

COUNCIL FOR  
HIGHER EDUCATION  
ACCREDITATION

2010 - 2011  
ANNUAL REPORT

CHEA®

## **The Council for Higher Education Accreditation Mission Statement**

*The Council for Higher Education Accreditation will serve students and their families, colleges and universities, sponsoring bodies, governments and employers by promoting academic quality through formal recognition of higher education accrediting bodies and will coordinate and work to advance self-regulation through accreditation.*

—1996

# Table of Contents

Letter from the Chair	1
Letter from the President	2
2010-2011: Leadership for Accreditation, Service to Members	3
Independent Auditor's Report and Financial Statements	8
2010-2011 Board of Directors	18
2010-2011 Committee on Recognition	19
CHEA-Recognized Accrediting Organizations	20
Key Dates in the History of CHEA	23

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## Letter from the Chair

Dear Colleagues:

Each year, CHEA works diligently on behalf of our member colleges and universities and serves as a vocal advocate for higher education accreditation. This past year has been no exception.

CHEA's activities in 2010-2011 included representing accreditation on Capitol Hill and at the U.S. Department of Education; providing information to states as they consider accreditation-related issues; serving as a strong voice for U.S. accreditation at meetings around the world; vigorously advocating efforts in the United States and overseas to combat degree mills and accreditation mills; and serving as "Accreditation Central" when it comes to reliable and comprehensive information on accreditation and its value to society.



Through their membership in CHEA, approximately 3,000 colleges and universities demonstrate the importance they place on CHEA and its work as the only national association devoted exclusively to higher education accreditation. We thank all of our member institutions for supporting CHEA not only through your dues but through your participation in CHEA events such as the Annual Conference, Summer Workshop and National Accreditation Fora.

I am proud of what CHEA has accomplished this year and look forward to continued participation in this important organization and its work to advance accreditation.

Sincerely,

A handwritten signature in black ink that reads "David G. Carter". The signature is written in a cursive, flowing style.

David G. Carter  
Chair, Board of Directors  
Chancellor Emeritus  
Connecticut State University System

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## Letter from the President



Dear Colleagues:

I thank our member colleges and universities for your support in 2010-2011 and for your active involvement in CHEA. The financial support of member institutions through their membership dues is vital; through their participation in CHEA, our members do even more. This strong member involvement has been a key to the success of CHEA's work on behalf of higher education accreditation.

In 2010-2011, the *CHEA Initiative* – the national dialogue on accreditation and its future that began in 2008 – saw an unprecedented level of member involvement. This member participation and feedback on the issues of importance to accreditation will be invaluable as we begin to develop action plans for the critical issues facing accreditation.

CHEA's members also provided us with valuable information on their views regarding higher education accreditation. CHEA fielded an electronic "virtual interview" that gathered insights and information from colleges and universities, as well as from recognized accrediting organizations, on accreditation's value to and impact on higher education institutions.

This year, a number of member colleges and universities posted CHEA information on their Websites, including links to CHEA's new informational videos on accreditation. These Website postings greatly enhanced CHEA's efforts to help better inform the public about accreditation and its value.

Please take a few minutes to read this annual report and learn more about CHEA's activities in 2010-2011. We look forward to working with you in the year ahead.

Sincerely,

A handwritten signature in black ink, appearing to be 'Judith Eaton', written in a cursive style.

Judith Eaton  
President

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# 2010-2011: Leadership for Accreditation, Service to Members

In 2010-2011, CHEA provided leadership and advocacy for higher education accreditation and service to its member colleges and universities in areas ranging from government affairs to international activities to informing the public about accreditation and its value.

## **The *CHEA Initiative*: Advancing the National Conversation on the Future of Accreditation**

The third year of the *CHEA Initiative* saw solid progress in framing the discussion of accreditation's future. Through the *Initiative*, CHEA is working to build consensus for action on the issues of greatest importance to the accreditation and higher education communities as well as prepare for the anticipated reauthorization of the Higher Education Act in 2013 or thereafter. The *Initiative* now moves from discussion to action.

During 2010-2011, CHEA brought together representatives from colleges and universities, recognized accrediting organizations, government, higher education associations and the public at two National Accreditation Fora and hosted CEO/CAO Roundtables and meetings with accrediting commissions. The participants at these meetings addressed eight issues that have emerged during the *CHEA Initiative's* national conversation:

1) advocacy for accreditation, 2) accreditation's relationship with the federal government, 3) accreditation and accountability, 4) accreditation's relationship with state governments, 5) the relationship between institutions and accrediting organizations, 6) the relationships among accreditors, 7) international activity and 8) the growth of the for-profit sector.



