can partner with one another, through insights from members of our Business Practices Council and Innovation Committee, who continue to inform the content of our global events. One example is Co-Lab: Connecting Industry With Business Schools, where business school and industry leaders convene to discover ways the two sectors can connect to better meet each other's needs in a backdrop of continual

change. New engagements with innovative companies like PricewaterhouseCoopers LLP (PwC) and Apple bring fresh ideas about how to create win-win situations that benefit their practices as well as future employees learning in our classrooms today.

AACSB has further embodied flexibility this past year by restructuring its learning and development offerings, adding new online programming and reconceptualizing a new learning and development strategic area that focuses on the needs of organizations and roles of individuals. Accreditation staff and member volunteers have solicited broad feedback to inform a reimagining of business accreditation standards. Our Business Education Intelligence team has added new capabilities to its DataDirect system as well as new workshops for members to get the most benefit out of the vast amount of data the system houses. We have begun creating new digital spaces for members to network and learn from one another. Our global volunteer base grows, as does our gratitude to them.

I am proud of everything AACSB and our global network have accomplished this past year, and I look forward to seeing how we can continue transforming ourselves and shaping an elastic future for the industry.

Caryn Beck-Dudley

2018–19 Chair, AACSB International Board of Directors

LETTER FROM THE CEO



As educators, we can influence not only learners but businesses themselves in the collaborations we build; we can be a stronger bridge between the workforce we are preparing and the business space they will occupy.



Business Schools of the Future

Business education as we have known it is becoming obsolete. Demographic changes, rapid technological advances, alternative qualifications, geopolitical factors, and a crisis of trust have opened new opportunities for schools to transform and evolve.

Demographic shifts are changing the workforce and consequently shaping the types of programs we offer and how they get delivered. People are living and working longer, seeing unprecedented change in their career lifecycle. With a continual need for individuals to upskill and learn new technologies, business schools will need to be agile offering new programs that demonstrate knowledge acquisition and skills application in a variety of fields. And the delivery methods need to accommodate full-time workers who also have home responsibilities, or geographic constraints for education.

Digital learning will continue to increase in prominence and demand, and schools need to optimize available educational technologies. Online and hybrid degrees are just one area; experienced workers or those seeking specialized skills will look to digital credentials or MOOCs; pre-experience students can explore real-world learning and global immersion through virtual reality; and data science can help faculty create grading algorithms and customized learning.

Workers of all ages are experiencing rapid technological growth in nearly all industries, some more susceptible to automated tasks than others. As education providers, business schools need to know the potential threats and opportunities that will arise from this Fourth Industrial Revolution, collaborating with business to create curriculum that ensures the skills and knowledge being taught in the classroom will also be relevant in the workplace.

Additionally, business schools of the future will understand that the new world of work is multidimensional, and learners therefore need different pathways to careers, whether as an employee, an entrepreneur, or a temporary contractor. Experiential learning will need to encapsulate more than the traditional employee-employer perspective—another opportunity for business schools to forge partnerships with local businesses. Social enterprises are increasingly important first jobs for today's learners; younger generations have been subjected to the consequences of ethical lapses in influential business leaders. They are passionate about creating change. Ethics and social responsibility need to be embedded throughout business school curriculum rather than offered as one-time courses.

As educators, we can influence not only learners but businesses themselves in the collaborations we build; we can be a stronger bridge between the workforce we are preparing and the business space they will occupy. We need to produce research that withstands academic rigor and solves business problems but also promotes social well-being. These features need to be viewed holistically rather than in separate domains. In breaking down of silos, we also need to look at ways business schools can work with other disciplines, to borrow from their strengths and contribute ours where they are needed—in STEM fields, healthcare, and the social sciences.

Transforming business education for global prosperity is a grand vision, indeed, but it is what keeps us striving to be better for learners, for business, and for society.

Tom Robinson

President and Chief Executive Officer

AACSB AT A GLANCE

OUR NETWORK, CONNECTED.



1,700+
MEMBER ORGANIZATIONS IN
100+
COUNTRIES AND TERRITORIES

IMPACTING
150,000+
EDUCATORS,
THOUGHT LEADERS, AND
INNOVATORS GLOBALLY

1,000+
VOLUNTEERS IN
60+
COUNTRIES AND TERRITORIES

OUR PRESENCE, AROUND THE WORLD.

3
OFFICES WORLDWIDE

90+
STAFF MEMBERS WITH OVER
20 LANGUAGES SPOKEN

120+
LEARNING AND DEVELOPMENT
OPPORTUNITIES ANNUALLY

OUR IMPACT, IN BUSINESS AND BEYOND.

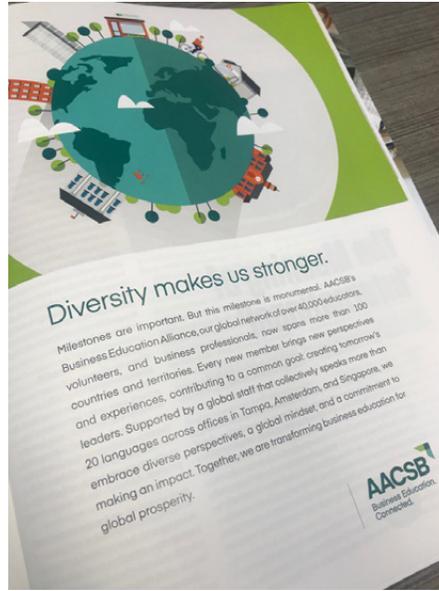
Serving
3m+
enrolled students

840+
accredited schools
in 50+ countries & territories

MISSION, VISION, VALUES



This past year, AACSB looked closely at ways we could foster our core values of diversity and inclusion, listening to the different experiences of our global members and creating spaces for their discourse. We held our second annual Diversity and Inclusion Summit in Phoenix, Arizona, with enhanced programming over an expanded time frame to enable a deeper level of participants sharing challenges, brainstorming solutions, and growing professionally and



personally. Our Diversity and Inclusion Affinity Group now has a Historically Black Colleges and Universities (HBCU) sub-group for leaders of those institutions to network virtually on business education topics and come together at AACSB conferences. *BizEd* magazine highlighted gender diversity among faculty and administrators at business schools—pointing to areas where we are making progress and where we still can improve.



MISSION

We foster engagement, accelerate innovation, and amplify impact in business education.



VISION

Transforming business education for global prosperity.



