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

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

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

ACICS financials grew stronger as the agency captured more revenue from sustaining memberships, accreditation services and other core business activities. At the same time, the costs of op-
Operations were closely controlled; management’s attention to efficiency and effectiveness was aligned with the tighter-belt mode of operation adopted by many of our colleges and schools.

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

Strong interest in the transparency and accountability of private post-secondary education created activity in regulatory arenas. New leadership at the federal level initiated additional lines of inquiry into program integrity, bringing attention to regulatory issues that have implications for accreditation. Likewise, in states like California, Ohio, and Tennessee, policy formation included wrinkles that produced disadvantages for nationally-accredited institutions, at a time when ACICS colleges and schools have become established mainstream institutions. When ACICS discusses the aspects of the imprimatur with policy makers, however, positive outcomes result. ACICS has been formally recognized or acknowledged by authorities in Texas and by the professional accreditors of allied healthcare programs for nursing, respiratory care, and radiologic technologists.

The fundamentally unique aspects of applied workforce education have evolved in response to the needs of working adults whose re-training and continuing education will qualify them for full participation in the country’s economic recovery. Their leading-edge skills, high ambitions and strong work ethic may fuel the economic expansion of America.
‘The stakes are too great, and the opportunities too profound, to operate the accreditation enterprise with anything less than full dedication to the highest standards of quality on their behalf.’

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

The impetus comes partially from the prerogatives of policymakers. It comes from the admonitions and encouragements of progressive, forward-thinking member institutions as well. However, the primary impetus comes from our close, direct knowledge and appreciation of the needs of the students served by ACICS colleges and schools: the interests of those enterprising, diligent, and dedicated learners begins and ends each conversation about institutional quality and integrity. The stakes are too great, and the opportunities too profound, to operate the accreditation enterprise with anything less than full dedication to the highest standards of quality on their behalf.

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

Sincerely,

Eric Juhlin
Chair, Board of Directors

Albert C. Gray
Executive Director & Chief Executive Officer
Empowering Member Institutions

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

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

Enrollment certainly indicates interest in member institutions; however, ACICS is most concerned with outcomes. Are institutions retaining students until they graduate and are they placing students in career fields associated with their program of study? These are questions to which ACICS requires answers. Retention and placement statistics are reported by each campus every year, and must exceed our minimum standards. Students are
proving their commitment to education as the re-
tention rates have consistently exceeded over 70% for the past five years, reaching 73.6% in 2009. During that time, ACICS institutions have graduated more than 500,000 students. Even more im-
portant are placement measurements. ACICS and its members pride themselves on providing career opportunities for students in a wide array of fields. Placement percentages four years ago were at 77.8%. While they have dipped to just below 70% for the 2009 reporting year – perhaps reflective of national unemployment rates – the average place-
ment rate over the past five years is 72%.

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

As a result of the growing number of institu-
tions, expanding enrollments, and increased pro-
gram offerings by ACICS institutions, the agency

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

‘ACICS is devoted to preserving and enhancing excellence at our member institutions. The primary goal is for an ever-growing trained and educated workforce throughout the United States and abroad.’
ACICS greatly appreciates and salutes the efforts of institutions that exhibit strong adherence to compliance standards. ACICS recognized 45 institutions at the Annual Meeting and Leadership Conference as the 2009 Honor Roll Institutions.

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

- **Art Institute of Phoenix**
  Phoenix, Arizona

- **Beckfield College**
  Florence Kentucky

- **Dorsey School of Business**
  Madison Heights, Michigan

- **Dorsey School of Business**
  Roseville, Michigan

- **Dorsey School of Business**
  Southgate, Michigan

- **Dorsey School of Business**
  Wayne, Michigan

- **DuBois Business College**
  DuBois, Pennsylvania

- **DuBois Business College**
  Huntingdon, Pennsylvania

- **DuBois Business College**
  Oil City, Pennsylvania

- **EDP School of Computer Programming**
  Brooklyn, New York

- **Everest College**
  Ontario, California

- **Everest College**
  San Bernardino, California

- **Harrington College of Design**
  Chicago, Illinois

- **ITT Technical Institute**
  Albany, New York
ITT Technical Institute
Boise, Idaho

