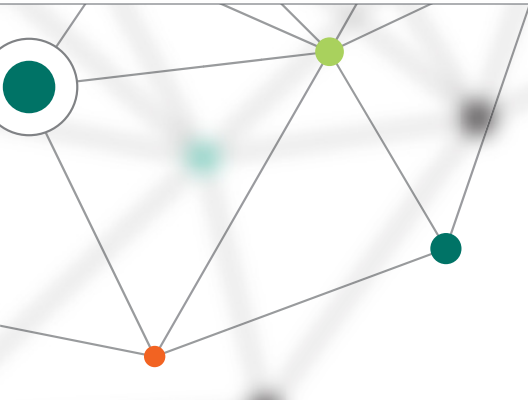


2021 ANNUAL REPORT



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“In a year of unprecedented change, you’ve innovated and created new ways of learning and leading. But you didn’t do it alone—we navigated uncharted territory and worked together to reinforce the strength of our mission, vision, and values, ensuring the sustainability of AACSB now and in the future.”

LETTER FROM THE BOARD CHAIR

In my letter to you as incoming board chair in last year’s annual report, we were only beginning to witness the pandemic’s effects on higher education. In that letter, I emphasized that going forward, business schools would be different than they were in the past, and that they’d have the potential to be more adaptable to disruption, more relevant to a constantly changing business world, and more impactful to communities worldwide.

How true those words turned out to be! I’d like to congratulate you all on demonstrating agility in the face of disruption and the positive impact you’ve had on the students, faculty, staff, stakeholders, and communities you serve. In a year of unprecedented change, you’ve innovated and created new ways of learning and leading. But you didn’t do it alone—we navigated uncharted territory and worked together to reinforce the strength of our mission, vision, and values, ensuring the sustainability of AACSB now and in the future. Indeed, we are different than we were in the past, but we are also more innovative, creative, and committed to our roles than ever before.

Our connections offered us opportunities to explore diverse perspectives and develop the insight that would carry us forward. We expanded our global reach and increased member value by broadening our portfolio of learning and development opportunities and growing membership to the Business Education Alliance. I’m also very proud of the tremendous work that was done to reimagine and launch the 2020 business accreditation standards, which included a totally redesigned volunteer training program supporting hundreds of volunteers and mentors.

Strategic planning looked very different this year, given the uncertainty in nearly every aspect of our industry. Remaining agile, AACSB developed a new strategic plan to guide the organization on strategic priorities, actions, and resource allocation. Driving member value is the core philosophy behind the strategic plan, which was built on the three pillars of purpose, people, and process.

We also continued our advocacy efforts by communicating AACSB’s values through “Connected for Better,” which promoted business schools as a force for good in society. This work continues today, and I encourage you to keep telling your stories about how your business school is making a lasting impact on the local, regional, and global communities it serves. We also advocated on some of the most pressing issues facing business education, including equality, social justice, and immigration—especially regarding faculty and student mobility. AACSB’s voice is being heard across the business education community and beyond.

During my time as board chair, I’ve had the incredible opportunity to connect with colleagues from around the world. Our virtual environment brought us closer together and helped to establish trust among our peers. I’m proud and honored to be part of this community. Thank you for your commitment and dedication to business education, and I look forward to what this new year will bring.

Linda U. Hadley

2020–21 Chair

AACSB International Board of Directors



“Exciting things are on the horizon as AACSB strives to increase accredited member value; develop new products, markets, and strategic alliances; and leverage technology to become the recognized industry expert for business education.”

LETTER FROM THE CEO

Agility. Creativity. Perseverance. Patience. These are traits we all possess as leaders, but this past year called upon each of us to demonstrate them in ways we never expected. The lessons we’ve learned have forever changed the way we listen, lead, and lift each other up to transform business education globally for positive societal impact.

This year, I’ve interacted with hundreds of business education leaders from around the world, and one thing we all had in common was that we had to change—rapidly. The pandemic completely upended our notion of “normal,” permanently altering the construct of education and setting in motion the possibility that things can be different, perhaps even better, than before. But the change we are experiencing is a marathon, not a sprint, and we are all contributing to a long-term effort to reshape education, to meet the demands of a new workforce, and to address issues facing our global society.

I am particularly proud of the effort our volunteers put forth to support AACSB’s mission, as well as each other. The launch of the 2020 business accreditation standards in our virtual environment represented a shift in our processes, and our volunteers, committee members, and peer review team members made an extraordinary effort to ensure they created a consultative and supportive environment during the initial accreditation and continuous improvement review visits.

This year also marked a turning point in the global conversation about diversity and inclusion, and the responsibility we all have in making a positive impact in society. Diversity and inclusion are among AACSB’s

core values and are critical to the new accreditation standards, reflecting our commitment to ensuring broader access, representation, and opportunity in business schools and their communities. Work toward diversity and inclusion is a journey, not an endpoint, and we continue to listen and learn, and to uncover opportunities for improvement within business schools and in the global business environment.

Exciting things are on the horizon as AACSB strives to increase accredited member value; develop new products, markets, and strategic alliances; and leverage technology to become the recognized industry expert in business education. I encourage you to stay connected with AACSB as we develop resources to guide your business school. Our new Trend Report series will continue to offer data most important to deans; a state of business education report (launching in April 2022) will focus on key issues and opportunities for business schools; and a state of accreditation report (launching in September 2022) will provide a robust look at the 2020 business accreditation standards in action.

My first year as CEO at AACSB has been an adventure, and I’m looking forward to what we can accomplish together in the year ahead. Let’s navigate change together and embrace the fact that disruption gave us a chance to challenge what was, so we can now lead the way to what can be.

Caryn Beck-Dudley

President and Chief Executive Officer
AACSB International



“The pandemic brought on a renaissance for higher education, and we have a unique opportunity to capitalize on this momentum to not only expand access to high-quality business education but also discuss ways to promote and prioritize diversity and inclusion among our schools and businesses.”

LETTER FROM THE INCOMING CHAIR

A few years ago, I shared one of my favorite Chinese proverbs with visitors to the Asian Institute of Management’s (AIM) website:

**If you are planning for a year, sow rice;
if you are planning for a decade, plant trees;
if you are planning for a lifetime, educate people.**

Like all of you, our school takes pride in educating business leaders from around the world, empowering learners to find their purpose and emerge as resourceful, compassionate leaders committed to making a positive impact on society. As president and dean of AIM, AACSB’s incoming board chair, and a passionate educator, it is personally and professionally important to me that we all champion the principles of social responsibility and ethical governance in business education.

This is a pivotal time for business education and AACSB. Nearly every aspect of our world has shifted, and we find ourselves making decisions much differently than we did in the past. Our perspectives have changed, and our priorities have realigned. The way we serve our stakeholders has evolved to meet their needs, on their terms. The pandemic brought on a renaissance for higher education, and we have a unique opportunity to capitalize on this momentum to not only expand access to high-quality business education but also discuss ways to promote and prioritize diversity and inclusion among our schools and businesses.