VALUES

Quality • Inclusion and Diversity • Global Mindset • Ethics • Social Responsibility • Community

VOLUNTEER-DRIVEN

Accreditation • Speakers • Subject Matter Experts • Thought Leaders • Councils and Committees • Focus Groups • Special Projects

[MISSION, VISION, VALUES]



Many of our global learning and development events featured sessions dedicated to diversity and inclusion topics. At the International Conference and Annual Meeting held in Edinburgh, Scotland, the agenda included a series of TED-style talks covering diversity and inclusion matters, which revealed the breadth of challenges and creative solutions happening at schools around the world. In the coming years, we look forward to learning from our members and partners about the ways diversity and inclusion are shaping their policies, programs, and initiatives so we can continue to facilitate meaningful conversations that lead to a greater appreciation of differences and progress in this important space.



We would like to recognize our long-time partner, **The PhD Project**, for 25 years of advancing workplace diversity by increasing the diversity of business school faculty. Since The PhD Project's inception, the number of African Americans, Hispanic Americans, and Native Americans earning a business PhD has increased from 294 to 1,517, of whom 1,303 are teaching in U.S. colleges and universities today. Further, close to 300 underrepresented minorities are currently enrolled in doctoral programs, and will take a place at the front of the classroom over the next few years.

AACSB has committed over 1.9 million USD in direct financial and in-kind support to The PhD Project since its inception. This continued partnership has led to many mutually beneficial collaborations, including the collective execution of AACSB's Aspiring Leaders Seminar, designed exclusively for tenured PhD Project faculty. By continuing to partner with The PhD Project, we not only grow our community of high-quality business faculty, but we ensure that business schools are producing future leaders who have cultivated diverse mindsets and a first-class business education, and will be ready to lead in the global business world of today and tomorrow.

AREAS OF STRATEGIC FOCUS: GLOBAL REGIONS



The vision of AACSB is to transform business education for global prosperity. Among the values that AACSB holds dear on its strategy map to achieving that vision is a global mindset, which applies to our work externally but is also one of the cultural attributes we strive for internally. These are not just words; we are truly a global organization. As of the end of the fiscal year, 60 percent of our Business Education Alliance (BEA) is from outside the United

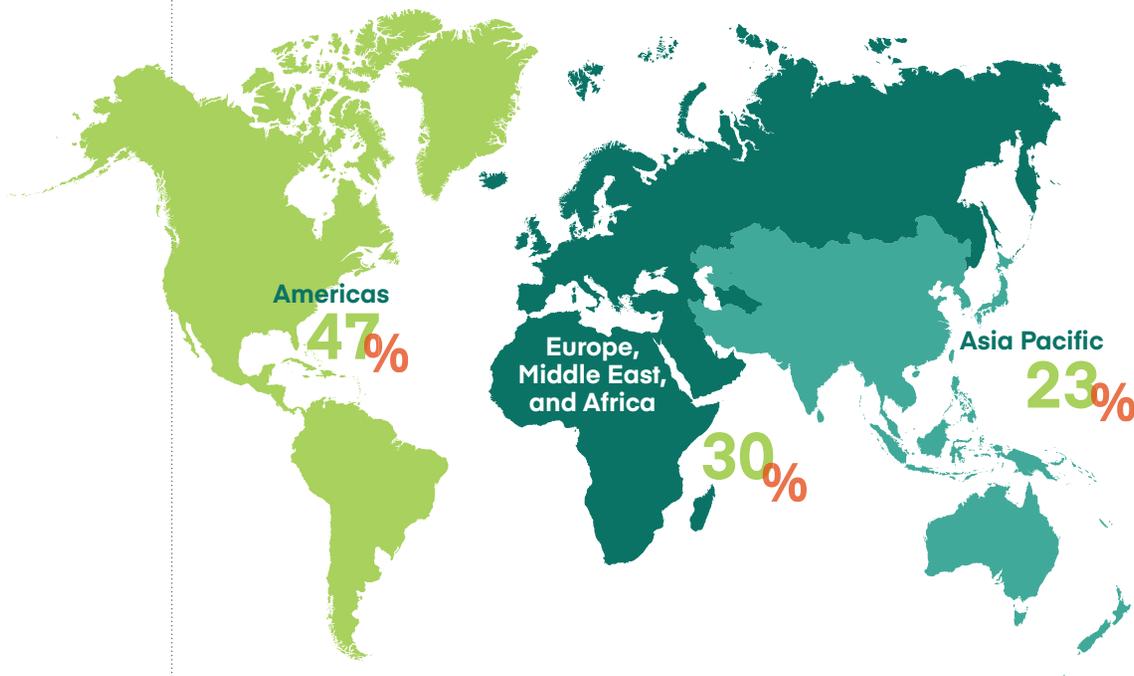
States. Looking at broad regions, 47 percent of our members are in the Americas, 23 percent in Asia Pacific, and 30 percent in Europe, the Middle East, and Africa (EMEA).

Bringing more schools into our network raises the quality for all schools, including those already in our BEA, through the sharing of best practices, development of business school staff, benchmarking, and continuous quality improvement.



Americas

For the Americas region, the 2018–19 fiscal year was defined by increasing levels of outreach, engagement, recruitment, and momentum. The Americas team focused on relationship development, individually, organizationally, and with strategic networks throughout Latin America, the U.S., and Canada. AACSB’s outreach activities extended from the Canadian Federation of Business School Deans annual meeting in Vancouver and targeted engagement in the Toronto area; to regional deans and industry meetings across the U.S., including the HBCU Business Deans Roundtable in New Orleans; southward through primary Latin American strategic markets Mexico, Colombia, and Brazil, as well as secondary markets Peru, Chile and Argentina.



As of June 30, 2019

[AREAS OF STRATEGIC FOCUS: GLOBAL REGIONS]



Targeted outreach and strategic partnering proved highly effective across the Americas, with promising results emerging in Latin America, which experienced membership growth resulting in 80 member institutions. The region saw several important milestones including the first AACSB Latin America and Caribbean Summit in Bogotá which attracted more than 80 participants from 10 countries; a record number



of Latin American attendees at the Annual Accreditation (21) and Deans conferences (30); the establishment of a virtual Latin America & Caribbean Network on the AACSB Exchange; and Spanish-language versions of two seminars held in Mexico City. Demand was so great that Spanish-language versions of two more seminars are now scheduled for 2019-20, in Puerto Rico and Colombia.