ITT Technical Institute
Chantilly, Virginia

ITT Technical Institute
Dunmore, Pennsylvania

ITT Technical Institute
Jacksonville, Florida

ITT Technical Institute
Murray, Utah

ITT Technical Institute
San Diego, California

ITT Technical Institute
Tampa, Florida

Lincoln College of Technology
Marietta, Georgia

Lincoln Technical Institute
Brockton, Massachusetts

Lincoln Technical Institute
Lincoln, Rhode Island

Lincoln Technical Institute
Lowell, Massachusetts

Metro Business College
Jefferson City, Missouri

Metro Business College
Rolla, Missouri

Prince Institute of Professional Studies
Montgomery, Alabama

Ridley-Lowell Business & Technical Institute
New London, Connecticut

Sanford-Brown College
Atlanta, Georgia

Sanford-Brown College
Houston, Texas

Sanford-Brown College
Middleburg Heights, Ohio

Sanford-Brown Institute
Fort Lauderdale, Florida

Sanford-Brown Institute
Garden City, New York

Sanford-Brown Institute (Northloop)
Houston, Texas

Sanford-Brown Institute
Landover, Maryland

Sanford-Brown Institute
New York, New York

Sanford-Brown Institute
Trevose, Pennsylvania

Santa Barbara Business College
Bakersfield, California

Santa Barbara Business College
Santa Barbara, California

Santa Barbara Business College
Santa Maria, California

Santa Barbara Business College
Ventura, California

Spencerian College
Louisville, Kentucky

Texas Culinary Academy
Austin, Texas

Thompson Institute
Philadelphia, Pennsylvania
New Membership: Dar al-Hekma College

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

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

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

Dr. Mariam Gard
Accreditation Coordinator
New Membership: Bainbridge Graduate Institute

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

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

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

Dr. Darlene Minore
Education Enhancement & Evaluation Manager
Empowering Peer Review

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

The efforts and commitment of all evaluators deserve special praise. ACICS honored three evaluators at the 2009 ACICS Annual Meeting and Leadership Conference for exemplary performance during on-site reviews. Selections were made on the basis of the endorsement and accolades of peer evaluators, team chairs, and ACICS staff. The honorees are: Terry Campbell, Evaluator of the Year; Rogena Kyles, Chair of the Year; and Joyce Strout, Student Relations Evaluator of the Year.
ACICS continuously aims to keep pace with today’s technological advances. Using technology to provide easily-accessible information and resources helps schools meet and maintain standards of educational excellence and quality.

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

During phase two of the technology project, the Web site was linked to an association management system (AMS), an electronic document management system (EDM), and a new expense reimbursement portal. The AMS provides a comprehensive way for ACICS to interact with accredited and prospective schools and record transactions in one central database. It includes an event management,
e-business/ecommerce management, and member management modules which were customized to create an accreditation workflow. The EDM allows users to capture, store, index, and manage various types of electronic documents.

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

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

In some circles, the professional standards of ACICS accreditation and the powerful outcomes created for students who attend member colleges and schools are low-profile, attracting neither congratulations nor controversy. Top executives at ACICS institutions and other leaders in the sector collaborated with the Board of Directors to authorize and begin a new communications initiative. This project is designed to place compelling information in the hands of those who must pay close attention to the quality of the colleges and schools, and the organizations that assure that quality. ACICS created and applied resources to establish and sustain a major new communications program, including media relations, policymaker outreach, web-based presence and relevance, new publications and greater frequency of communications. Furthermore, ACICS commissioned a seminal study of attitudes and perceptions of accreditation among key stakeholder groups, to establish a baseline for measuring the effectiveness and impact of the communications investment.
Broader Recognition of ACICS

A multi-year initiative to enhance recognition of ACICS bore fruit in 2009, providing member institutions enhanced capabilities to attract and retain students in degree programs in Texas, as well as high-demand allied healthcare fields. Through the direct intervention of the ACICS executive team and individual Commissioners, ACICS earned authority from the Texas Higher Education Coordinating Board to serve as a recognized accreditor of degree programs. That opened the door for member institutions in Texas to begin offering associate’s, bachelor’s, and master’s degree programs in the Longhorn State for the first time. The same outreach and relationship-building earned ACICS member institutions the ability to seek specialized accreditation from the two major nursing accreditors, as well as the programmatic accreditors for respiratory care and radiologic technologists.
ACICS provides continuous training and educational opportunities to enhance the quality of member institutions. During 2009, ACICS conducted 24 workshops and training sessions regarding accreditation, distance education, institutional effectiveness planning, job placement, and student retention. The workshops were held at the ACICS office and various locations throughout the U.S. In addition, the ACICS Annual Meeting and Leadership Conference served as a venue for institutional representatives to participate in an assortment of educational programs.