*CHEA meetings drew participants from colleges and universities, accrediting organizations, higher education associations, government and media.\**

The next step for the *CHEA Initiative* will be the development of action plans for the eight issues identified, to be completed by June 2012. Through additional National Accreditation Fora and other meetings, the process of drafting action plans will be ongoing throughout 2011-2012.

\* Photo courtesy of Michael Cooney

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## **Federal and State Government: Representing Colleges and Universities on Accreditation-Related Issues**

CHEA continued to work with the U.S. Department of Education (USDE), the U.S. Congress and the states to address issues related to higher education accreditation.

CHEA President Judith Eaton testified at two meetings in [February](#) and [June](#) 2011 held by the National Advisory Committee on Institutional Quality and Integrity (NACIQI), USDE's advisory body on recognition of accrediting organizations. The meetings came in response to a request from Secretary of Education Arne Duncan for NACIQI to address "what is working (and not working) in the current system of recognition, accreditation, and student eligibility."

Throughout 2010-2011, CHEA's President and Vice President for Government Relations met with members of the U.S. Senate and House of Representatives and staff from key committees on issues related to accreditation. CHEA successfully urged that legislation to combat degree mills and accreditation mills ([H.R. 1758](#), the Diploma and Accreditation Integrity Act) be reintroduced in the House. This legislation has been shared by CHEA with governors and state attorneys general.

In addition to legislation, CHEA was active on issues related to new USDE regulations affecting accreditation, meeting with members of Congress, key Congressional staff and key USDE officials to ensure that the views of colleges and universities were heard and understood. CHEA submitted [comments](#) to USDE urging that proposed regulations establishing a federal definition of a credit hour and expanding state authorization requirements be rescinded. CHEA also participated in a [Webinar](#) cosponsored by Eduventures, The Presidents' Forum and CHEA that attracted more than 200 participants, focusing on USDE's proposed regulations on program integrity.

## **International Activities: Speaking Out on Behalf of U.S. Accreditation**

During the year, CHEA President Judith Eaton spoke at and participated in a number of international conferences, including the United Nations Educational, Scientific and Cultural Organization (UNESCO) Global Forum on Rankings and Accountability in Higher Education, the Higher Education and Accreditation Council of Taiwan and the World Innovation Summit for Education in Qatar (where she served as a WISE Award juror).

With UNESCO, CHEA hosted a [meeting](#) on March 21, 2011 on the future of international for-profit higher education and quality assurance. The meeting brought together some 25 participants including executives of for-profit colleges and universities, academic researchers who focus on this sector and accreditation and quality assurance experts.

The CHEA 2011 International Seminar, held in conjunction with the CHEA Annual Conference, attracted participants from more than 25 countries around the world to address issues related to accreditation and international quality assurance.

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## CHEA Recognition of Accrediting Organizations

In 2010-2011, the CHEA Committee on Recognition was active on the eligibility and recognition of accrediting organizations. All CHEA-recognized accrediting organizations undergo a recognition review every ten years, at a minimum.

The [CHEA Recognition Policy and Procedures](#) was revised in 2010, following a number of months of review and discussion with member colleges and universities and accrediting organizations. The primary purpose of the revisions was to enhance accountability in self-regulation while respecting the independence of institutions and accrediting organizations.

During the year, the committee reviewed 29 accrediting organizations for eligibility and 16 organizations for recognition. Some of these accrediting organizations were seeking first-time CHEA recognition, while others have been previously recognized by CHEA.

## CHEA Meetings: A Forum for Information and Ideas on Accreditation

The [CHEA 2011 Annual Conference](#), “The Evolving Role and Responsibilities of Accreditation,” drew some 350 participants from member colleges and universities, accrediting organizations, government, higher education associations, media and the public. Featured speakers from Congress and the Administration included Representative Virginia Foxx (R-North Carolina), in her first major speech since being named Chair of the House Higher Education Subcommittee, and Eduardo Ochoa, USDE’s Assistant Secretary of Postsecondary Education.



*Representative Virginia Foxx (R-North Carolina) and Eduardo Ochoa, USDE’s Assistant Secretary of Postsecondary Education, served as plenary speakers at the CHEA 2012 Annual Conference in Washington, DC.\**

The CHEA 2011 Summer Workshop featured speakers from government, accrediting organizations and the academic community addressing “Choices About the Future of Accreditation.” The day-long meeting also included the Seventh National Accreditation Forum.

CHEA also held a National Accreditation Forum in November 2010, as well as hosting CEO/CAO Roundtables and meetings with accrediting commissions (see [CHEA Initiative](#) section above).

