Leading the way with INNOVATION

2011-2012 Annual Report
About AdvancED

AdvancED believes in the power of education to shape the world. AdvancED offers continuous improvement and accreditation services to education providers of all types in their pursuit of excellence in serving students. As the world’s largest school improvement and accrediting organization, we currently accredit over 30,000 institutions in over 70 countries serving over 16 million students. The AdvancED name is built upon a 100-year commitment to raising the quality of education. Today we are furthering this commitment through a combination of accreditation, knowledge management, school improvement, educational technologies, product innovation, professional learning and research. Through AdvancED’s three accrediting divisions, the North Central Association Commission on Accreditation and School Improvement (NCA CASI), the Northwest Accreditation Commission (NWAC) and the Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS CASI), we deliver accreditation services as well as a comprehensive network of support and technical assistance around the world.

The AdvancED Standards for Quality are reflected first and foremost in the global accreditation system. The AdvancED Standards and Accreditation Protocol help schools, school systems and education providers continuously improve through a clear and systematic program of evaluation and external review; a protocol embraced around the world. And while AdvancED is the premier accreditation organization, accreditation is only one facet of our expertise. We are the knowledge leader in school improvement practices, helping schools and school systems navigate the process of continuous improvement.

AdvancED also offers an array of innovative products and services including surveys, publications and professional consulting to support both accreditation and school improvement, helping educational institutions create an experience that can drive student achievement. In 2012, AdvancED celebrated the one year launch of ASSIST™ (Adaptive System of School Improvement Support Tools), cementing the organization as an innovative leader. The ASSIST platform merges process, content and technology into a dynamic web-based platform that supports end-to-end management of school improvement and accreditation processes.

As global leaders in the education field, we have a unique opportunity to shape the practice of teaching and learning and assure quality education worldwide. We are dedicated to helping educational institutions achieve excellence for the ultimate benefit of the students they serve through our commitment to innovation in everything we do.
At AdvancED our mission is simple; we are committed to the endless journey of achieving excellence in education. As I reflect on the 2011-2012 school year, I can say with great certainty that the need to be more innovative is the one constant in an ever-changing world. That’s why we continue to focus on delivering innovative continuous improvement and accreditation tools and services to education providers of all types in their pursuit of excellence in serving students.

This year we proudly launched the new AdvancED Standards for Quality and Accreditation Protocols for schools and school systems. The new research-based AdvancED Standards for Quality not only provide the foundation for the AdvancED Accreditation Process, but also represent the continued evolution of accreditation as a powerful tool for driving effective practices in support of student learning. Because we are dedicated to making sure all education providers have access to tools and processes that help them be the best that they can be, in the coming year, to meet the many needs of various institutions and providers, we will be offering a full range of Accreditation Standards for Quality.

- AdvancED Standards for Quality Schools
- AdvancED Standards for Quality School Systems
- AdvancED Standards for Quality Corporations
- AdvancED Standards for Quality Early Learning Schools
- AdvancED Standards for Quality Education Service Agencies
- AdvancED Standards for Quality Digital Learning Institutions

With the introduction of these new Standards, we recognize that innovation means adopting change when change is needed.

We also are proud of our innovative web-based platform, Adaptive System of School Improvement Support Tools—ASSIST™, created to support the accreditation and continuous improvement process. We were able to continue the development and launch of the next phase of components of ASSIST which included the launch of staff, student and parent surveys; development of a robust reporting tool that supports the disaggregation of survey data based on demographic information; enhancement of the Self Assessment to support all of the new Accreditation Standards and Protocols; and implementation of the Student Performance Diagnostic and the Stakeholder Feedback Diagnostic. Through a powerful combination of accreditation, research, professional development and education technologies, we help education providers deliver an improved educational experience for their students. Our focus on technology through ASSIST shows that we recognize innovation means embracing cutting edge initiatives.