The workforce, as we knew it a year ago, has been forever changed. It’s now up to us to understand the new talent needs of business, to be agile in our teaching methodologies, and to prepare our graduates for the new business ecosystem. Each day, employers are identifying new skill sets critical for leadership, collaboration, and financial success. But do we know with certainty what

those skill sets are? More and more, business leaders look to certifications and stackable credentials to address skills gaps among employees. We believe we can meet the needs of lifelong learners by emphasizing the complementary value of a business degree with certifications and stackable credentials. It does not have to be a “this or that” decision for schools or learners; rather, it can be a degree “and” microcredentials. In other words, we should be able to give flexible and agile options.

I am excited about many things in the year ahead, particularly my continued collaboration with Caryn and the AACSB board, as well as with the Innovation Committee and our efforts to identify and explore the most pressing issues—and opportunities—facing business education today. AACSB and the entire Business Education Alliance have a responsibility to address and influence the way business education approaches matters of diversity and inclusion, and I look forward to an open and constructive dialogue that leads to impactful change. We remain committed to understanding member needs and developing the tools and resources to support those needs, while also staying agile and embracing different ways of thinking.

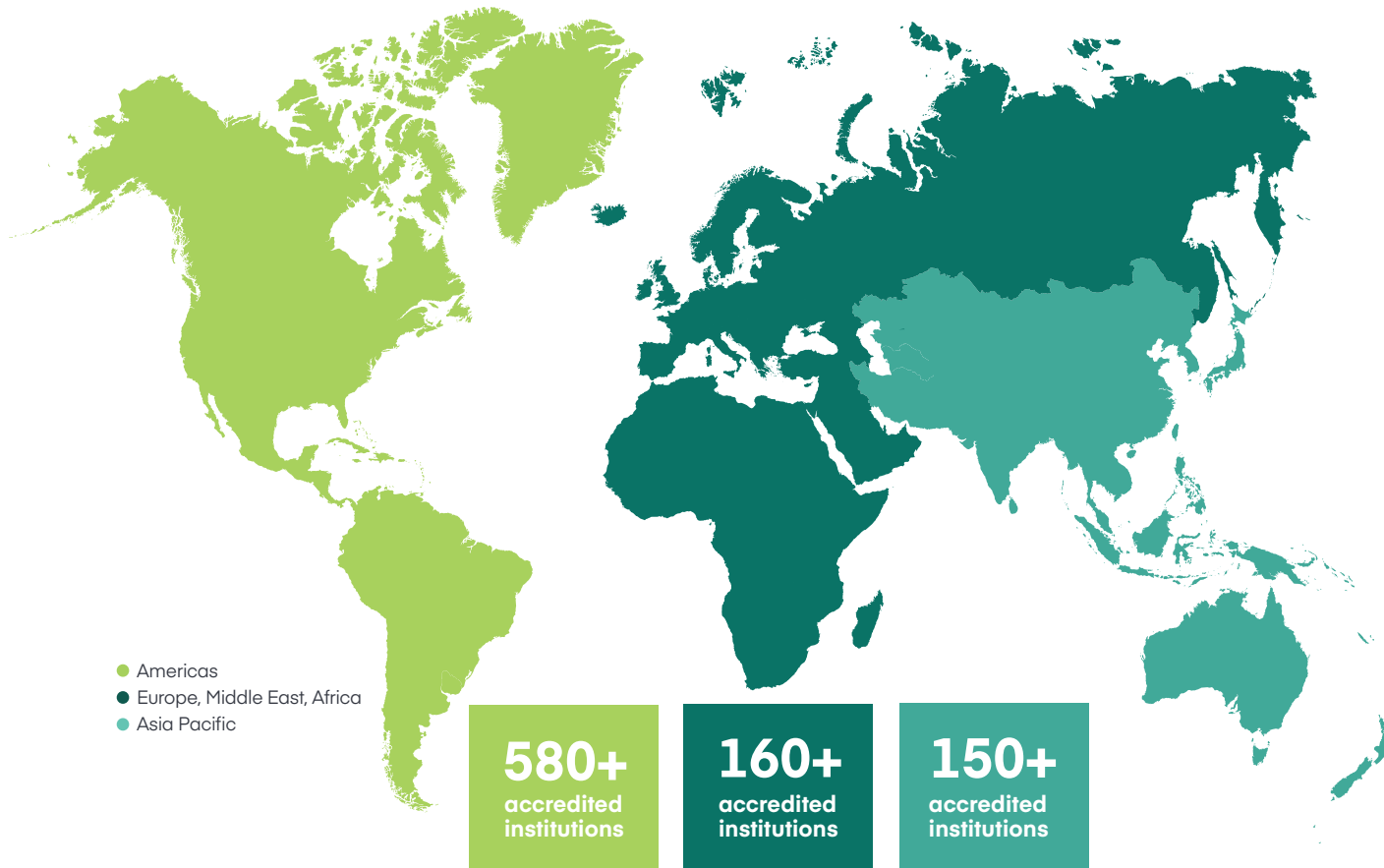
AACSB’s true strength is rooted in our diverse global membership, coupled with our ability to connect anytime, anywhere. We are stronger than ever before, more creative than we ever imagined, and our commonalities far outweigh our perceived differences. When we remain open to new ideas and steadfast in our commitment to transform business education, we can positively impact society for a lifetime.

Jikyeong Kang

2020-21 Vice Chair-Chair Elect
AACSB International Board of Directors

AACSB AT A GLANCE

OUR NETWORK, CONNECTED.



1,700+
 member organizations in
100+
 countries and territories

1,400+
 volunteers in
55+
 countries and territories

900+
 accredited schools in
50+
 countries and territories

OUR PRESENCE, AROUND THE WORLD.

- 3** GLOBAL OFFICES
- 70+** STAFF MEMBERS
- 20+** LANGUAGES SPOKEN
- 150+** LEARNING AND DEVELOPMENT OPPORTUNITIES ANNUALLY



MISSION

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



VISION

Transforming business education globally for positive societal impact.



VALUES

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

DELIVERING VALUE TO THE **BUSINESS EDUCATION ALLIANCE**



Connections.

Whether virtual or in person, AACSB is built on, thrives on, and leads through the connections we create in our collective commitment to deliver the best in business education worldwide. In a time of unprecedented change, the agility and resiliency of the entire Business Education Alliance has forged new pathways for sharing, learning, collaborating, and growing together. AACSB's membership is stronger than ever and continues to benefit from the engagement that supports business school success:



BUILDING RELATIONSHIPS

Members were more connected than ever before. The business education landscape underwent significant transformation, but meaningful member engagement provided the necessary support to navigate the changing educational landscape.