\* Photos courtesy of Michael Cooney



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## The CHEA Award

The *CHEA Award for Outstanding Institutional Practice in Student Learning Outcomes* highlights institutions for their efforts to gather information on student learning outcomes, use this information for institutional improvement and provide information to the public. At the CHEA 2011 Annual Conference, the *CHEA Award* was presented to the Defense Language Institute Foreign Language Center (California), James Madison University Social Work Program (Virginia), Miami Dade College (Florida) and Southern Illinois University Edwardsville School of Pharmacy (Illinois).

A special *CHEA Award* was presented to the Reverend Charles L. Currie, S.J., who retired in 2011 as president of the Association of Jesuit Colleges and Universities, for his extraordinary contribution to enhancing quality in the nation's Jesuit colleges and universities.

## Keeping Members Informed by Serving as “Accreditation Central”

By serving as “Accreditation Central,” CHEA keeps member institutions, accrediting organizations, higher education associations and the public informed on a wide range of accreditation-related issues.

CHEA's *Federal Update* provided the latest information on federal activity related to accreditation. *Inside Accreditation* provided commentary by CHEA President Judith Eaton on issues including the growing federalization of accreditation and CHEA recognition of accrediting organizations and why it matters. “CHEAmails,” sent to a list of more than 15,000 individuals in higher education, accreditation, government, media and the public, regularly updated recipients on CHEA activities. And the *CHEA Website* provided the single best source found anywhere of descriptive and analytic information about higher education accreditation.



CHEA published the latest edition of its bi-yearly *Almanac of External Quality Review*. The *Almanac* is the most comprehensive source of information about accreditation and external quality review of higher education in the United States.

As part of the *CHEA Initiative*, CHEA published *Reflections on the Future of Accreditation*, an 80-page collection of essays addressing the implications of a potentially profound transformation of U.S. higher education accreditation and examining key issues for accreditation and its future.

CHEA also published a report titled *State Uses of Accreditation: Results of a Fifty-State Inventory*. The 96-page report compiles the most current information on accreditation's important role in each of the fifty states and includes a compendium of the varying state requirements related to institutional accreditation.

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## Informing the Public About Accreditation

CHEA regularly provides information to help the public better understand accreditation and its value. In 2010-2011, CHEA produced four short informational videos: [\*Accreditation and Its Value to You\*](#), [\*Types of Accreditation: What's the Difference?\*](#), [\*Degree Mills and Accreditation Mills\*](#) and [\*The Council for Higher Education Accreditation\*](#). These videos were posted to YouTube and to the CHEA Website.

CHEA also worked with institutional and programmatic accrediting organizations to produce the consumer brochure "[\*Ask Before You Decide: Accreditation Matters\*](#)." The six-page brochure tells students, prospective students and the general public what accreditation is and how accreditation can help them make informed decisions.

The [\*CHEA Database of Institutions and Programs Accredited by Recognized United States Accrediting Organizations\*](#) provides information on more than 7,800 degree-granting and non-degree-granting institutions and more than 20,000 programs. Each month, the *CHEA Database* and CHEA's [\*International Directory\*](#) are visited tens of thousands of times.



*Short consumer-friendly videos, produced by CHEA and posted to YouTube, provide information to the public on accreditation.*

## Looking Ahead: Facing the Challenges and Meeting the Opportunities

In 2011-2012, CHEA will continue its work on behalf of higher education accreditation. A key area in the year ahead is the fourth year of the *CHEA Initiative*, scheduled to conclude in 2012. The *Initiative's* focus will be development of recommendations for the issues identified during the past three years of work.

CHEA will continue its strong advocacy for the value of self-regulation and peer/professional review. CHEA also will provide information and assistance to Congress, USDE and the states as accreditation-related issues are considered.

The work of the Committee on Recognition will continue, with approximately twenty accrediting organizations seeking initial or continuing CHEA recognition.

Above all, CHEA will work to keep members and the public informed on critical issues and to serve as an effective advocate for higher education accreditation.