In the U.S. and Canadian markets, staff focused on expanding engagement and retention efforts, identifying new member segments, developing strategic partnerships with such groups as the HBCU Business Deans and the International Association of Jesuit Business Schools, launching a new Diversity and Inclusion virtual network, and promoting the value of the AACSB Business Education Alliance. As a result, membership cancellations across the region decreased by 40 percent, with educational membership in the U.S. holding steady and Canadian membership growing by 7 percent.



[AREAS OF STRATEGIC FOCUS: GLOBAL REGIONS]



Europe, Middle East, and Africa

The EMEA region continues to be one of significant engagement and activity. AACSB achieved many firsts in EMEA this past year. Two schools enjoyed the status of first accredited in their respective countries: Morocco's ESCA Ecole de Management and Russia's Institute of Business Studies (IBS-Moscow), RANEP. We also appointed our first ever accreditation mentor in Palestine.

Notable membership outreach efforts this year occurred in Senegal, as a potential platform for Francophone Africa; in Saudi Arabia, which now has more than 20 members; and in Poland, where we met with the Deputy Minister of Education following a commitment to fund a two-year pilot for international accreditation efforts.

Global Learning and Development events had a strong showing from EMEA this year. We saw record attendance at the EMEA Annual Conference in Paris, where accreditation managers also launched the first ever Faculty Standards and Tables Workshop; nearly 40 percent of attendance at our International Conference



and Annual Meeting in Edinburgh was from EMEA; and we held our first ever seminar in Iceland, the Assurance of Learning Seminar II.

Other highlights include a new partnership that was formed with AACSB's MENA Affinity Group, MENA Advisory Council, and the Case Centre in the U.K., which led to the launch of Case Focus, a peer-reviewed journal focusing

on business cases relevant to the Middle East and Africa. Additionally, AACSB was recognized by the Higher Education Quality Council in Turkey for its activities in the Turkish higher education system. We also solidified a partnership with the African Association of Business Schools and African Academy of Management.

[AREAS OF STRATEGIC FOCUS: GLOBAL REGIONS]



Asia Pacific

Our Singapore team has been actively engaged in the Asia Pacific region. The team hosted Tom Robinson, Stephanie Bryant, and Michael Wiemer from the Tampa office for visits with schools, regulators, national accreditors, and others. We are excited that Geoff Perry is joining the team there to help us serve a growing number of AP member and accredited schools and continue to collaborate with other regional organizations, such as the Association of Asia Pacific Business Schools and the Australian Business Deans Council.



Membership in the region grew by over 5 percent this year, double the rate of the preceding year, and we reached 80 members in China and 60 in India. Further, we had 14 newly accredited schools in AP, including our first accredited school in Pakistan. We held numerous well-attended AACSB education and information sessions for non-member business schools in China, the Philippines, Indonesia, and Thailand in collaboration with our accredited schools.

In the Learning and Development space, we hosted two AP regional conferences—in Nagoya and Kuala Lumpur—with strong attendance. We held seminars in Mandarin and offered a number of custom on-campus seminars in the region, including one in Pakistan in collaboration with the National Business Education Accreditation Council of Pakistan. The team also introduced digital webinars in the region for members on topics such as assurance of learning.



“I hold sincere appreciation for the diversity, complexity, people, and geopolitics of the region, and I embrace this opportunity to join AACSB as we elevate the quality of business education and foster the important links between industry and academe.”



Recently, AACSB announced the selection of **Geoff Perry** as the executive vice president and chief officer of Asia Pacific. A former business school dean with extensive AACSB accreditation volunteer experience, Perry currently serves as the deputy vice chancellor at Auckland University of Technology (AUT), New Zealand. He will assume his new role on January 15, 2020, leading the organization’s efforts across the Asia Pacific region and directing its Singapore office.

“I hold sincere appreciation for the diversity, complexity, people, and geopolitics of the region, and I embrace this opportunity to join AACSB as we elevate the quality of business education and foster the important links between industry and academe,” said Perry.

In his previous role as dean of AUT Business School, Perry simultaneously served as the university’s pro vice chancellor, driving growth and strategy development efforts. A well-published academic, Perry’s experience also includes past roles as a visiting professor at the University of the Thai Chamber of Commerce and a lecturer and senior research fellow at the University of Auckland.

Perry’s extensive volunteer commitments to AACSB include serving as an accreditation mentor, peer review team and committee member, event facilitator and presenter, and current co-chair of the Business Accreditation Task Force. We look forward to the leadership he will bring to our global network!

AREAS OF STRATEGIC FOCUS: QUALITY ASSURANCE AND QUALITY IMPROVEMENT



This past year began the implementation of AACSB’s new accounting standards, which added accounting practitioners to the review process and eliminated redundancies with the business standards to ease the workload on schools. AACSB has made progress in incorporating those standards by facilitating training sessions for 10 accounting practitioners at the American Institute of Certified Public Accountants (AICPA) headquarters in November. Additionally, between January and March 2019, 10 schools piloted the new accounting standards and the new review format, which was a quality experience that yielded valuable insights for future teams and practitioners.



Accreditation by the Numbers

	TOTAL ACCREDITED	ACCOUNTING ACCREDITATION	IN PROCESS (BUSINESS)
Americas	576	178	55
Asia Pacific	127	9	82
EMEA	142	2	133
Total World	845	189	270

As of June 30, 2019



AACSB’s Business Accreditation Task Force (BATF), has taken on a “reimagining” of the business accreditation standards. The BATF, composed of 15 member volunteers representing all regions of AACSB and all types of schools, has collectively led over 40 conversations around the world with AACSB affinity group members, deans, associate deans, and participants at AACSB and other events globally, as well as members of AACSB governing groups, including the Innovation Committee, the Business Practices Council, all five operating and policy committees, and the Board of Directors. All of the input received from these groups, as well as individuals contributing their personal opinions, has been synthesized and structured into a new direction for the standards, which will be revealed in an initial exposure draft in September at the Global Accreditation Conference taking place in San Antonio, Texas.