Finally, our accredited institutions can rest assured that we are using the knowledge acquired through our years of experience in school improvement and accreditation to uniquely position AdvancED as an informed voice on effective education practice and policy. We have the privilege of visiting thousands of schools every year. Our work places us in over 100,000 classrooms per year. This expertise and experience allows AdvancED to support state and federal advocacy efforts for accountability, accreditation and school improvement. This year we were invited to participate on a national task force to examine what must change to improve the nation’s performance in turning around low performing schools. We also provided a platform for educators from around the world to discuss the vision of the future of learning and the implications for school leaders and policy makers through the 2012 AdvancED International Summit. Our advocacy and voice carries our belief that innovation means being at the forefront.

Whether, it’s through the introduction of new AdvancED Standards for Quality, the launch of new technological advances with ASSIST or our commitment to advocating for educational change to meet the needs of our institutions and students, AdvancED is leading the way with innovation. We have helped education providers around the globe achieve greater performance through a commitment to continuous improvement and innovation. By understanding institutional and learner needs, we are co-creating a new education landscape and a better future for our children and ultimately our world.

Mark A. Elgart, Ed.D.
President/Chief Executive Officer
AdvancED
In January 2012, the AdvancED Board of Trustees along with the Board of Trustees of Northwest Accreditation Commission (NWAC) approved bylaws that established NWAC as an accreditation division of AdvancED. By joining together, AdvancED and NWAC expanded their capacity and resources to deliver accreditation and school improvement services and provide added support to schools committed to continuous improvement. NWAC serves schools, systems and education providers in seven states: Alaska, Idaho, Montana, Nevada, Oregon, Utah and Washington. AdvancED is continuing to grow its capacity and now is represented in all 50 states across the United States.

We continue to develop accreditation services for all types of institutions seeking the benefits of accreditation and school improvement. Education providers more and more are seeking ways to improve operational effectiveness, increase student achievement and balance the expectations of society. We’re fully committed to helping education providers meet those demands.

Who We Serve

- Early Childhood
- Elementary School
- Middle School
- High School
- Unit
- Other*

*Educational institutions include American International, Career Technical, College Preparatory, Distance Education, Postsecondary, International Overseas, Supplementary and Special Purpose.

AdvancED currently serves more than 30,000 institutions, which includes schools engaged in school improvement but not yet accredited.
Growth Highlight (continued)

Accreditation Process Snapshot

There are 16,630,132 students served by the 26,882 institutions engaged in the AdvancED accreditation protocol.
*Regional Education Service Agency
Growth Highlight (continued)

Accreditation Services Around the World

Outside the United States

Inside the United States

**Of the 57 Corporations, 33 are Corporation Systems with a total of 1,061 subsidiary schools.

**Regional Education Service Agency

ASSIST Evolution

Here are a few quick facts about the evolution of ASSIST since launching in 2011:

- All 30,000 institutions in the AdvancED network have access to ASSIST.
- Since the release of stakeholder surveys in February 2012, over 6,000 institutions have administered over 10,000 surveys, receiving over 2 million responses from parents, students and staff.
2011-2012: A Look Back at Activities and Accomplishments

As an innovative leader in accreditation and school improvement, AdvancED continues to focus on launching the next generation of AdvancED Standards for Quality, innovative resources, enhanced customer services, technological advances and educational policy. Accomplishments in these focus areas for 2011-12 include:

Growing Our Capacity

**Research and Development**
- Developed and piloted the Effective Learning Environments Observation Tool (ELEOT).
- Produced, reviewed and recommended data to be collected through ASSIST and the formats for collecting data for use in research and analysis.
- Completed pilot studies on multiple surveys.

**Client Services**
- Established a Customer Service function that provides first-tier support for ASSIST and for all requests for assistance directed at the corporate level. Customer Service also provides day-to-day support to AdvancED state offices as well as schools and school systems under the jurisdiction of partner organizations.

**Northwest Accreditation Commission (NWAC)**
- Facilitated the adoption of the resolution to make NWAC an accreditation division of AdvancED.
- Moved all NWAC staff (plus new state staff where needed) into the AdvancED network as AdvancED employees.
- Opened an AdvancED regional office in Las Vegas to serve schools and systems in the Northwest.