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# Independent Auditor's Report

LANE & COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

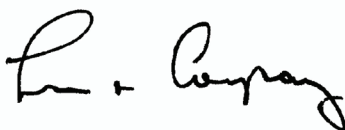
## Independent Auditor's Report

To the Board of Directors of the  
Council for Higher Education Accreditation

We have audited the accompanying statements of financial position of the Council for Higher Education Accreditation (the Council) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these 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 audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Council for Higher Education Accreditation as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Washington, D.C., USA  
August 24, 2011

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# Statements of Financial Position

June 30, 2011 and 2010

<b>June 30,</b>	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
Cash & cash equivalents - Notes B, F & H	\$ 4,035,395	\$ 3,835,673
Interest receivable	4,118	2,989
Accounts receivable	24,770	-
Prepaid expenses	33,402	9,363
Investment in nonqualified employee benefit plan - Note I	206,128	162,798
Property & equipment, net - Note C	170,785	173,160
Trademark and copyright costs, net	2,883	3,401
<b>Total assets</b>	<b>\$ 4,477,481</b>	<b>\$ 4,187,384</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable & accrued expenses	\$ 173,315	\$ 203,352
Deferred rent	66,837	49,425
Deferred revenue	1,197,125	1,133,828
Obligation under nonqualified employee benefit plan - Note I	206,128	162,798
Total liabilities	1,643,405	1,549,403
Commitments and contingencies - Note J		
	-	-
Net Assets		
Unrestricted - Note D	2,834,076	2,636,842
Restricted - Note E	-	1,139
Total net assets	2,834,076	2,637,981
<b>Total liabilities and net assets</b>	<b>\$ 4,477,481</b>	<b>\$ 4,187,384</b>

*See notes to the financial statements.*

# Statement of Activities

For the Year ended June 30, 2011

	Unrestricted			Temporarily Restricted:	
	Operating	Grant	Total	Grant	Total
<b>REVENUE</b>					
Membership dues	\$ 2,029,104	\$ -	\$ 2,029,104	\$ -	\$ 2,029,104
Conference fees	214,250		214,250		214,250
Interest income	16,153		16,153		16,153
Publication revenue and other	147,190		147,190		147,190
Grant	-		-		-
Net assets released from restrictions	-	1,139	1,139	(1,139)	-
<b>Total Revenue</b>	<b>2,406,697</b>	<b>1,139</b>	<b>2,407,836</b>	<b>(1,139)</b>	<b>2,406,697</b>
<b>EXPENSE - Note G</b>					
Personnel	1,411,308		1,411,308		1,411,308
Conference	151,199		151,199		151,199
Professional fees	105,160		105,160		105,160
Office expenses	73,510		73,510		73,510
Committees	114,783		114,783		114,783
Travel	13,366	251	13,617		13,617
Printing and publications	54,323		54,323		54,323
Occupancy costs	128,372		128,372		128,372
Information systems	26,810		26,810		26,810
Consultants	60,403		60,403		60,403
Depreciation and amortization	44,059		44,059		44,059
Website	8,068		8,068		8,068
Sponsorship	15,437		15,437		15,437
Miscellaneous	2,665	888	3,553		3,553
<b>Total Expense</b>	<b>2,209,463</b>	<b>1,139</b>	<b>2,210,601</b>		<b>2,210,601</b>
<b>Change in Net Assets</b>	<b>197,234</b>	<b>-</b>	<b>197,234</b>	<b>(1,139)</b>	<b>196,095</b>
<b>Net assets, July 1, 2010</b>	<b>2,636,842</b>	<b>-</b>	<b>2,636,842</b>	<b>1,139</b>	<b>2,637,981</b>
<b>Net assets, June 30, 2011</b>	<b>\$ 2,834,076</b>	<b>\$ -</b>	<b>\$ 2,834,076</b>	<b>\$ -</b>	<b>\$ 2,834,076</b>

# Statement of Activities

For the Year ended June 30, 2010

	Unrestricted			Temporarily Restricted:	
	Operating	Grant	Total	Grant	Total
<b>REVENUE</b>					
Membership dues	\$ 2,049,854	\$ -	\$ 2,049,854	\$ -	\$ 2,049,854
Conference fees	179,775		179,775		179,775
Interest income	37,489		37,489		37,489
Publication revenue and other	28,106		28,106		28,106
Grant	-		-	7,300	7,300
Net assets released from restrictions	-	6,161	6,161	(6,161)	-
<b>Total Revenue</b>	<b>2,295,224</b>	<b>6,161</b>	<b>2,301,385</b>	<b>1,139</b>	<b>2,302,524</b>
<b>EXPENSE - Note G</b>					
Personnel	1,296,426		1,296,426		1,296,426
Conference	146,823		146,823		146,823
Professional fees	133,578		133,578		133,578
Office expenses	133,782		133,782		133,782
Committees	91,584		91,584		91,584
Travel	39,795	6,161	45,956		45,956
Printing and publications	26,756		26,756		26,756
Occupancy costs	130,520		130,520		130,520
Information systems	29,964		29,964		29,964
Consultants	120,636		120,636		120,636
Depreciation and amortization	40,212		40,212		40,212
Website	9,343		9,343		9,343
Sponsorship	16,012		16,012		16,012
Miscellaneous	1,300		1,300		1,300
<b>Total Expense</b>	<b>2,216,731</b>	<b>6,161</b>	<b>2,222,892</b>		<b>2,222,892</b>
<b>Change in Net Assets</b>	<b>78,493</b>	<b>-</b>	<b>78,493</b>	<b>1,139</b>	<b>79,632</b>
<b>Net assets, July 1, 2009</b>	<b>2,558,349</b>	<b>-</b>	<b>2,558,349</b>	<b>-</b>	<b>2,558,349</b>
<b>Net assets, June 30, 2010</b>	<b>\$ 2,636,842</b>	<b>\$ -</b>	<b>\$ 2,636,842</b>	<b>\$ 1,139</b>	<b>\$ 2,637,981</b>