[AREAS OF STRATEGIC FOCUS: **QUALITY ASSURANCE AND QUALITY IMPROVEMENT**]



AACSB's accreditation team has also been busy the past two years undergoing an international certification process with the International Organization for Standardization (ISO) to achieve ISO 9001 certification. To continue to be a widely recognized and highly reputable accreditor, AACSB felt it was necessary to put our own accreditation processes through the same type of rigorous review as we put our schools through. We are operating in an era of intense transparency and accountability, and AACSB should be held to these same principles. ISO 9001 was quickly deemed to be the right fit, with over one million companies in 170 countries certified by the ISO 9001:2015 standard, meeting our requirements of having a global footprint. Additionally, many of the hallmarks of ISO 9001 align with those of AACSB accreditation—strong customer focus, involvement of top leadership, and an ongoing commitment to continuous improvement.



While AACSB was thrilled to earn the certification, the most rewarding part of the project was observing process improvements. As one example, AACSB is on the way to revamping how it trains accreditation volunteers so we can provide the most effective guidance possible to aid them in the great work they do. Another improvement that resulted from the certification is more regular updates to accreditation-related documentation and processes; for example, we produced a white paper on assurance of learning that has already had a very positive impact in this space.



Recognized for our global commitment to exceeding customer expectations and our dedication in the pursuit of continuous improvement.

AREAS OF STRATEGIC FOCUS: **ADVOCACY AND AWARENESS**



AACSB continues to drive brand recognition, promoting the positive impact of business education and AACSB accreditation on society globally. Through remarketing strategies across several digital platforms, we generated over 19 million engagements (online likes, shares, comments, and clicks), an increase of 60 percent compared to last fiscal year, and driving over 4 million unique visitors to AACSB websites, a 37 percent increase. To measure AACSB's brand recognition and reputation among the business community, we partnered with *Chief Learning Officer Magazine* to conduct a survey of businesspeople at large, multinational corporations. Of 515 participants, 26.3 percent said they were familiar with the AACSB brand. Among the targeted population of global students preparing to take the GMAT, 48 percent of students were familiar with the AACSB accreditation brand.

Additionally, the value of AACSB accreditation and membership is growing with continued engagement from brand ambassadors. Adoption of the accreditation seal increased by 13 percent over last year: 64



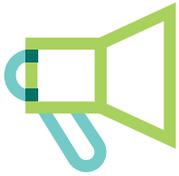
percent of accredited schools are now displaying the AACSB brand, with the greatest increase in the Europe, Middle East, and Africa region, followed by Asia Pacific. Adoption of the Business Education Alliance logo for non-accredited and business members more than doubled from last year, to 14 percent.

Media coverage continues to be globally diverse, with an increase in coverage in 2018–19 from top-tier publications such as the *Financial Times* and *Forbes*.

Generated
19m+
Online Engagements

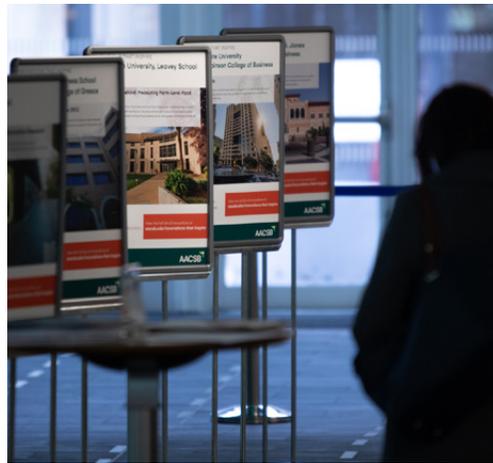
Drove
4m+
Unique Visitors to
AACSB websites

[AREAS OF STRATEGIC FOCUS: **ADVOCACY AND AWARENESS**]



Social media followers and friends increased to 58,917, a 5 percent increase from last year. A new initiative for AACSB this year was International Education Week (IEW), where AACSB celebrated ways accredited and non-accredited Business Education Members were encouraging the concept of international education. IEW was our most impactful organic social media campaign of the year and is a model we will build on in the coming years with similar campaigns.

We further amplified the accomplishments of our schools by sharing member stories and perspectives. Our member challenges continue to be a success, with Influential Leaders highlighting successful and impactful alumni from AACSB-accredited schools, and Innovations That Inspire showcasing how member schools are innovating in their programs and research. These initiatives help us as an organization convey the value that business education is having on global society, while simultaneously bringing greater attention to the schools that submit the stories. With participation from schools, AACSB has also been able to produce quality content in



the form of thought leadership: this past year we produced 117 blog posts and more than 45 new videos on today's topics that are most important to educators, business, and students and learners.

We will continue to explore the important topics in business education, focusing on those that reveal areas where educators can connect with training and development executives—like experiential learning, the future of work, and lifelong learning—so AACSB and member schools can gain informed insights and maximize collaborative opportunities.



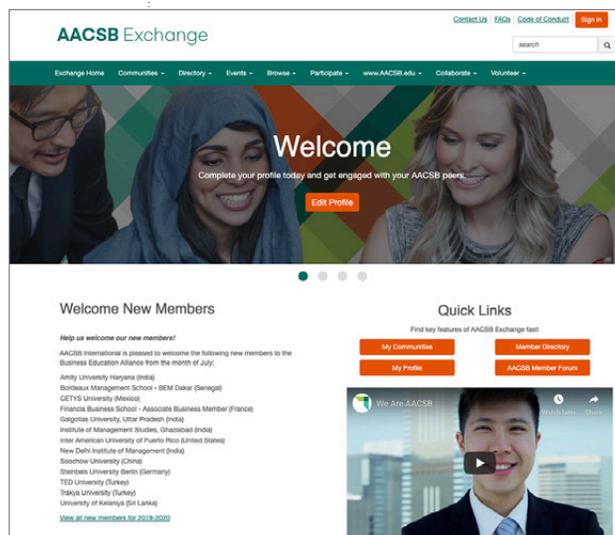
Attracted
58,917
Social Media Followers/Friends

Produced
162
Quality Content Pieces

AREAS OF STRATEGIC FOCUS: AACSB BUSINESS EDUCATION ALLIANCE



AACSB achieved an exciting milestone this year, with its global membership expanding to more than 100 countries and territories! We have added new digital spaces to the AACSB Exchange, where members in specific subregions can congregate online to discuss the topics most pertinent to them. These virtual communities include the Africa Network, Korea Network, United Kingdom and Ireland Network, United Kingdom and Ireland Deans Network, and Latin America and Caribbean Network.