40
learning
communities
were active on
the AACSB
Exchange

79
new member
schools from
37
different
countries and
territories
joined AACSB

39
new business
members
joined AACSB
from
13
different
industries



LEARNING AND PROFESSIONAL DEVELOPMENT

AACSB's virtual environment flourished with new and enhanced learning opportunities covering a wide range of topics.

over
125
events
were held,
supporting
thousands of
members
around the
world

over
400
speakers and
facilitators
shared their
expertise and
insights through
conferences,
seminars, digital
learning events,
and meetups



VOLUNTEER LEADERSHIP

As a member-driven organization, **AACSB is proud of the continued dedication and passion that volunteers contribute** year over year. Rooted in service and nurtured by mentorship, each school's unique needs can be addressed no matter where they are in their quality improvement journey.

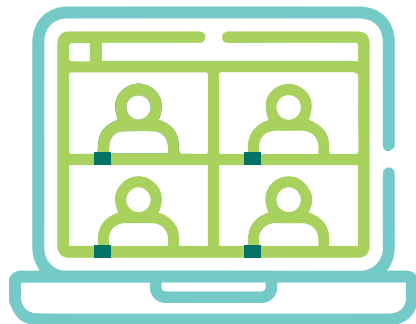
over
1,400
volunteers
committed their
time and talents
to support the
Business
Education
Alliance

over
500
volunteers
provided
consultation
and support as
members of
peer review
teams

DELIVERING VALUE TO THE BUSINESS EDUCATION ALLIANCE

2020 BUSINESS ACCREDITATION STANDARDS

The launch of the 2020 business accreditation standards was a significant moment for AACSB, and the impacts of the pandemic meant that nearly all peer review team visits would be conducted virtually. This incredible task was undertaken by peer review team members with agility and grace.



222

virtual peer review team visits (overall)

30

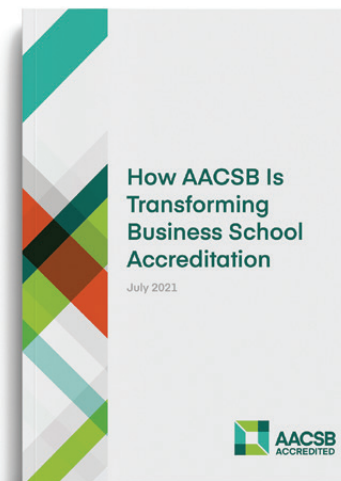
virtual initial accreditation visits

192

virtual continuous improvement review visits

HOW AACSB IS TRANSFORMING BUSINESS SCHOOL ACCREDITATION

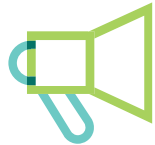
Developed at the end of the fiscal year, AACSB's newest white paper provides an overview of how AACSB accreditation has adapted over the years to the changing landscape of business education. The paper identifies four key contributions made by the 2020 accreditation standards and addresses important changes to accreditation processes and volunteer training.



“We are so fortunate to have had the team that we had. All three reviewers came with the best interest of our growth and development in mind. They were genuine, caring, encouraging, yet also thorough in their review. They left the college feeling optimistic about our future, feeling energized to find solutions to the challenges we face, and feeling appreciated for the work that they are doing and its importance to our mission.”

—Representative from a recently reviewed school

DELIVERING VALUE TO THE **BUSINESS EDUCATION ALLIANCE**



ADVOCACY IN BUSINESS EDUCATION

As the foremost voice in business education, AACSB is committed to leading conversations on important topics including:

- Emerging trends impacting business and education
- Societal impact
- Diversity and inclusion
- The value of business education and AACSB accreditation
- Business school leadership and operations

AACSB provides consistent messaging to learners, educators, and business professionals globally about the value of business education and the importance of AACSB accreditation to lifelong learning and the future of work.

AACSB was featured in the media **more than 6,000 times**, including global outlets and syndicated references.

INFORMING AND SUPPORTING DECISION-MAKING

When research, data, and thought leadership combine, members are empowered to make decisions that support their missions and help them make an impact on the communities and stakeholders they serve.

AACSB produced survey reports, research briefings, and hundreds of articles this past year, sharing these insights with our global membership and beyond. We helped thousands of members access our DataDirect platform, to further customize data to their needs.



Mapping the Global Landscape of Business Doctoral Programs

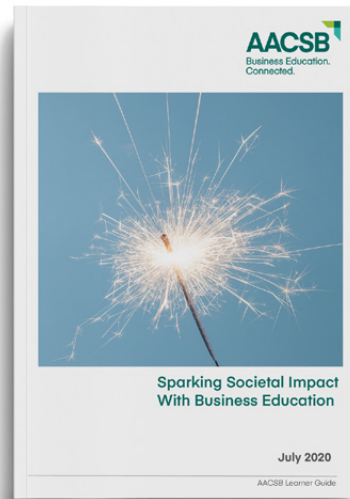
AACSB and the European Doctoral Programmes Association in Management and Business Administration came together to learn more about the global landscape of business doctoral programs, including the defining characteristics, points of variability, unique challenges and opportunities, and what might be next in terms of innovation.

FEATURE: **CONNECTED FOR BETTER**

AACSB is a global force of educators, businesses, and learners driven to create change through positive societal impact. Business schools play an essential role in this dynamic by connecting disciplines and schools within institutions and building strong relationships with the community and business.



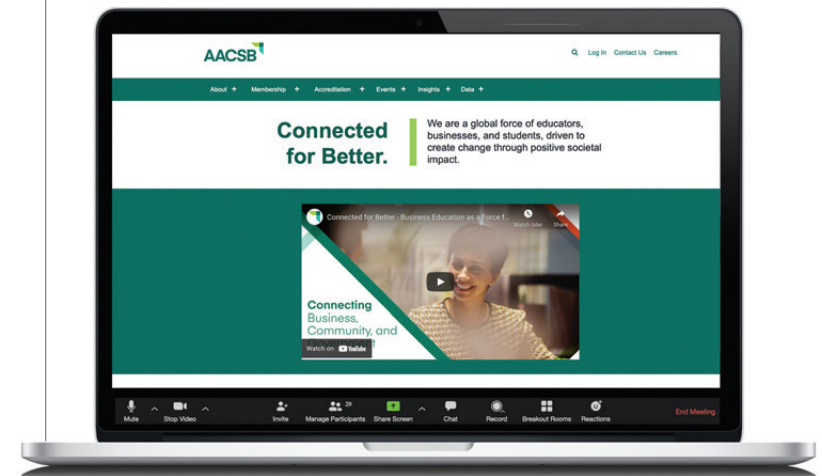
AACSB's report features the five areas where business schools are creating a positive societal impact. Released in July 2020, it has been **read by nearly 6,000 individuals** in education and industry.