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

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

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

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

’ACICS provides training and educational opportunities to enhance the quality of member institutions.’
**Financial Statements and Independent Audit Information**
INDEPENDENT AUDITOR’S REPORT

Board of Directors
Accrediting Council for Independent Colleges and Schools

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

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

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

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

December 1, 2009
## ACCREDITING COUNCIL FOR INDEPENDENT COLLEGES AND SCHOOLS

Balance Sheet  
June 30, 2009  
*With comparative totals for June 30, 2008*

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$81,096</td>
<td>$904,473</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>1,351,179</td>
<td>998,809</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>120,728</td>
<td>93,800</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>1,553,003</td>
<td>1,997,082</td>
</tr>
<tr>
<td><strong>INVESTMENTS</strong></td>
<td>7,962,012</td>
<td>9,379,531</td>
</tr>
<tr>
<td><strong>PROPERTY AND EQUIPMENT, net</strong></td>
<td>2,850,812</td>
<td>2,107,206</td>
</tr>
<tr>
<td><strong>OTHER ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>11,273</td>
<td>11,273</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$12,377,100</td>
<td>$13,495,092</td>
</tr>
</tbody>
</table>

### LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$868,490</td>
<td>$603,473</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>113,144</td>
<td>60,269</td>
</tr>
<tr>
<td>Vacation</td>
<td>104,763</td>
<td>92,593</td>
</tr>
<tr>
<td>Pension</td>
<td>186,333</td>
<td>161,799</td>
</tr>
<tr>
<td>Other accrued expenses</td>
<td>11,628</td>
<td>33,510</td>
</tr>
<tr>
<td>Accreditation visits payable</td>
<td>-</td>
<td>73,343</td>
</tr>
<tr>
<td>Note payable, current portion</td>
<td>309,013</td>
<td>319,588</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>1,593,371</td>
<td>1,344,575</td>
</tr>
<tr>
<td><strong>LONG TERM LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note payable, non-current portion</td>
<td>292,858</td>
<td>628,689</td>
</tr>
<tr>
<td>Accrued rent, non-current portion</td>
<td>145,376</td>
<td>102,772</td>
</tr>
<tr>
<td><strong>Total long term liabilities</strong></td>
<td>438,234</td>
<td>731,461</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>2,031,605</td>
<td>2,076,036</td>
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<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>10,345,495</td>
<td>11,419,056</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$12,377,100</td>
<td>$13,495,092</td>
</tr>
</tbody>
</table>
ACCREDI TING COUNCIL FOR INDEPENDENT COLLEGES AND SCHOOLS
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2009

SUPPORT AND REVENUE
Sustaining fees $ 3,380,901
Accreditation visits 2,521,645
User fees 2,326,417
Workshop registration fees 319,885
Investment income (1,282,169)
Other revenue 2,194

Total support and revenue 7,268,873

EXPENSES
Program services
Accreditation expense 6,263,863
Education 161,976
Supporting services
Management and general 1,916,595

Total expenses 8,342,434

Change in net assets (1,073,561)

NET ASSETS at beginning of year, as previously stated 11,464,783
Adjustment for prior period activities (45,727)

NET ASSETS at beginning of year, restated 11,419,056

NET ASSETS at end of year $ 10,345,495
ACCREDITING COUNCIL FOR INDEPENDENT COLLEGES AND SCHOOLS

Statement of Cash Flows
Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees received</td>
<td>$8,123,135</td>
</tr>
<tr>
<td>Other revenue received</td>
<td>2,194</td>
</tr>
<tr>
<td>Investment income received</td>
<td>308,528</td>
</tr>
<tr>
<td>Payments to vendors and suppliers</td>
<td>(7,592,979)</td>
</tr>
<tr>
<td><strong>NET CASH PROVIDED BY OPERATING ACTIVITIES</strong></td>
<td><strong>840,878</strong></td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of property and equipment</td>
<td>(1,146,832)</td>
</tr>
<tr>
<td>Proceeds from sale of property and equipment</td>
<td>2,161</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(2,933,930)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>2,760,752</td>
</tr>
<tr>
<td><strong>NET CASH USED BY INVESTING ACTIVITIES</strong></td>
<td><strong>(1,317,845)</strong></td>
</tr>
</tbody>
</table>

CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments on note payable</td>
<td>(346,406)</td>
</tr>
<tr>
<td><strong>NET DECREASE IN CASH AND CASH EQUIVALENTS</strong></td>
<td><strong>(823,377)</strong></td>
</tr>
</tbody>
</table>

CASH AND CASH EQUIVALENTS at beginning of year |

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>904,473</td>
</tr>
</tbody>
</table>

CASH AND CASH EQUIVALENTS at end of year |

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>81,096</td>
</tr>
</tbody>
</table>

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$ (1,073,561)</td>
</tr>
<tr>
<td>Adjustments</td>
<td></td>
</tr>
<tr>
<td>Net unrealized and realized gains/losses</td>
<td>1,590,697</td>
</tr>
<tr>
<td>Depreciation</td>
<td>401,065</td>
</tr>
<tr>
<td>(Increase) decrease in assets</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(352,370)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(26,928)</td>
</tr>
<tr>
<td>Increase (decrease) in liabilities</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>265,017</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>52,875</td>
</tr>
<tr>
<td>Vacation</td>
<td>12,170</td>
</tr>
<tr>
<td>Pension</td>
<td>24,534</td>
</tr>
<tr>
<td>Other accrued expenses</td>
<td>(21,882)</td>
</tr>
<tr>
<td>Accreditation visits payable</td>
<td>(73,343)</td>
</tr>
<tr>
<td>Accrued rent</td>
<td>42,604</td>
</tr>
<tr>
<td><strong>NET CASH PROVIDED BY OPERATING ACTIVITIES</strong></td>
<td><strong>840,878</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this financial statement.
ACCREDITING COUNCIL FOR INDEPENDENT COLLEGES AND SCHOOLS
Notes to Financial Statements
June 30, 2009

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Cash and cash equivalents

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

Investments

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

Property and equipment

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

Revenue recognition

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

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

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

Revenue recognition (continued)

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

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

Functional allocation of expenses

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

Use of estimates

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

Fair value measurement

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

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

All assets and liabilities are considered Level 1.

Financial information as of June 30, 2008

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

Advertising costs

ACICS expenses advertising costs as they are incurred.
ORGANIZATION AND TAX STATUS

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

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

CONCENTRATION OF CREDIT RISK

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

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

PROPERTY AND EQUIPMENT

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fixtures</td>
<td>$3,180,947</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>679,088</td>
</tr>
<tr>
<td>Artwork</td>
<td>4,006</td>
</tr>
<tr>
<td></td>
<td>3,864,041</td>
</tr>
<tr>
<td>Less accumulated depreciation and amortization</td>
<td>(1,013,229)</td>
</tr>
<tr>
<td></td>
<td>$2,850,812</td>
</tr>
</tbody>
</table>

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

INVESTMENTS

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>$2,148,483</td>
</tr>
<tr>
<td>Corporate bond funds</td>
<td>4,424,966</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>1,263,563</td>
</tr>
<tr>
<td>Commodities</td>
<td>125,000</td>
</tr>
<tr>
<td></td>
<td>$7,962,012</td>
</tr>
</tbody>
</table>
INVESTMENTS (continued)

Investment income:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividends</td>
<td>$308,528</td>
</tr>
<tr>
<td>Realized gains/(losses)</td>
<td>$(562,870)</td>
</tr>
<tr>
<td>Unrealized gains/(losses)</td>
<td>$(1,027,827)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$(1,282,169)</strong></td>
</tr>
</tbody>
</table>

RESTATEMENT OF PRIOR PERIODS

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

COMMITMENTS AND CONTINGENCIES

Operating leases

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$ 709,221</td>
</tr>
<tr>
<td>2011</td>
<td>668,287</td>
</tr>
<tr>
<td>2012</td>
<td>668,674</td>
</tr>
<tr>
<td>2013</td>
<td>681,861</td>
</tr>
<tr>
<td>2014 and later</td>
<td>3,017,440</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,745,483</strong></td>
</tr>
</tbody>
</table>

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

Contractual

ACICS has contracted various consultants and insurance providers. ACICS is obligated to pay fees for these relationships. ACICS has an employment contract with its executive director. Should the executive director be dismissed, ACICS may be subject to severance payments.
ACCREDiTiNG CouNCIL FOR INDEMnENT COLLEgES AND scHOLs
Notes to Financial Statements (continued)
June 30, 2009

COMMITMENTS AND CONTINGENCIES (continued)