Launching the Next Generation of Accreditation and School Improvement

**Accreditation**
- Developed the Accreditation Protocol for schools; school systems; ESAs; corporations; postsecondary career/technical schools; and Early Learning Schools.
- Initiated development of new AdvancED Standards for Quality Digital Learning Institutions by a committee of staff and field experts, which will study the requirements that should be in place to ensure integrity and quality of these schools.
- Implemented in ASSIST the new AdvancED Standards for Quality as well as diagnostic and assurance components in support of the new Accreditation Protocol.

**ASSIST**
- Launched the Staff Survey, Student Survey and Parent Survey.
- Developed a robust reporting tool that supports the desegregation of survey data based on demographic information.
- Enhanced the Self Assessment to support the successful rollout of the new Standards for all institution types (school, school system, corporation, ESA, early learning).
- Implemented the Student Performance Diagnostic and the Stakeholder Feedback Diagnostic in support of the new Accreditation Protocol.
2011-2012: A Look Back at Activities and Accomplishments (continued)

Leveraging Our Expertise

Advocacy

• **Participated** on a national task force convened by the Council of Chief State School Officers (CCSSO) to examine what must change in policy and practice to improve the nation’s performance in turning around low performing schools.

• **Contributed** to the CCSSO next generation accountability platform. AdvancED is recognized as an expert in the fields of school improvement, diagnostic reviews and accreditation.

• **Continued** providing a statewide system of school improvement in Kentucky, Michigan and Wyoming.

• **Designed** and **delivered** the 2012 AdvancED International Summit focused on the future of education including the implications for policy and practice.
Leading the Way with Innovation

Anticipating this year would be a culmination of innovative practices and technology, we continued to be committed to investing in providing superior accreditation and school improvement support to our institutions worldwide in spite of the state of our economy and our revenue outlook. Even though we entered the fifth year of no increase in annual accreditation fees, we were determined to continue our progress in developing new resources and tools to support the success of our schools and school systems.

Statement of Activities
For the fiscal years ending on June 30, 2012 and 2011

<table>
<thead>
<tr>
<th>Revenue &amp; Support</th>
<th>2011-2012</th>
<th>2010-2011</th>
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</thead>
<tbody>
<tr>
<td>Accreditation Fees</td>
<td>17,130,655</td>
<td>15,592,387</td>
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<tr>
<td>Annual Conference</td>
<td>113,776</td>
<td>289,945</td>
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<tr>
<td>Special Projects</td>
<td>1,886,835</td>
<td>2,254,383</td>
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<tr>
<td>Workshop Registration Fees</td>
<td>1,581,986</td>
<td>1,407,531</td>
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<tr>
<td>Contribution from SACS</td>
<td>0</td>
<td>2,000,000</td>
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<tr>
<td>Interest &amp; Dividends</td>
<td>498,878</td>
<td>637,705</td>
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<td>Other Income</td>
<td>816,030</td>
<td>734,376</td>
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<td><strong>Total Revenue &amp; Support</strong></td>
<td><strong>$22,028,160</strong></td>
<td><strong>$22,916,327</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Accreditation Expenses</th>
<th>2011-2012</th>
<th>2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Comp &amp; Benefits (Accred Staff &amp; Support)</td>
<td>9,424,173</td>
<td>10,026,114</td>
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<tr>
<td>Education Research &amp; Development</td>
<td>580,587</td>
<td>404,695</td>
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<tr>
<td>Travel - Accreditation Activities</td>
<td>1,308,336</td>
<td>1,087,437</td>
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<tr>
<td>Workshops &amp; Seminars</td>
<td>1,014,731</td>
<td>854,442</td>
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<td>School &amp; District Visit Expenses</td>
<td>1,127,645</td>
<td>875,378</td>
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<td>Contracted Services - Accred Support</td>
<td>798,927</td>
<td>656,420</td>
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<tr>
<td>IT Expenses - ASSIST &amp; Accred Support</td>
<td>334,851</td>
<td>309,436</td>
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<td>Phone, Fax &amp; Data Lines - Accred Support</td>
<td>178,185</td>
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<td>Other Accreditation G&amp;A Expenses</td>
<td>1,026,419</td>
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<td>Annual Conference</td>
<td>585,432</td>
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<td>Legal - Postsecondary Authorization</td>
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<td>Special Projects</td>
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<td>Other Accreditation Expenses</td>
<td>606,393</td>
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<td><strong>Total Accreditation Expenses</strong></td>
<td><strong>$17,424,541</strong></td>
<td><strong>$17,476,264</strong></td>
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## Financial Summary (continued)