AACSB's learner guide was **read by over 15,000 learners** driven to discover their path to becoming a change-maker through business education.

The "Connected for Better" campaign was launched in August 2020 to promote the AACSB accreditation standards and business schools as a force for good in society. The campaign provided significant brand exposure with over 14 million video views on social media. Societal impact was also the focus of the Influential Leaders and Innovations That Inspire member recognition programs.

aacsb.edu/societal-impact



YEAR IN REVIEW:

IMPACTS OF THE PANDEMIC ON BUSINESS EDUCATION

TECHNOLOGY, OUR GREATEST TEACHER

The biggest pandemic-driven shift in education was the immediate transition to online teaching and learning, which tested the adaptability of learners, educators, and business schools. At first, the transition satisfied the need for educational continuity, but the landscape has been permanently changed, and learners will demand some component of remote learning going forward. More questions will arise as to the efficacy of online learning platforms, the role of faculty in the classroom, and the value of experiential education in preparation for a workforce that also looks drastically different.



COLLABORATION AND EXPLORATION

Based on activity we observed on the AACSB Exchange, best practices shared in *Insights* articles, and Innovations That Inspire submissions, we saw first-hand the importance and value of collaboration. Global business school leaders were more connected than ever before, thanks to the ubiquitous role technology has played and the new challenges facing education. Leaders were called on to solve new problems and define a new reality—and reached out to each other for insight, support, and guidance. Not only was there greater collaboration among business schools, but there was also increased development of cross-disciplinary programs, more exploration around the efficacy of experiential learning, and better connection with the business community.

TRENDS TO WATCH

The impacts of the pandemic are still being revealed, yet three key trends have emerged:

1. Learners and employers are demanding a greater selection of educational formats and delivery options.
2. The global landscape for learner recruitment and retention is increasingly competitive.
3. Employers are casting a critical eye on learner readiness as new graduates enter the market, while striving to ensure current employees remain skilled and agile leaders.



The Rise of the Lifelong Learner

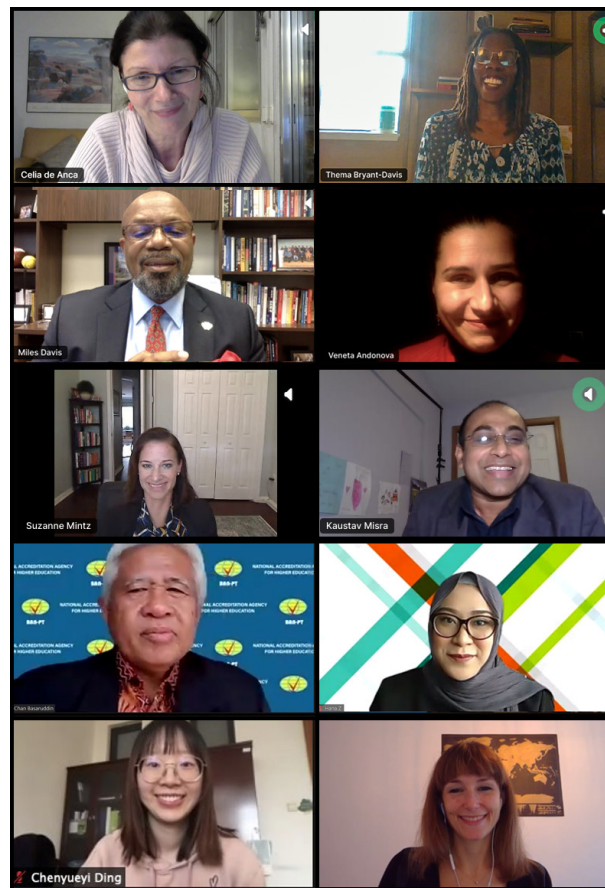
The pandemic sent a significant ripple effect through every industry, including changes in organizational strategy and direction, leaving many people seeking education to enhance or support their evolving careers. *Forbes*, *Poets&Quants*, and *The Wall Street Journal* have reported increases in application submissions as lifelong learners seek new skill sets to support them in their current role, help them perform better in a newly assigned role, or prepare them for a different career or industry.

Business schools have a tremendous opportunity to re-evaluate the broader competitive educational environment and better understand the criteria most important to learners. Microcredentials are a rising star among the array of educational options for upskilling, as well as a complement to traditional degree programs, and will continue to be a topic of discussion at the forefront of business education.

YEAR IN REVIEW: CONNECTED THROUGH DIVERSITY

AACSB's core values of diversity and inclusion call on members, volunteer leaders, and staff to model diverse and inclusive communities of work and learning, and to continue to push for the achievement of full participation and belonging within business education, business, and society. The past year revealed there is still much work to be done to address the systemic challenges across all facets of diversity, and business schools are uniquely positioned to directly impact the business leadership pipeline. All learners are inspired by diverse programs, faculty, leaders, and curriculum, and it is incumbent upon business schools to create welcoming environments that promote diversity, equity, inclusion, and belonging.

Aligning with these core values, AACSB established a new organizational structure to better serve its global members. Along with the leadership of the chief global membership officer and managing director based in AACSB's Singapore office, the Business Education Alliance will be supported by regional heads in the Americas; Europe, the Middle East, and Africa; and Asia Pacific. This structure champions AACSB's global strategy and offers additional personalized touchpoints with its members.



In the **2020** standards, diversity and inclusion ideals are embedded in **6 out of 9 standards.**

THE
PhD
PROJECT



The PhD Project was founded on the premise that advancements in workplace diversity could be propelled forward by increasing the diversity of business school faculty. Today, The PhD Project's expansive network of supporters helps Black Americans, Latinx Americans, and Native Americans attain their business doctorate and become the professors who will mentor the next generation of leaders.

Since its inception in 1994, The PhD Project has helped increase the number of doctoral-qualified business professors from these underrepresented groups from 294 to more than 1,800 today—1,380 of whom are currently teaching in U.S. colleges and universities. Nearly 300 Black/African Americans, Latinx/Hispanic Americans, and Native Americans are currently enrolled in doctoral programs and will take their place at the front of the classroom over the next few years.

AACSB has been a proud supporter of The PhD Project since the beginning, partnering in shared learning and development programs, advocacy and awareness activities, networking events, and through governance, with AACSB's chief operating and financial officer, Neil Bosland, chairing The PhD Project's board of directors, and Caryn Beck-Dudley, AACSB's president and chief executive officer, serving on the board.