Note Payable

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$309,013</td>
</tr>
<tr>
<td>2011</td>
<td>292,858</td>
</tr>
<tr>
<td></td>
<td>$601,871</td>
</tr>
</tbody>
</table>

PENSION PLAN

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

ACCREDITATION AUTHORITY

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

Board of Directors
Accrediting Council for Independent Colleges and Schools

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

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

December 1, 2009
# Schedule of Functional Expenses

**Year Ended June 30, 2009**

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Supporting Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Accreditation</td>
<td>Education</td>
<td>Management and General</td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>$ 2,041,037</td>
<td>$ 85,108</td>
<td>$ 979,983</td>
</tr>
<tr>
<td>Travel and meals</td>
<td>2,430,888</td>
<td>2,148</td>
<td>76,230</td>
</tr>
<tr>
<td>Advertising</td>
<td>1,883</td>
<td>79</td>
<td>904</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>60,339</td>
<td>2,516</td>
<td>28,971</td>
</tr>
<tr>
<td>Computers</td>
<td>92,355</td>
<td>3,851</td>
<td>44,343</td>
</tr>
<tr>
<td>Depreciation</td>
<td>263,540</td>
<td>10,989</td>
<td>126,536</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>1,183</td>
<td>49</td>
<td>569</td>
</tr>
<tr>
<td>Equipment rentals and maintenance</td>
<td>58,034</td>
<td>2,420</td>
<td>27,864</td>
</tr>
<tr>
<td>Insurance</td>
<td>24,336</td>
<td>1,015</td>
<td>11,685</td>
</tr>
<tr>
<td>Interest and fees</td>
<td>78,630</td>
<td>3,279</td>
<td>37,753</td>
</tr>
<tr>
<td>Legal and accounting</td>
<td>82,780</td>
<td>3,452</td>
<td>39,746</td>
</tr>
<tr>
<td>Meetings</td>
<td>294,169</td>
<td>12,266</td>
<td>141,242</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>35,594</td>
<td>1,484</td>
<td>17,092</td>
</tr>
<tr>
<td>Occupancy</td>
<td>469,404</td>
<td>19,573</td>
<td>225,380</td>
</tr>
<tr>
<td>Office supplies</td>
<td>20,145</td>
<td>840</td>
<td>9,672</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>117,897</td>
<td>4,916</td>
<td>56,607</td>
</tr>
<tr>
<td>Printing and postage</td>
<td>14,217</td>
<td>593</td>
<td>6,826</td>
</tr>
<tr>
<td>Professional fees</td>
<td>57,325</td>
<td>2,390</td>
<td>27,524</td>
</tr>
<tr>
<td>Training</td>
<td>15,682</td>
<td>654</td>
<td>7,530</td>
</tr>
<tr>
<td>Utilities</td>
<td>65,284</td>
<td>2,722</td>
<td>31,345</td>
</tr>
<tr>
<td>Workshops</td>
<td>39,141</td>
<td>1,632</td>
<td>18,793</td>
</tr>
</tbody>
</table>

**Total**

$ 6,263,863  $ 161,976  $ 1,916,595  $ 8,342,434
ACICS Leadership: 2009 Commissioners

Mr. Eric Juhlin - Chair  
Chief Executive Officer,  
Central Texas Commercial College

Mr. Matthew A. Johnston - Chair Elect  
President, Santa Barbara Business College

Dr. Gary R. Carlson  
Vice President, Academic Affairs,  
ITT Technical Institute

Dr. Joyce J. Caton (Retired)  
Senior Lecturer, Education/ Special Education Department  
Fontbonne University

Ms. Anna M. Counts  
Director of Institutional, Compliance and Accreditation National College

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

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

Ms. Jeanne Herrmann  
Chief Operating Officer, Globe University/Minnesota School of Business

Mr. Jason Konesco  
Senior Vice President of Operations, Indiana Business College

Dr. John Kushner (Retired)  
Vice President for Academic Affairs, Detroit College of Business

Dr. Jane Legacy  
Associate Professor - Technology, Leadership, Southern New Hampshire University

Mr. David M. Luce  
Assistant Vice President, Accreditation and Licensing, Corinthian Colleges, Inc.

Dr. Jamie Morley  
Vice President, Planning and Business Development, Apollo College

Mr. Brian Stewart  
President and Chief Executive Officer, Bryan College

Mr. Roger Swartzwelder  
Executive Vice President, General Counsel and Chief Compliance Officer, Education Corporation of America