Regions	AACSB Educational Members	AACSB Non-Educational Members	AACSB-Accredited Members
Americas	772	60	576
Asia Pacific	371	6	127
EMEA	483	26	142

As of 6/30/19

[AREAS OF STRATEGIC FOCUS: AACSB BUSINESS EDUCATION ALLIANCE]



AACSB's volunteers have been a continuing source of pride. We now have over 1,000 volunteers globally, who contribute in a variety of capacities and are all dedicated to the shared quest of advancing quality business education. This past year, our Volunteer Advisory Group assisted staff in developing a plan for volunteer recruitment, deployment, training, engagement, recognition, and evaluation. Further, for International Volunteer Day, which fell on December 5, 2018, we recognized volunteers on social media and in a devoted blog post to show the excellent work they

do, as well as our tremendous appreciation for them. The content we shared received nearly 200,000 impressions and close to 400 engagements! Finally, in the spirit of continuous improvement, we have established a new Volunteer Training Task Force that is charged with re-engineering accreditation volunteer training.

AACSB has also been hard at work on a new association management system to better serve members. The new system will allow smoother processes for event registration, dues payment, and profile updates.

Join the Movement...Become an AACSB Volunteer
aacsb.edu/volunteers

BUSINESS COLLABORATIONS POWERING DIGITAL TRANSFORMATION

Business school deans are all trying to address the challenges of the new digital era and develop programs that will reflect the issues and mindset required for the era, so graduates will be well-prepared for a successful career. At the same time, businesses are all working diligently to upskill their employees so they can be efficient and fluent in the digital era; accordingly, business schools need to move quickly in the same direction. In two collaborations involving AACSB, member schools, and business members, these issues are being tackled head-on.

Apple's Everyone Can Code Initiative

By learning the fundamentals of programming, today's learners gain a deeper understanding of how computer programs work, increasing their long-term career prospects and making them more adaptable to future disruption. Recognizing this opportunity, Apple and AACSB are collaborating on an initiative to implement of Apple's Everyone Can Code (ECC) curriculum and SWIFT programming with business education—in the curriculum as well as co-curricular activities. With participation from business school cohorts across the U.S., Apple and AACSB are exploring ways to refine the ECC curriculum to benefit business schools and to help prepare students for a technology-driven world where the basics of programming and app development are essential to success.

Business Curriculum for the Digital Era

AACSB's new Digital Transformation Affinity Group, under the leadership of the Stevens Institute of Technology School of Business and with the financial support of PwC, is undertaking a project to create a Business Curriculum for the Digital Era for broad adoption throughout the global business school community. Universities within the affinity group will work with Stevens and PwC as a consortium to develop and promote the new curriculum. The initiative will be collaborative and will include discipline-specific task forces that will work to develop insights and guidance that will culminate in a larger set of recommendations that inform a business curriculum that meets the digital needs of the modern workplace.

AREAS OF STRATEGIC FOCUS: **LEARNING AND DEVELOPMENT**



This past year was another successful year for our global programs providing learning and development opportunities. We offered a total of 139 programs in 22 countries, including conferences, on-campus seminars, digital learning sessions, affinity group meetings, and volunteer trainings.



MORE THAN
80%
OF AACSB'S
1,700+
WORLDWIDE MEMBER
ORGANIZATIONS ATTENDED
L&D OFFERINGS IN 2018-19

A highlight from the year was our International Conference and Annual Meeting (ICAM), held in Edinburgh, Scotland. More than 1,300 thought leaders, subject matter experts, and top educators from over 60 countries and territories came together to foster the innovations, solutions, and connections that are informing the future of business education.

September's Annual Accreditation Conference (now Global Accreditation Conference) in Washington, D.C., was a huge success, with more than 660 attendees tuned in to learn about progress on AACSB's reimagined business accreditation standards and participate in relevant discussions.

In one of our ongoing efforts to bridge the gap between academia and industry, we held two **Bridge Programs**, bringing the total alumni to over 500. Since 2006, AACSB has helped prepare industry executives for a career transition to a business school instructor. The intensive five-day workshop gives business executives an inside look into the business school classroom, enabling them to explore teaching techniques, course planning, simulations, and more. Satish & Yasmin Gupta College of Business, University of Dallas, and the Miami Business School at the University of Miami hosted this year's programs, which included participants with significant experience from a variety of fields like accounting, data analytics, education, entertainment and the arts, financial services, media and technology, and retail. Professionals in this program gain a true understanding of merging scholarship with practice and are prepared to make a powerful impact in the classroom.

[AREAS OF STRATEGIC FOCUS: **LEARNING AND DEVELOPMENT**]



Deans Conference, too, was well attended in both numbers and regions represented, where an unusually snowy Vancouver cast a picturesque backdrop to the event's invigorating talks on topics like positive disruption, the need for open and critical thinking, reinventing the deanship, and the future of work—not to mention the packed session on “What Keeps Deans Up at Night.”

In continued support of AACSB's mission to foster engagement, accelerate innovation, and amplify impact in business education, we developed a new vision for Learning and Development. The re-envisioned strategic area will allow us to develop deeper engagement with members, particularly non-accredited business schools; introduce and connect non-members and the larger business education ecosystem to AACSB's Business Education Alliance; and leverage AACSB's volunteer peer-to-peer network and strategic partnerships to develop and scale learning assets that are market and demand driven.



In anticipation of these needs, we began to increase access to our programs through new digital learning opportunities. Additionally, AACSB has been collaborating closely with regional offices to develop new program delivery specific to the regions' needs. Notably, we developed and launched two programs, the Accreditation Eligibility Workshop and Faculty Standards and Tables Workshop.

We are well underway in planning exciting new Learning and Development opportunities for our global membership to attend—in person and online—in 2019–20.



AREAS OF STRATEGIC FOCUS: BUSINESS EDUCATION INTELLIGENCE



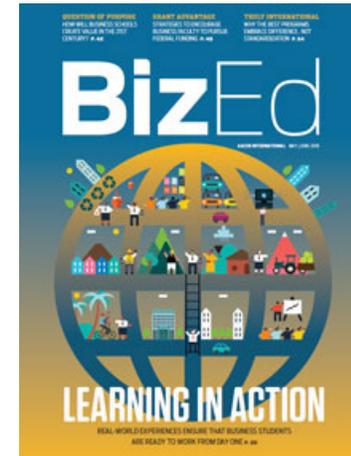
AACSB's Business Education Intelligence team has been a tremendous source of support for global media coverage in the business education space. We have provided business school statistics, aggregated from data submitted by our member schools, for media interviews and data citations to organization such as the *Financial Times*, the *Wall Street Journal*, *Bloomberg Businessweek*, the *Economist*, and many others. The data offers insights regarding trends in areas such as enrollment, business degree programs, online learning, and faculty demographics. This coverage is an important reason for schools to participate in AACSB's surveys, so their data can be included in DataDirect, increasingly recognized as the most comprehensive source for business education data.