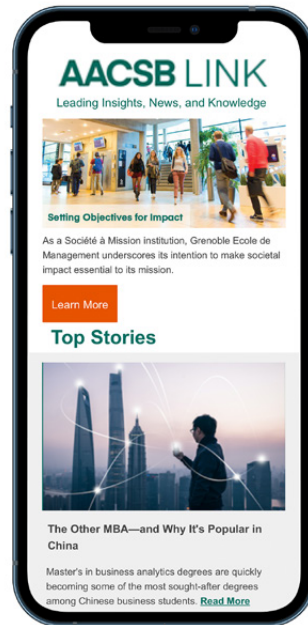


AACSB and The PhD Project continue to pursue more diverse representation in business school faculty so that the learning spaces of today and the workplaces of tomorrow can benefit from broader, more inclusive perspectives.

YEAR IN REVIEW: DEFINING THE NARRATIVE OF BUSINESS EDUCATION

As the leading voice in business education, AACSB guides the narrative of the industry and highlights the innovative and impactful work being done by business schools around the world. At the start of 2021, AACSB transitioned content featured in the award-winning *BizEd* magazine to a new digital experience, *AACSB Insights*, featuring perspectives from leading voices in global business education, the latest business school data and insights, and views on the current and future state of business.

AACSB LINK—Leading Insights, News, and Knowledge—is AACSB’s e-newsletter that delivers the newest, most relevant information in global business education. Toward the end of 2020, AACSB LINK transitioned from twice-monthly to weekly distribution, bringing subscribers even more timely, compelling, and useful business education content to engage with.



242

Insights articles
were published
in FY2020-21

AACSB ON THE GLOBAL STAGE



Members of AACSB’s executive team led or participated in over **90 presentations**, sharing **insight** and **expertise** about business education and accreditation to organizations around the world.



FROM REIMAGINATION TO REALITY: ADOPTION OF THE 2020 BUSINESS ACCREDITATION STANDARDS

In July of 2020 AACSB proudly released the newly reimagined business accreditation standards after nearly two years of collaborative development with members representing a diverse range of schools from around the world.

Calling for agility and innovation, the standards empower schools to deliver on their unique missions while positively impacting society. Over the course of the year, members, the media, and other key stakeholders were informed on vital changes to the standards, most notably:

- The standards are principles-based and outcomes-focused.
- The standards view diversity and inclusion through a global lens, empowering schools to have the most impact based on their unique circumstances.
- Societal impact is woven throughout the standards to ensure business school efforts are focused on making a difference.

FEEDBACK FROM THE FIELD: PILOT SCHOOLS FOR THE 2020 STANDARDS

Between January and May 2021, a total of 21 pilot schools were reviewed under the new accreditation standards. Schools that vary in size and mission, along with peer review teams, have offered overwhelmingly supportive feedback on the standards so far. Highlights include:

- Schools appreciate the **principles-based, outcomes-focused approach** of the standards.
- Peer review teams were **highly consultative and collaborative**.
- A **holistic approach** to visits allowed pilot schools to focus on expanded dimensions of quality.
- The standards provided a greater emphasis on **strategic planning** and its role in the business school.
- Schools have **committed to societal impact** as a key principle of business education.

BUSINESS ACCREDITATION UPDATE

In the spirit of continuous improvement, AACSB released its annual update to the 2020 Guiding Principles and Standards for Business Accreditation and Interpretive Guidance based on feedback from peer review teams, accreditation committees, deans, accounting program administrators, and other representatives from the business education community. AACSB also harmonized the accounting standards with the 2020 business standards to ensure congruence between the two sets of standards.



THE POWER OF RELATIONSHIPS

Facilitated collaborations with:



We are grateful to our sustaining and executive business members for their support of our programs and the industry insights they bring to our network.

Sustaining Members

ACADEM / RimaOne
AstrumU
Barco
Capsim Management Simulations, Inc.®
Educational Testing Service
Everspring
Graduate Management Admission Council™
KPMG
Peregrine Global Services
PricewaterhouseCoopers
TrueProfile.io
Wiley

Executive Business Members

Academic Search, Inc
ARMOUR Capital Management
Bisk Education
Cabell's International
Deloitte LLP
Dow Jones & Company/The Wall Street Journal
Ernst & Young Foundation LLP
QED: The Accreditation Experts
SAGE Publishing
Studyportals



AACSB

BOARD OF DIRECTORS
(year ended June 30, 2021)



Board Chair
Linda U. Hadley
 Columbus State University



Vice Chair-Chair Elect
Jikyeong Kang
 Asian Institute of Management



Immediate Past Chair
John A. Elliott
 University of Connecticut



President and Chief Executive Officer
Caryn L. Beck-Dudley
 AACSB International



Secretary-Treasurer
Sarah E. Nutter
 University of Oregon



McRae C. Banks
 The University of North Carolina at Greensboro



Luiz A. Brito
 Fundação Getulio Vargas - São Paulo



Deborah H. Caplan
 NextEra Energy, Inc.



Natalya Delcours
 Texas A&M University-Kingsville



Gerard George
 Singapore Management University



Tracey Golden
 Association of International Certified Professional Accountants (AICPA)
 American Institute of CPA's



Robert Helsley
 University of British Columbia



Alicia J. Jackson
 Albany State University



Idalene (Idie) Kesner
 Indiana University Bloomington/Indianapolis



Stefanie A. Lenway
 University of St. Thomas-Minnesota



Moez Limayem
University of South Florida



Ilian Mihov
INSEAD



Sergey Myasoedov
Institute of Business
Studies (IBS-Moscow)



François Ortalo-Magné
London Business School



Taylor Randall
University of Utah



Tanuja Singh
Loyola University
New Orleans



Karen Spens
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Economics



Joyce A. Strawser
Seton Hall University



Kar Yan Tam
The Hong Kong University
of Science and Technology



Alexander J. Triantis
Johns Hopkins
Carey Business School



Philip Vergauwen
Université Libre
de Bruxelles



Fan Wang
Sun Yat-sen University



Gregory J. Whitwell
The University of Sydney



Marilyn K. Wiley
University of North Texas



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, 2021 AND 2020

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

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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

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, 2021 and 2020, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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.



CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details.