### Statement of Activities (continued)

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<thead>
<tr>
<th></th>
<th>2011-2012</th>
<th>2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General &amp; Administrative Expenses</strong></td>
<td></td>
<td></td>
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<tr>
<td>Employee Compensation &amp; Benefits</td>
<td>3,267,063</td>
<td>3,299,982</td>
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<td>Travel</td>
<td>308,393</td>
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<td>Contracted Services</td>
<td>46,839</td>
<td>49,547</td>
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<td>Professional Services</td>
<td>731,338</td>
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<tr>
<td>Phone, Fax &amp; Data Lines</td>
<td>60,607</td>
<td>59,890</td>
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<tr>
<td>Other general &amp; administrative expenses</td>
<td>381,453</td>
<td>318,696</td>
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<tr>
<td>Other Operating Expenses</td>
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<td>1,034,920</td>
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<tr>
<td><strong>Total General &amp; Administrative Expenses</strong></td>
<td><strong>$5,666,963</strong></td>
<td><strong>$5,564,467</strong></td>
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<table>
<thead>
<tr>
<th></th>
<th>2011-2012</th>
<th>2010-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other Income &amp; Expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>-949,106</td>
<td>-693,935</td>
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<tr>
<td>Loss on Disposal of Fixed Assets</td>
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<tr>
<td>Interest Expense</td>
<td>-269,091</td>
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<tr>
<td>Contribution from NWAC</td>
<td>1,444,000</td>
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<td>Net Realized &amp; Unrealized Investment Gains</td>
<td>-98,891</td>
<td>1,345,151</td>
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<tr>
<td><strong>Total Income &amp; Expense</strong></td>
<td><strong>$126,912</strong></td>
<td><strong>$463,947</strong></td>
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### Change in Net Assets*

<table>
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<tr>
<th></th>
<th>2011-2012</th>
<th>2010-2011</th>
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</thead>
<tbody>
<tr>
<td>Change in Net Assets*</td>
<td>-$936,432</td>
<td>$339,543</td>
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</table>

*AdvancED experienced a negative change in net assets due to significant investment in ASSIST as the premier technology platform that supports end-to-end management of school improvement and accreditation processes and an investment in future growth with the acquisition of NWAC.
2012-2013: An Innovative Path Lies Ahead

With new AdvancED Standards for Quality; a state-of-the-art school improvement and accreditation platform (ASSIST); a growing presence at the federal, state and local levels; and a highly talented staff, we are prepared for a successful year ahead. In support of our strategic direction, the major emphasis for 2012-2013 will be to successfully launch the most significant change in accreditation in the last 50 years and to extend our influence, leadership and impact in innovative ways. We will focus our efforts on three key strategic priorities:

**Leadership**
AdvancED will continue to positively impact education reform through policy and engagement with key stakeholders. We will position AdvancED as a continuous improvement leader in the education sector.

**Professional Practice**
AdvancED will implement new Accreditation Protocol and Standards and provide training to prepare institutions to implement the new Protocol for accreditation.

**Resources and Support**
AdvancED will build an infrastructure that will support the management, recruitment and recognition of our Volunteer Network that includes state and corporate level actions. We also will continue the evolution of the ASSIST diagnostic platform by launching new enhancements and applications.

2012-2013: an innovative Path Lies ahead
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You can learn more about recent activities and news from AdvancED in a variety of ways:

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AdvancED is the parent organization of the North Central Association Commission on Accreditation and School Improvement (NCA CASI), the Northwest Accreditation Commission (NWAC) and the Southern Association of Colleges and Schools Council on Accreditation and School Improvement (SACS CASI).