In an effort to help schools understand how data is used at their institution, we began offering workshops in conjunction with global events, going deeper into ways schools can use DataDirect to support decision-making. We received positive feedback from members regarding changes to our data validation processes that streamline and accelerate data revision and acceptance. We are excited to release additional improvements to the interface in the coming year that will also contribute to a better user experience.



In continuation of AACSB's *Technologies With Potential to Transform Business and Business Education* series of industry briefings, we worked with our Innovation Committee to produce a report on virtual reality and augmented reality. This high-level overview explores recent developments and potential impacts, opportunities, and challenges around these growing technologies, particularly in regard to higher education and the industries business schools prepare graduates for. Additionally, in collaboration with the Digital Transformation Affinity Group that was formed this past year, we published another briefing in the series on blockchain. Intended as a primer, the report explores how blockchain is currently being deployed in a range of different

industries and could soon begin impacting business schools, both in their operations and in their curriculum.



Finally, *BizEd* magazine continues to publish award-winning content thanks to valuable contributions from business schools and organizations worldwide. With increased focus on enhancing *BizEd*'s digital experience, traffic to the website more than doubled in past year. Also this year, we introduced new thematic curations that are delivered to readers via email. And did you know *BizEd*'s archives are now searchable across the magazine's 17-year history? Discover the major topics of the day by looking back through the issues.



AACSB Board of Directors

(as of June 30, 2019)



Board Chair
Caryn L. Beck-Dudley
Santa Clara University



Vice Chair-Chair Elect
John A. Elliott
University of Connecticut



President and Chief Executive Officer
Thomas R. Robinson
AACSB International



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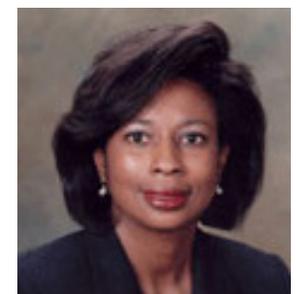
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Independent Auditors' Report and Consolidated Financial Statements

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

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

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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, 2019 and 2018, the related consolidated statements of activities and cash flows for the years then ended, and the related consolidated statement of functional expenses for the year ended June 30, 2019, 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.



(1)

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 as of June 30, 2019 and 2018, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying net contribution by key area is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

Tampa, Florida
September 17, 2019

(2)

AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS	2019	2018
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,348,748	\$ 7,465,924
Accounts Receivable, Net of Allowance	167,517	192,392
Prepaid Expenses and Other Assets	584,623	558,282
Investments	21,615,347	18,105,305
Total Current Assets	23,716,235	26,321,903
PROPERTY AND EQUIPMENT		
Software and Equipment	2,739,915	2,311,313
Office Furniture and Fixtures	718,535	402,362
Leasehold Improvements	1,911,151	615,758
Software in Development	483,376	187,847
Total Property and Equipment	5,852,977	3,517,280
Less: Accumulated Depreciation and Amortization	(1,956,522)	(2,188,983)
Property and Equipment, Net	3,896,455	1,328,297
Total Assets	\$ 27,612,690	\$ 27,650,200
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 773,233	\$ 936,151
Accrued Expenses	845,582	793,142
Deferred Revenue	9,660,536	11,984,094
Accrued Rent	1,433,322	121,414
Total Current Liabilities	12,712,673	13,834,801
NET ASSETS		
Without Donor Restrictions	14,900,017	13,815,399
Total Liabilities and Net Assets	\$ 27,612,690	\$ 27,650,200

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, 2019 AND 2018

	2019	2018
OPERATING REVENUES		
Business Education Alliance - Member Dues and Other	\$ 5,691,097	\$ 5,538,604
Quality Assurance and Quality Improvement - Fees and Other	8,584,652	8,173,462
Business Education Intelligence - BizEd Advertising, Research Support	567,691	612,500
Advocacy and Awareness - Advertising and Other	24,337	20,693
Learning and Development - Registration Fees	6,442,489	6,065,144
Learning and Development - Sponsorships and Exhibits	1,238,140	1,218,485
Total Operating Revenues	<u>22,548,406</u>	<u>21,628,888</u>
DIRECT EXPENSES		
Business Education Alliance	333,565	316,142
Quality Assurance and Quality Improvement	745,840	720,767
Business Education Intelligence - BizEd Production, Data, Research	660,151	676,226
Advocacy and Awareness	921,733	1,224,385
Learning and Development	2,889,659	3,022,796
Total Direct Expenses	<u>5,550,948</u>	<u>5,960,316</u>
PERSONNEL	11,477,302	11,394,669
GOVERNANCE	551,789	682,756
INFORMATION TECHNOLOGY	1,974,760	1,911,650
FACILITY OPERATIONS	1,192,268	949,348
PROPERTY AND CASUALTY INSURANCE	101,169	102,382
BANKING AND INVESTMENT SERVICES	321,065	322,110
DEPRECIATION AND AMORTIZATION	477,787	436,234
LEGAL AND AUDIT	111,235	134,586
ALL OTHER SUPPORT SERVICES	683,007	855,431
Total Operating Expenses	<u>22,441,330</u>	<u>22,749,482</u>
CHANGES IN NET ASSETS FROM OPERATIONS	107,076	(1,120,594)
OTHER CHANGES		
Investment Return, Net	977,542	1,081,882
CHANGES IN NET ASSETS	1,084,618	(38,712)
Net Assets – Beginning of Year	<u>13,815,399</u>	<u>13,854,111</u>
NET ASSETS – END OF YEAR	<u>\$ 14,900,017</u>	<u>\$ 13,815,399</u>

See accompanying Notes to Consolidated Financial Statements.

AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	PROGRAM SERVICES					SUPPORT SERVICES		Total Expenses 2019	Total Expenses 2018
	Business Education Alliance	Quality Assurance and Quality Improvement	Business Education Intelligence	Advocacy and Awareness	Learning and Development	Total Program Services	General and Administrative		
Salaries and Benefits	\$ 1,422,079	\$ 2,548,468	\$ 1,169,818	\$ 936,426	\$ 2,015,892	\$ 8,092,683	\$ 3,384,619	\$ 11,477,302	\$ 11,394,669
Advertising and Promotion	15,526	28,000	14,591	830,264	90,997	979,378	-	979,378	1,215,639
Meetings and Events	61,781	374,353	-	-	2,434,692	2,870,826	458,740	3,329,566	3,351,451
Travel	201,712	303,807	51,146	47,491	348,972	953,128	101,548	1,054,676	1,295,714
Professional Services	177,148	248,285	681,356	108,870	365,494	1,581,153	149,316	1,730,469	1,878,417
Occupancy	151,985	205,961	121,825	105,580	259,939	845,290	346,978	1,192,268	949,348
Information Technology	140,173	399,260	378,803	271,359	440,480	1,630,075	344,685	1,974,760	1,911,650
Depreciation and Amortization	53,721	85,380	52,974	50,607	99,948	342,630	135,157	477,787	436,234
Loss on Asset Disposal	2,691	5,719	4,037	3,700	7,064	23,211	10,429	33,640	-
Miscellaneous	34,705	46,021	16,342	5,014	79,360	181,442	10,042	191,484	316,360
Total Expenses	<u>\$ 2,261,521</u>	<u>\$ 4,245,254</u>	<u>\$ 2,490,892</u>	<u>\$ 2,359,311</u>	<u>\$ 6,142,838</u>	<u>\$ 17,499,816</u>	<u>\$ 4,941,514</u>	<u>\$ 22,441,330</u>	<u>\$ 22,749,482</u>

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, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 1,084,618	\$ (38,712)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Bad Debt Expense	14	-
Depreciation and Amortization	477,787	436,234
Loss on Asset Disposal	33,640	-
Realized and Unrealized Gains on Investments, Net	(679,531)	(708,231)
(Increase) Decrease in:		
Accounts Receivable	24,861	8,806
Prepaid Expenses and Other Assets	(26,341)	163,818
Increase (Decrease) in:		
Accounts Payable	(162,918)	(391,703)
Accrued Expenses	52,440	110,019
Deferred Revenue	(2,323,558)	2,320,593
Accrued Rent	87,382	-
Net Cash Provided (Used) by Operating Activities	<u>(1,431,606)</u>	<u>1,900,824</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(1,855,059)	(814,482)
Purchases of Investments	(9,843,042)	(28,380,249)
Proceeds from Disposition of Investments	<u>7,012,531</u>	<u>27,983,381</u>
Net Cash Used by Investing Activities	<u>(4,685,570)</u>	<u>(1,211,350)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,117,176)	689,474
Cash and Cash Equivalents – Beginning of Year	<u>7,465,924</u>	<u>6,776,450</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 1,348,748</u>	<u>\$ 7,465,924</u>
SUPPLEMENTAL INFORMATION		
Cash Paid for Interest	<u>\$ 17,129</u>	<u>\$ -</u>
NONCASH INVESTING AND FINANCING ACTIVITIES		
Capitalized Tenant Improvement Allowance	<u>\$ 1,224,526</u>	<u>\$ -</u>

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, 2019 AND 2018

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 maintains three global office locations: the Americas headquarters in Tampa, Florida, USA; the Asia Pacific headquarters in Singapore; and the Europe, Middle East, and Africa headquarters in Amsterdam, The Netherlands. 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. All three offices are staffed with individuals that primarily provide support and service to AACSB members in a) the Americas, b) Asia Pacific (AP) and c) the Europe, 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, 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 net assets without donor restrictions.

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.

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

AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$38,000 and \$43,000 as of June 30, 2019 and 2018, respectively.

Prepaid Expenses and Other Assets

Prepaid expenses consist of amounts paid in advance for expenses related to events that have not yet taken place and other operating costs. This policy allows for the proper matching of expenses and the related revenues. The expenses are recognized in the consolidated statements of activities upon completion of each scheduled event or the Organization incurring operating costs.

Investments and Investment Return

Investments in equity securities with readily determinable fair values and all investments in fixed income securities are reported at fair value with unrealized gains and losses included in the statement of activities.

Alternative investments, such as private equity and hedge funds consist primarily of investments that are not readily marketable. Investments in this category are valued utilizing net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values. Because these alternative investments are not readily marketable, their estimated fair value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material. The investments that are measured at fair value using NAV per share as practical expedient are not classified in the fair value hierarchy.

Investment return, net is composed of interest, dividends, realized gains and losses, and unrealized gains and losses on investments and related investment expense.

Nonoperating Income

Investment return is considered nonoperating income and is 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.

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.

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.

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.

AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

AACSB records property and equipment additions over \$15,000 at cost with an estimated useful life of three years or more. 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 which are amortized over the shorter of their lease term 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:

Software and Equipment	3 to 5 Years
Office Furniture and Fixtures	3 to 7 Years
Leasehold Improvements	3 to 12 Years

In accordance with Financial Accounting Standards Board Accounting Standards Codification 985-10, *Not-for-Profit Entities Software*, the Organization capitalizes the direct costs associated with the development of software products. Initial costs are charged to operations as research prior to the development of a detailed program design or a working model. Costs incurred subsequent to the product release, and research and development performed under contract are charged to operations.

Depreciation and amortization expense totaled approximately \$478,000 and \$436,000 during the years ended June 30, 2019 and 2018, respectively.

Revenue Recognition and Deferred Revenue

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 dues and fees that have been billed and collected as of current year-end are reported in deferred revenue. Revenues from registration fees, sponsorships and exhibits are recognized in the period the event occurs.

Functional Allocation of Expenses

The consolidated statement of functional expenses reports certain categories of expenses that are attributable to one or more key areas of the Organization. Salaries and related payroll expenses are recorded based on the key area supported. Occupancy and depreciation of leasehold improvements are based on the square footage associated with staffing in each key area supported. The allocation of information technology and other general and administrative expenses are based on full-time equivalents for each key area. Distribution of other expenses is based on actual usage or management's estimate of usage applicable to the various program and supporting services benefited.

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, 2019.

AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Standard

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented and did not require any net asset reclassifications, with the exception of the liquidity and availability note.