Board of Directors
AACSB International - The Association to Advance Collegiate
Schools of Business, Inc. and Subsidiary
Page 2

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, 2021 and 2020, 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

Tampa, Florida
September 23, 2021

AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,306,635	\$ 1,611,529
Accounts Receivable, Net of Allowance	51,666	157,379
Prepaid Expenses and Other Assets, Current Portion	451,422	270,528
Investments	29,588,339	20,977,915
Total Current Assets	33,398,062	23,017,351
PROPERTY AND EQUIPMENT		
Software and Equipment	3,197,101	2,793,155
Office Furniture and Fixtures	721,195	721,195
Leasehold Improvements	1,919,443	1,919,443
Software in Development	338,075	2,700
Total Property and Equipment	6,175,814	5,436,493
Less: Accumulated Depreciation and Amortization	(2,708,025)	(2,016,909)
Property and Equipment, Net	3,467,789	3,419,584
OTHER ASSETS		
Prepaid Expenses and Other Assets, Net of Current Portion	153,650	304,860
Total Assets	\$ 37,019,501	\$ 26,741,795
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 586,993	\$ 393,707
Accrued Expenses	698,162	1,019,403
Other Liabilities	134,060	-
Deferred Revenue	11,737,371	9,067,557
Accrued Rent	1,400,068	1,451,119
Debt	1,368,890	1,356,097
Total Liabilities	15,925,544	13,287,883
NET ASSETS		
Without Donor Restrictions	21,093,957	13,453,912
Total Liabilities and Net Assets	\$ 37,019,501	\$ 26,741,795

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, 2021 AND 2020

	2021	2020
OPERATING REVENUES WITHOUT RESTRICTIONS		
Member Dues	\$ 5,706,675	\$ 5,668,370
Accreditation Fees	8,788,702	8,470,778
Learning and Development – Registration Fees	3,426,361	3,957,054
Sponsorships, Exhibits, and Advertising	548,205	678,884
Other Revenues	140,242	684,561
	18,610,185	19,459,647
EXPENSES		
Program Services	11,704,409	14,731,350
General and Administrative	5,290,968	6,566,938
Total Expenses	16,995,377	21,298,288
	1,614,808	(1,838,641)
CHANGES IN NET ASSETS FROM OPERATIONS		
OTHER REVENUES WITHOUT RESTRICTIONS		
Investment Return, Net	4,599,533	369,676
Pandemic Relief	1,425,704	22,860
Total Other Revenues Without Restrictions	6,025,237	392,536
	7,640,045	(1,446,105)
CHANGES IN NET ASSETS		
Net Assets – Beginning of Year	13,453,912	14,900,017
NET ASSETS – END OF YEAR	\$ 21,093,957	\$ 13,453,912

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, 2021

	Program Services	General and Administrative	Total Expenses
Salaries and Benefits	\$ 7,057,881	\$ 3,472,834	\$ 10,530,715
Advocacy and Awareness	-	425,115	425,115
Advertising and Promotion	-	93,607	93,607
Marketing	243,500	-	243,500
Meetings and Events	573,565	13,309	586,874
Travel	4,255	13,874	18,129
Professional Services	1,037,267	146,177	1,183,444
Occupancy	746,731	323,167	1,069,898
Information Technology	1,436,897	596,798	2,033,695
Depreciation and Amortization	548,888	192,940	741,828
Miscellaneous	55,425	13,147	68,572
Total Expenses	<u>\$ 11,704,409</u>	<u>\$ 5,290,968</u>	<u>\$ 16,995,377</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, 2020

	Program Services	General and Administrative	Total Expenses
Salaries and Benefits	\$ 7,709,090	\$ 4,317,016	\$ 12,026,106
Advocacy and Awareness	-	424,692	424,692
Advertising and Promotion	-	111,841	111,841
Marketing	315,821	-	315,821
Meetings and Events	1,683,979	352,484	2,036,463
Travel	713,888	49,058	762,946
Professional Services	1,412,704	164,700	1,577,404
Occupancy	762,772	350,793	1,113,565
Information Technology	1,468,336	534,495	2,002,831
Depreciation and Amortization	493,122	205,472	698,594
Loss on Asset Disposal	35,203	16,189	51,392
Miscellaneous	136,435	40,198	176,633
Total Expenses	<u>\$ 14,731,350</u>	<u>\$ 6,566,938</u>	<u>\$ 21,298,288</u>

**AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS**
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 7,640,045	\$ (1,446,105)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Bad Debt Recovery	(24,580)	-
Depreciation and Amortization	741,828	698,594
Loss on Asset Disposal	-	51,392
Realized and Unrealized Gains on Investments, Net	(4,300,559)	(16,206)
Forgiveness of Payroll Protection Program Loan	(1,356,097)	-
Accrued Rent	(51,051)	17,797
(Increase) Decrease in Assets:		
Accounts Receivable	130,293	10,138
Prepaid Expenses and Other Assets	(29,684)	9,235
Increase (Decrease) in Liabilities:		
Accounts Payable	193,286	(329,991)
Accrued Expenses	(321,241)	173,821
Other Liabilities	134,060	-
Deferred Revenue	2,669,814	(642,514)
Net Cash Provided (Used) by Operating Activities	<u>5,426,114</u>	<u>(1,473,839)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(790,033)	(273,115)
Purchases of Investments	(18,527,061)	(11,765,420)
Proceeds from Disposition of Investments	14,217,196	12,419,058
Net Cash Provided (Used) by Investing Activities	<u>(5,099,898)</u>	<u>380,523</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection Program Loan	1,368,890	1,356,097
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents – Beginning of Year	<u>1,611,529</u>	<u>1,348,748</u>
CASH AND CASH EQUIVALENTS – END OF YEAR		
	<u>\$ 3,306,635</u>	<u>\$ 1,611,529</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 1,601</u>	<u>\$ 9,101</u>
NONCASH FINANCING ACTIVITIES		
Forgiveness of Payroll Protection Program Loan	<u>\$ 1,356,097</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, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

AACSB International - The Association to Advance Collegiate Schools of Business, Inc. 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.

Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions, including restricted contributions whose restrictions are met in the same reporting period.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. The Organization has no net assets with donor restrictions at June 30, 2021 and 2020.

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.

AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Change in Accounting Estimate

During 2021, the Organization changed its functional method of allocating occupancy expenses from indirectly allocating expenses based on square footage to indirectly allocating expenses based on estimated time and effort of personnel. The Organization believes that the new methodology more accurately allocates its expenditures within the Consolidated Statement of Functional Expenses. The accounting change has not been applied retrospectively. There is no impact on the change in net assets as a result of this change in accounting estimate.

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 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 approximately \$12,000 and \$37,000 as of June 30, 2021 and 2020, 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 consolidated statements of activities.

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

Investment return, net is considered nonoperating income and is reported as other revenues 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

AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 for identical assets 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.

The Organization uses the 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 of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Property and Equipment

AACSB records property and equipment additions over \$15,000 and software over \$25,000 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 consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. Software in development is not amortized 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

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.

Revenue Recognition and Deferred Revenue

Program service fees include membership dues, accreditation fees, learning and development registration fees, sponsorships, exhibits, and advertising. Program service fees and related receivables are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to their program participants. Revenue is recognized as performance obligations are satisfied.

AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Membership Dues

Membership dues include annual memberships. Annual membership dues are renewed each fiscal year starting July 1 and are recognized in revenue evenly over the membership period. With membership dues, members have access to the online exchange network system, a large database of global business education data, access to thought leadership pieces around business education topics, discounts to learning and development programs, and the right to apply for AACSB's business and accounting accreditation. Unearned membership revenue is reflected as deferred revenue in the consolidated statements of financial position.