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# Statement of Cash Flows

For the Years ended June 30, 2011 and 2010

<b>Year Ended June 30,</b>	<b>2011</b>	<b>2010</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 196,095	\$ 79,632
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	44,059	40,212
Interest receivable	(1,129)	2,175
Accounts receivable	(24,770)	5,856
Prepaid expenses	(24,039)	9,302
Accounts payable & accrued expenses	(30,037)	82,535
Deferred rent	17,412	19,215
Deferred revenue	63,297	219,995
Total adjustments	44,793	360,075
Net cash provided by operating activities	240,888	439,707
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(41,166)	(2,183)
Net cash used in investing activities	(41,166)	(2,183)
<b>Net increase in cash and cash equivalents</b>	199,722	437,524
Cash and cash equivalents beginning of year	3,835,673	3,398,149
<b>Cash and cash equivalents, end of year</b>	\$ 4,035,395	\$ 3,835,673

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# Notes to Financial Statements

For the Years ended June 30, 2011 and 2010

## A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Council for Higher Education Accreditation (the Council) is a District of Columbia corporation. The Council is dedicated to serving students and their families, colleges and universities, sponsoring bodies, governments, and employers by promoting academic quality through formal recognition of higher education accrediting bodies and working to advance self-regulation through accreditation.

Income tax status: The Council is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code. The Council is classified by the Internal Revenue Service as other than a private foundation.

Basis of accounting: The Council prepares its financial statements on the accrual basis of accounting.

Use of estimates: Preparation of the financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from estimates.

Property and equipment: Property and equipment are recorded at cost. Furniture, equipment, computer equipment, and software greater than \$500 are capitalized and then depreciated using the straight-line method over the estimated service lives of the assets (5-7 years). Leasehold improvements greater than \$1,000 are capitalized and then amortized over the term of the lease or the estimated useful life of the improvement, whichever is shorter.

Trademark and copyright costs: Costs relating to trademarks and copyrights are capitalized and amortized using the straight-line method over fifteen years. Accumulated amortization at June 30, 2011 and 2010, was \$4,875 and \$4,357, respectively. Management periodically reviews the trademark and copyright costs for potential impairment. As of June 30, 2011 and 2010, it has been determined that no impairment has occurred.

Deferred revenue: Deferred revenue includes membership dues and conference fees collected prior to year-end for a future period. Conference revenue is recognized in the period the conference takes place. Membership dues are recognized as revenue in the applicable membership period, which is July 1 to June 30.

Restricted and unrestricted net assets: The Council records contributions and donor-restricted support as unrestricted or temporarily restricted depending on the existence and or the nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.



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# Notes to Financial Statements

For the Years ended June 30, 2011 and 2010

## B. CASH AND CASH EQUIVALENTS

For financial statement purposes, the Council considers all U.S. government obligations and certificates of deposit to be cash equivalents. Cash and cash equivalents consisted of the following at June 30:

	<b>2011</b>	<b>2010</b>
Demand deposits and money market	\$ 1,601,233	\$ 2,442,274
Certificates of deposits	<u>2,434,162</u>	<u>1,393,399</u>
	<u>\$ 4,035,395</u>	<u>\$ 3,835,673</u>

## C. PROPERTY AND EQUIPMENT

	<b>2011</b>	<b>2010</b>
Furniture & Equipment	\$ 139,089	\$ 139,089
Computer Equipment & Software	117,703	76,537
Leasehold Improvements	<u>220,487</u>	<u>220,487</u>
	477,279	436,113
Less: accumulated depreciation	<u>(306,494)</u>	<u>(262,953)</u>
	<u>\$ 170,784</u>	<u>\$ 173,160</u>