Reclassifications

Certain reclassifications have been made to the 2018 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 evaluated subsequent events through September 17, 2019, the date the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization has the following financial assets available within one year of the financial position date:

Cash and Cash Equivalents	\$ 1,348,748
Accounts Receivable, Net	167,517
Investments	<u>21,615,347</u>
Total	<u>\$ 23,131,612</u>

None of the assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the financial position date. As more fully described in Note 8, the Organization also has a committed liquidity access line in the amount of \$5,000,000, which it could draw upon in the event of an anticipated liquidity need.

NOTE 3 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, 2019 AND 2018

NOTE 4 FAIR VALUE MEASUREMENTS

The fair values of assets measured on a recurring basis are as follows at June 30:

	2019				
	Fair Value	Level 1	Level 2	Level 3	Measured at NAV
Investments:					
Cash and Cash Equivalents	\$ 433,137	\$ 433,137	\$ -	\$ -	\$ -
Equity Securities	14,129,967	14,129,967	-	-	-
Fixed Income Securities	5,921,792	-	5,921,792	-	-
Alternative Investments	1,130,451	-	-	-	1,130,451
Total Investments	\$21,615,347	\$14,563,104	\$5,921,792	\$ -	\$1,130,451
	2018				
	Fair Value	Level 1	Level 2	Level 3	Measured at NAV
Investments:					
Cash and Cash Equivalents	\$ 711,879	\$ 711,879	\$ -	\$ -	\$ -
Equity Securities	10,337,676	10,337,676	-	-	-
Fixed Income Securities	7,055,750	19,363	7,036,387	-	-
Total Investments	\$18,105,305	\$11,068,918	\$7,036,387	\$ -	\$ -

Investment return for the years ended June 30, are summarized as follows:

	2019	2018
Investment Return, Net:		
Interest and Dividend Income	\$ 408,873	\$ 439,124
Net Realized Gain (Loss) on Investments	(126,390)	447,990
Net Unrealized Gain on Investments	805,921	260,241
Investment Expense	(110,862)	(65,473)
Total	\$ 977,542	\$ 1,081,882

NOTE 5 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 Internal Revenue Service per year. AACSB contributes double the employee's contribution up to 5% of their base salary. Pension plan expense for the years ended June 30, 2019 and 2018, totaled approximately \$608,000 and \$647,000, respectively. Upon retirement, TIAA participants have options for payment of their vested benefits.

NOTE 6 MANAGEMENT AND GENERAL AND PROGRAM EXPENSES

For the years ended June 30, 2019 and 2018, total expenses were \$22,441,330 and \$22,749,482, respectively. Of these totals, direct program expenses and program support personnel costs were \$17,499,816 and \$17,414,777, respectively. Program expenses include costs to service membership, manage the accreditation process, support innovative research, promote AACSB and advocate for AACSB accreditation, and deliver professional development programs to a global audience. General, administrative, and overhead expenses, including applicable G&A personnel costs, totaled \$4,941,514 and \$5,334,705, respectively. 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, 2019 AND 2018

NOTE 7 COMMITMENTS

Operating Leases

AACSB leases office space in Tampa, Singapore and Amsterdam under separate noncancellable operating leases, which expire through 2030. AACSB also leases certain office equipment under noncancellable operating leases through 2021. Minimum monthly rentals range from approximately \$350 to \$75,000.

Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2020	\$ 1,019,063
2021	1,075,238
2022	1,019,449
2023	987,276
2024	860,175
Thereafter	5,537,159
Total	<u>\$ 10,498,360</u>

Rent expense for the years ended June 30, 2019 and 2018, totaled approximately \$1,154,000 and \$915,000, respectively.

Event and Service Commitments

As of June 30, 2019, AACSB has signed agreements with various hotels and other venues totaling approximately \$1,070,000 over the next three years, representing commitments for meeting space, food, and beverages for events.

The Organization has entered into brand awareness, various software, and supporting service commitments totaling approximately \$1,232,000 over the next five years.

NOTE 8 LIQUIDITY ACCESS LINE

In October 2018, AACSB entered into an agreement for a secured liquidity access line of credit with a financial institution in the amount of \$5,000,000. Interest is due monthly at a variable rate equal to 1 Month LIBOR + 1.75% (4.15% as of June 20, 2019). The line is secured by AACSB investments held under custody of the lender and due on demand. There was no balance on the line as of June 30, 2019.

NOTE 9 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.

AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NET CONTRIBUTION BY KEY AREA
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Business Education Alliance	Quality Assurance and Quality Improvement	Business Education Intelligence	Advocacy and Awareness	Learning and Development	Enablers	Total
Member Dues and Other	\$ 5,526,725	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,526,725
QA and QI Fees and Other	-	8,584,150	-	-	-	-	8,584,150
Advertising and Other	107,637	-	540,649	23,350	-	-	671,636
Learning and Development Fees	-	-	-	-	6,442,657	-	6,442,657
Sponsorships and Exhibits	-	-	-	-	1,238,140	-	1,238,140
Other Revenue	56,735	502	27,042	987	(168)	-	85,098
Total Revenues	<u>5,691,097</u>	<u>8,584,652</u>	<u>567,691</u>	<u>24,337</u>	<u>7,680,629</u>	<u>-</u>	<u>22,548,406</u>
Total Program Expenses	333,565	745,840	660,151	921,733	2,889,659	-	5,550,948
Total Personnel by Key Area	1,135,581	2,265,379	1,117,583	1,150,121	1,654,609	4,154,029	11,477,302
Gross Margin	<u>4,221,951</u>	<u>5,573,433</u>	<u>(1,210,043)</u>	<u>(2,047,517)</u>	<u>3,136,361</u>	<u>(4,154,029)</u>	<u>5,520,156</u>
Enablers	<u>505,877</u>	<u>882,946</u>	<u>521,131</u>	<u>497,402</u>	<u>1,198,536</u>	<u>1,807,188</u>	<u>5,413,080</u>
Net Contribution by Key Area	<u>\$ 3,716,074</u>	<u>\$ 4,690,487</u>	<u>\$ (1,731,174)</u>	<u>\$ (2,544,919)</u>	<u>\$ 1,937,824</u>	<u>\$ (5,961,216)</u>	<u>\$ 107,076</u>

Program expenses and personnel by key area represent only the direct costs to support the key area.

Enablers include:

All expenses for the governance infrastructure, technology, facilities, equipment, depreciation, insurance, investment services, banking and processing, legal, audit, strategic alliances such as The PhD Project, and staffing for overall organization administration.



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