Accreditation Fees

An AACSB member institution offering undergraduate and/or graduate degrees in business may voluntarily apply for AACSB's business and accounting accreditation. The AACSB accreditation process includes self-evaluation, peer-review elements, and fees at milestones while an institute is seeking accreditation and during the maintenance of their accreditation achievement.

The process begins with the submission and approval of an eligibility application. Eligibility application review fees are recognized at a point in time in which a school is included on the agenda of the review committee. Once a school's eligibility application has been approved, it will be assessed the one-time initial accreditation process acceptance fee that is recognized at a point in time when the committee gives an affirmative vote to accept the school into the accreditation process.

The applicant schools that have successfully aligned themselves with the accreditation standards will qualify for a peer review team visit and will incur a one-time fee recognized over the term of the visit, generally 2 – 3 days.

While a school is in process, or after the school has been ratified, it will pay an annual fee recognized over the applicable fiscal year starting July 1. Fees that are paid prior to the applicable fiscal year will be reflected as deferred revenue in the consolidated statements of financial position.

The deferral visit fee or continuing review fee are one-time fees for schools placed on either a deferral review during the initial accreditation process, or a continuing review for schools already accredited. Both review fees are recognized over the time of the review, generally 1 – 2 days.

Learning and Development – Registration Fees

Registration fees for multi-day learning and development events are recognized over time during the duration of the event. Registration fees for one-day digital workshops are recognized at the point in time of the event. Advance registration payments received are held in deferred revenue until the period in which the event is delivered.

Sponsorships, Exhibits, and Advertising

Sponsorship agreements comprise an exchange element based on the value of benefits provided, and a contribution element for the difference between the total sponsorship price and the exchange element. The exchange element can include admission, exhibits, and advertising which the Organization recognizes when the performance obligation is met. The admission and exhibit elements are recognized over the term of the event being sponsored. The advertising element is recognized at the point in time when the advertisement is delivered to the audience. The exchange element totaled approximately \$238,000 and \$172,000 for the years ended June 30, 2021 and 2020, respectively.

AACSB INTERNATIONAL – THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Conditional contributions – those with a measurable performance or other barrier and a right of return – are not recognized until the conditions of the event being offered have been met. The contribution element is recognized over time as the events are held. The contribution element totaled approximately \$172,000 and \$352,000 for the years ended June 30, 2021 and 2020, respectively. The deferred revenue related to conditional contributions at June 30, 2021 and 2020 was approximately \$80,000 and \$128,000, respectively.

Sponsorship contracts can contain multiple performance obligations. The Organization allocates revenue to the separate performance obligations based on relative standalone selling prices and estimated commensurate value.

For advertising in the bi-monthly *BizEd* magazine, advertisers will specify in which issue(s) they would like their advertisement to appear. Revenues for these services are recognized at a point in time, upon delivery of the specific issue to the audience.

Banner advertising can appear in email notifications or on the website for an agreed-upon period. Advertising on email notifications is recognized at a point in time in which the email is delivered. Advertisements on the website are recognized over the term in which the advertisement is displayed.

The following table shows the Organization’s revenue from contracts with customers for the years ended June 30, disaggregated according to the timing of transfer of goods and services:

	2021	2020
Contracts with Customers Recognized Over Time		
Member Dues	\$ 5,706,675	\$ 5,668,370
Accreditation Fees	8,181,202	7,962,378
Learning and Development - Registration Fees	3,426,361	3,957,054
Sponsorships, Exhibits, and Advertising	376,352	325,460
Other Revenues	572	3,801
Total Contracts with Customers Recognized Over Time	<u>\$ 17,691,162</u>	<u>\$ 17,917,063</u>
Contracts with Customers Recognized at a Point in Time		
Accreditation Fees	\$ 607,500	\$ 508,400
Sponsorships, Exhibits, and Advertising	55	934
Other Revenues	139,670	680,760
Total Contracts with Customers Recognized at a Point in Time	<u>\$ 747,225</u>	<u>\$ 1,190,094</u>
Total Revenue from Contracts with Customers	18,438,387	19,107,157
Total Contributions	171,798	352,490
Total Operating Revenues	<u>\$ 18,610,185</u>	<u>\$ 19,459,647</u>

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. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. In 2021, salaries and benefits and occupancy expenses are allocated based on the estimated time and effort of personnel. Distribution of all other expenses is based on full time equivalents, actual usage or management’s estimates of usage applicable to the various programs and supporting services benefited. In 2020, salaries and benefits were recorded based on the key area supported. Distribution of all other expenses was based on square footage, full time equivalents, actual usage or management’s estimates of usage applicable to the various 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, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

AACSB is exempt from federal income taxes under the Internal Revenue Service (IRS) Section 501(c)(3). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. Under certain circumstances, organizations are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. AACSB has determined that the Organization is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

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, 2021.

Reclassifications

Certain reclassifications have been made to the 2020 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.

Change in Accounting Principle

Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2018-13 Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement. The ASU removes and modifies disclosure requirements retrospectively for non-public entities.

Subsequent Events

AACSB has evaluated subsequent events through September 23, 2021, 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 consolidated statement of financial position date:

	2021	2020
Cash and Cash Equivalents	\$ 3,306,635	\$ 1,611,529
Accounts Receivable, Net	51,666	157,379
Investments	29,588,339	20,977,915
Total Financial Assets	<u>32,946,640</u>	<u>22,746,823</u>
Less: Illiquid Investments	(1,525,624)	(1,264,551)
Total Financial Assets Available for General Expenditures Within One Year	<u>\$ 31,421,016</u>	<u>\$ 21,482,272</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 7, the Organization also has a committed liquidity access line of credit 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, 2021 AND 2020

NOTE 4 FAIR VALUE MEASUREMENTS

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

	2021	2020
Investment Return, Net:		
Interest and Dividend Income	\$ 428,784	\$ 460,561
Net Realized Gain (Loss) on Investments	1,864,532	(93,615)
Net Unrealized Gain on Investments	2,436,027	109,821
Investment Expense	(129,810)	(107,091)
Total	<u>\$ 4,599,533</u>	<u>\$ 369,676</u>

Investments were measured as follows at June 30:

	2021	2020
Investments Recorded at Fair Value:		
Equity Securities	\$ 11,705,248	\$ 10,700,059
Fixed Income Securities	15,862,940	6,987,050
Total Investments Recorded at Fair Value	<u>27,568,188</u>	<u>17,687,109</u>
Investments Recorded at NAV:		
Alternative Investments	1,525,624	1,264,551
Investments Recorded at Cost:		
Cash and Cash Equivalents	494,527	2,026,255
Total Investments	<u>\$ 29,588,339</u>	<u>\$ 20,977,915</u>

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as follows at June 30:

	2021				Measured at NAV
	Fair Value	Level 1	Level 2	Level 3	
Investments:					
Cash and Cash Equivalents	\$ 494,527	\$ 494,527	\$ -	\$ -	\$ -
Equity Securities	11,705,248	11,151,920	553,328	-	-
Fixed Income Securities	15,862,940	14,476,812	1,386,128	-	-
Alternative Investments	1,525,624	-	-	-	1,525,624
Total Investments	<u>\$29,588,339</u>	<u>\$26,123,259</u>	<u>\$ 1,939,456</u>	<u>\$ -</u>	<u>\$ 1,525,624</u>
	2020				Measured at NAV
	Fair Value	Level 1	Level 2	Level 3	
Investments:					
Cash and Cash Equivalents	\$ 2,026,255	\$ 2,026,255	\$ -	\$ -	\$ -
Equity Securities	10,700,059	10,700,059	-	-	-
Fixed Income Securities	6,987,050	5,082,909	1,904,141	-	-
Alternative Investments	1,264,551	-	-	-	1,264,551
Total Investments	<u>\$20,977,915</u>	<u>\$17,809,223</u>	<u>\$ 1,904,141</u>	<u>\$ -</u>	<u>\$ 1,264,551</u>

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at June 30:

	Number of Investments	Fair value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
June 30, 2021					
Private Equity Funds	1	\$ 564,605	\$ -	Illiquid	None
Real Estate Funds	1	961,019	-	Illiquid*	90 days
		<u>\$ 1,525,624</u>	<u>\$ -</u>		
June 30, 2020					
Private Equity Funds	1	\$ 375,568	\$ -	Illiquid	None
Real Estate Funds	1	888,983	-	Illiquid*	90 days
		<u>\$ 1,264,551</u>	<u>\$ -</u>		

* AACSB can request redemptions quarterly which are subject to available liquidity.

Private Equity Funds – The fund focuses on the purchase of globally diversified infrastructure assets, primarily consisting of primary, secondary, and co-investment opportunities. These investments are not readily redeemable; however, distributions may be received as underlying fund assets are liquidated. The fund management has a five-year investment period ending on December 31, 2022 to invest capital into opportunities. AACSB's term for this investment is 12 years ending on December 31, 2029, with three additional one-year extensions at the discretion of the fund management.

Real Estate Funds – The fund focuses on the purchase of geographically diversified real estate properties located in the United States. The fund earns income from real estate investments consisting of contractual rents due under the terms of the leases and reimbursement of certain operating expenses and real estate taxes. The income earned quarterly may be distributed to the investor or reinvested in the fund. The fund is illiquid but AACSB can request redemptions quarterly with 90 days written notice which are subject to available liquidity. If no liquidity at time of redemption notice, AACSB would enter a queue and receive partial liquidations on a quarterly basis as the fund liquidates the real estate holdings.

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NOTE 5 PENSION PLAN

After one year of service, AACSB’s employees are eligible to participate in a retirement plan. U.S. employees can participate in a plan administered by the Teachers Insurance and Annuity Association (TIAA) and receive an AACSB matching amount up to 5% of their base salary, a change from up to a 10% match until August 1, 2020. Employees in The Netherlands office receive a 2.5% pension allowance that they can choose to include in a retirement plan of their choice, a change from a 5% allowance until August 1, 2020. Employees in the Singapore office receive a statutory contribution rate as specified by Central Provident Fund (CPF) depending on age.

Pension expense for the years ended June 30, 2021 and 2020, totaled approximately \$317,000 and \$598,000, respectively.

NOTE 6 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 2025. Minimum monthly rentals range from approximately \$350 to \$75,000.

Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2022	\$ 1,032,313
2023	999,788
2024	943,525
2025	887,635
2026	904,614
Thereafter	3,677,816
Total	<u>\$ 8,445,691</u>

Rent expense for the years ended June 30, 2021 and 2020, totaled approximately \$1,070,000 and \$1,114,000, respectively.

Event and Service Commitments

As of June 30, 2021, AACSB has signed agreements with various hotels and other venues totaling approximately \$4,611,000 over the next three years, representing commitments for meeting space, food, and beverages for events. Of that amount, approximately \$2,989,000 is the maximum noncancellable, with some event contracts containing force majeure clauses.

The Organization has entered brand awareness, various software, and supporting service commitments totaling approximately \$621,000 over the next three years

NOTE 7 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% (1.85% and 1.92% as of June 30, 2021 and 2020, respectively). 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, 2021 and 2020.

NOTE 8 EMPLOYMENT CONTRACT OBLIGATIONS

AACSB has entered 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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NOTE 9 PANDEMIC RELIEF

In the United States, as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020, AACSB applied for and received a loan from the U.S. Small Business Administration's (SBA). On April 16, 2020, AACSB received a loan from TD Bank, N.A. in the amount of \$1,356,097 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (PPP1 Loan). The PPP1 Loan bears interest at a fixed rate of 1.00% per annum and has a repayment term of 24 months with the first seven months deferred. The PPP1 Loan is unsecured and guaranteed by the SBA. The PPP Flexibility Act of 2020 (June 5, 2020) and subsequent regulations retroactively modified the terms of the PPP1 Loan. The modifications included an opportunity for the loan to be forgiven subject to compliance with the PPP, the timing and use of these funds, and approval by the SBA. The PPP1 Loan was forgiven in full by the SBA on June 3, 2021 and recorded as pandemic relief under other revenues in the accompanying consolidated statement of activities.

NOTE 10 DEBT

On March 17, 2021, AACSB received funds under a second loan from TD Bank, N.A. in the amount of \$1,368,890 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (PPP2 Loan). The PPP2 Loan bears interest at a fixed 1.0% per annum and has a repayment term of five years. The PPP2 Loan is unsecured and guaranteed by the SBA. The Organization may apply for the forgiveness of the PPP2 Loan subject to compliance with the PPP, the timing and use of these funds, and approval by the SBA. The covered period may be established anytime between

8 and 24 weeks at the option of the borrower. If the PPP2 Loan is not forgiven in full, the loan balance will be amortized over the remaining term of the loan. Management anticipates that the PPP2 Loan will be forgiven by the SBA and that the Organization will not be required to repay this obligation.

NOTE 11 RISK AND UNCERTAINTY

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) as a pandemic which continues to cause disruptions in the global economy. During the year ended June 30, 2021, AACSB was able to develop and offer many virtual opportunities to mitigate the effects of the loss of in-person activities. As we move into the new year ending June 30, 2022, many uncertainties will continue to evolve. There continues to be a great demand from our constituents to participate with in-person events and other activities. AACSB is planning for hybrid in-person/virtual events in the new year that will allow us to pivot quickly to full virtual events if conditions necessitate. The Organization did not experience a significant disruption to its membership recruitment or its accreditation applications during the year. Management does not expect any significant changes in this participation for the coming year despite the ongoing economic uncertainty.



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