## D. UNRESTRICTED NET ASSETS – UNDESIGNATED AND DESIGNATED

The Board of Directors has approved the designation of a portion of unrestricted net assets with the stated goal of maintaining a reserve equal to between 67 and 100 percent of annual operating expenditures. Undesignated and designated unrestricted net assets consist of the following at June 30,

	<b>2011</b>	<b>2010</b>
Undesignated	<u>\$ 1,141,853</u>	<u>\$ 995,831</u>
Designated		
Fixed Asset Reserve	68,752	31,426
Operating Reserve	1,112,922	1,102,879
Book Commission Reserve	<u>510,549</u>	<u>506,706</u>
Total Designated	<u>1,692,223</u>	<u>1,641,011</u>
Total Unrestricted Net Assets	<u>\$ 2,834,076</u>	<u>\$ 2,636,842</u>

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# Notes to Financial Statements

For the Years ended June 30, 2011 and 2010

## D. UNRESTRICTED NET ASSETS – UNDESIGNATED AND DESIGNATED – CONTINUED

Book Commission Reserve: The purpose of this reserve is to fund the writing of a book on higher education accreditation. The Board of Directors approved a transfer of \$0 and \$100,000 to the Book Commission Reserve in 2011 and 2010, respectively. Interest income earned on these funds becomes a part of the Board-designated Book Commission Reserve. The Book Commission Reserve earned interest income of \$3,843 and \$5,012 during the years ended June 30, 2011 and 2010, respectively. No expenses were incurred from the reserve during each of the years ended June 30, 2011 and 2010.

## E. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets have been released from restrictions by incurring expenses satisfying the purpose stipulated by the grantor. Temporarily restricted net assets at June 30 are as follows:

	<u>2011</u>	<u>2010</u>
Beginning balance	\$ 1,139	\$ -
Grant revenue	-	7,300
Expenses incurred	<u>(1,139)</u>	<u>(6,161)</u>
Ending balance	<u>\$ -</u>	<u>\$ 1,139</u>

## F. FAIR VALUE MEASUREMENTS

The Council has implemented Statement of Financial Accounting Standards No. 157 (FAS 157), Fair Value Measurements. FAS 157 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. FAS 157 uses the following prioritized input levels to measure fair value. The input levels used for valuing investments and cash equivalents are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

Level 2 – Includes inputs other than level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data;

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Cash and cash equivalents stated at fair value consist of Level 1 and 2 assets. The value of Level 2 cash and cash equivalents as of June 30, 2011 and 2010 was \$2,434,162 and \$1,393,399, respectively. The value of Level 1 cash and cash equivalents as of June 30, 2011 and 2010 was \$1,601,233 and \$2,442,274 respectively.

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# Notes to Financial Statements

For the Years ended June 30, 2011 and 2010

## G. FUNCTIONAL EXPENSE

The costs of providing the various programs and other activities have been summarized on a functional basis below. Accordingly, certain costs have been allocated among program services, management and general, and fund-raising based on evaluations of the related benefit. Functional expense consisted of the following for the years ended June 30:

	2011	2010
Program Services:		
Meetings and Conferences	\$ 649,917	\$ 653,534
Research and Policy	464,226	466,804
Government Relations	309,484	311,205
Recognition Policy	123,794	124,482
Total Program Services	<u>1,547,421</u>	<u>1,556,025</u>
Supporting Services:		
Management and General	596,863	600,180
Fund-Raising	66,318	66,687
Total Supporting Services	<u>663,181</u>	<u>666,867</u>
	<u><b>\$ 2,210,602</b></u>	<u><b>\$ 2,222,892</b></u>

## H. CONCENTRATION OF CREDIT RISK

The Council maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Council has not experienced any such losses in the past and does not believe it is exposed to any significant financial risk on these cash balances.

The Council also invests funds in a professionally managed portfolio that contains various types of certificates of deposit and treasury bills. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus, it is at least reasonably possible that changes in these risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

## I. RETIREMENT PLANS

The Council maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The Plan covers full-time employees of the Council. The Council contributes 10 percent of gross salaries for qualified employees to the Plan. Employees may make contributions to the Plan up to the maximum amount allowed by the Internal Revenue Code. For the years ended June 30, 2011 and 2010, the Council contributed \$139,537 and \$86,853 respectively, on behalf of its employees.

In 2003, the Council established a Section 457(b) deferred compensation plan as part of the President's contract. In 2005, the deferred compensation plan was expanded to include a top hat group of employees, funded entirely by the employees. Both are funded through annuity contracts. The assets and liabilities relating to the plans totaling \$206,128 as of June 30, 2011 and \$162,798 as of June 30, 2010 appear in the statements of financial position.

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# Notes to Financial Statements

For the Years ended June 30, 2011 and 2010

## J. OPERATING LEASE

The Council leases its office space under a non-cancelable operating lease agreement, which expires June 30, 2018. The lease agreement provides for a minimum annual base rent plus the lessee's prorated share of real estate taxes and building operating expenses. Future minimum payments under the lease are as follows:

Years Ending June 30,	
2012	\$ 115,360
2013	115,360
2014	122,570
2015	129,780
2016	136,990
Thereafter	<u>273,980</u>
	<u>\$ 894,040</u>

Occupancy costs consisted of the following for the year ended June 30:

	2011	2010
Rent	\$ 123,255	\$ 125,742
Parking	2,219	2,238
Repairs & Maintenance	1,340	1,166
Storage	<u>1,558</u>	<u>1,374</u>
	<u>\$ 128,372</u>	<u>\$ 130,520</u>

## K. EMPLOYMENT AGREEMENT

The Council has an employment agreement with its President. The term of the agreement is April 29, 2003, through June 30, 2013, with a sabbatical leave from July 1, 2013 through June 30, 2014. During the sabbatical leave, the President will provide services to the Council.

## L. SUBSEQUENT EVENTS

In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through August 24, 2011, the date the financial statements were available to be issued.

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# 2010–2011 Board of Directors

The CHEA Board of Directors is composed of up to 20 members elected for three-year terms. The members are current chief executive officers of degree-granting colleges and universities, other institutional members (e.g., deans, provosts, faculty) and public members.

## EXECUTIVE COMMITTEE

**David G. Carter, *Chair***, Chancellor Emeritus, Connecticut State University System

**Karen W. Morse, *Secretary***, President Emeritus, Western Washington University

**Charles Larson, *Treasurer***, Chair, ViaGlobal Group

**Bobby Fong, *Member at Large***, President, Butler University

**Madlyn L. Hanes, *Member at Large***, Vice President, Commonwealth Campuses, Pennsylvania State University

## BOARD OF DIRECTORS

**Caesar Andrews**, Edith Finney Gaylord Visiting Professor in Journalism Ethics, Cronkite School of Journalism and Mass Communications, Arizona State University

**John E. Bassett**, President, Heritage University

**John C. Bravman**, President, Bucknell University

**R. Judson Carlberg**, President, Gordon College

**Larry L. Earvin**, President & CEO, Huston-Tillotson University

**George D. Gollin**, Professor of Physics, University of Illinois at Urbana-Champaign

**David Johnson, III**, Public Member

**Dorothy Leland**, President, Georgia College & State University

**Joe D. May**, President, Louisiana Community and Technical College System

**Judy C. Miner**, President, Foothill College

**Paula E. Peinovich**, President, National Labor College

**Barbara R. Snyder**, President, Case Western Reserve University

**Mary Ann P. Swain**, Professor, State University of New York at Binghamton, Decker School of Nursing

**Craig D. Swenson**, Chancellor, Argosy University

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## 2010–2011 Committee on Recognition

The CHEA Committee on Recognition is responsible for considering the eligibility and recognition status of new and continuing accrediting organizations. The Committee consists of nine members, each serving a three-year term, and includes public members, members from regional, specialized, national and professional accrediting organizations and members from colleges and universities.

**William B. DeLauder (Chair)**

President Emeritus, Delaware State University

**Ronald Blumenthal**

Senior Vice President, Kaplan University

**Barbara Brittingham**

President and Director, Commission on Institutions of Higher Education, New England Association of Schools and Colleges

**James G. Cibulka**

President, National Council for Accreditation of Teacher Education

**Joanne S. Greathouse**

Director, Program in Radiography, Apollo College

**Michael P. Lambert**

Executive Director, Distance Education and Training Council

**J.D. LaRock**

Special Assistant to the President, Northeastern University

**E. Clorissa Phillips**

President and Professor of Public Service and Leadership, Virginia Intermont College

**David Werner**

Chancellor Emeritus, Southern Illinois University Edwardsville

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# **CHEA-Recognized Accrediting Organizations**

## **(As of June 30, 2011)**

### **National Faith-Related**

Association for Biblical Higher Education, Commission on Accreditation

Association of Advanced Rabbinical and Talmudic Schools

Commission on Accrediting of the Association of Theological Schools in the United States and Canada

Transnational Association of Christian Colleges and Schools, Accreditation Commission

### **National Career-Related**

Accrediting Council for Independent Colleges and Schools

Distance Education and Training Council Accrediting Commission

### **Regional**

Middle States Association of Colleges and Schools, Middle States Commission on Higher Education

New England Association of Schools and Colleges, Commission on Institutions of Higher Education

North Central Association of Colleges and Schools, The Higher Learning Commission

Northwest Commission on Colleges and Universities

Southern Association of Colleges and Schools, Commission on Colleges

Western Association of Schools and Colleges, Accrediting Commission for Community and Junior Colleges

Western Association of Schools and Colleges, Accrediting Commission for Senior Colleges and Universities

### **Programmatic**

AACSB International – The Association to Advance Collegiate Schools of Business

ABET, Inc.

Accreditation Council for Business Schools and Programs

Accreditation Council for Pharmacy Education

Accreditation Review Commission on Education for the Physician Assistant, Inc.

Accrediting Council on Education in Journalism and Mass Communications

American Association for Marriage and Family Therapy, Commission on Accreditation for Marriage and Family Therapy Education

American Association of Family and Consumer Sciences, Council for Accreditation

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# CHEA-Recognized Accrediting Organizations

## (As of June 30, 2011)

American Board of Funeral Service Education, Committee on Accreditation  
American Council for Construction Education  
American Culinary Federation's Education Foundation, Inc. Accrediting Commission  
American Library Association, Committee on Accreditation  
American Occupational Therapy Association, Accreditation Council for Occupational Therapy Education  
American Optometric Association, Accreditation Council on Optometric Education  
American Physical Therapy Association, Commission on Accreditation in Physical Therapy Education  
American Podiatric Medical Association, Council on Podiatric Medical Education  
American Psychological Association, Commission on Accreditation  
American Society of Landscape Architects, Landscape Architectural Accreditation Board  
American Speech-Language-Hearing Association Council on Academic Accreditation in Audiology and Speech-Language Pathology  
American Veterinary Medical Association, Council on Education  
Association of Technology, Management, and Applied Engineering  
*formerly National Association of Industrial Technology*  
Aviation Accreditation Board International  
Commission on Accreditation of Allied Health Education Programs  
Commission on Accreditation of Healthcare Management Education  
Commission on Opticianry Accreditation  
Council for Accreditation of Counseling and Related Educational Programs  
Council for Interior Design Accreditation  
Council on Accreditation of Nurse Anesthesia Educational Programs  
Council on Chiropractic Education, Commission on Accreditation  
Council on Rehabilitation Education, Commission on Standards and Accreditation  
Council on Social Work Education Office, Commission on Accreditation  
International Assembly for Collegiate Business Education  
International Fire Services Accreditation Congress Degree Assembly  
Joint Review Committee on Education Programs in Radiologic Technology  
Joint Review Committee on Educational Programs in Nuclear Medicine Technology

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# CHEA-Recognized Accrediting Organizations (As of June 30, 2011)

National Accrediting Agency for Clinical Laboratory Sciences

National Association of Schools of Public Affairs and Administration, Commission on Peer Review and Accreditation

National Council for Accreditation of Teacher Education

National League for Nursing Accrediting Commission, Inc.

National Recreation and Park Association, Council on Accreditation of Parks, Recreation, Tourism, and Related Professions

Planning Accreditation Board

Society of American Foresters

Teacher Education Accreditation Council, Inc.



*Stamenka Uvalić-Trumbić of UNESCO, Judith Eaton of CHEA and Barbara Brittingham of the New England Association of Schools and Colleges (NEASC) Commission on Institutions of Higher Education, at the NEASC annual meeting in Boston, Massachusetts.*

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# Key Dates in the History of CHEA

## March 1996

- Formation of CHEA through first-ever referendum of college and university presidents. Fifteen-member board of directors elected, bylaws approved.

## July 1996

- Initial meeting of CHEA Board of Directors.

## September 1996

- Board of directors adopts CHEA bylaws and files articles of incorporation.

## May 1997

- *Institutional Eligibility and Recognition Policy* adopted by board of directors.

## August 1997

- Dr. Judith S. Eaton named CHEA's first president.

## September – December 1997

- CHEA conducts national survey of degree-granting institutions, higher education associations and accrediting organizations to learn of priorities for CHEA and for accreditation.

## September 1998

- Board of directors adopts the CHEA *Recognition Policy and Procedures*.

## January 1999

- Members of committee on recognition appointed by board of directors.

## November 2000

- *Advisory Statement to the Community: Transfer and the Public Interest* released.

## May 2001

- *Advisory Statement on the Value of the Degree* adopted.

## September 2001

- *Principles for United States Accreditors Working Internationally: Accreditation of Non-United States Institutions and Programs* adopted.

## May 2002

- *A Framework for Meeting Transfer of Credit Responsibilities* released.

## January – April 2003

- CHEA conducts second national survey of degree-granting institutions, higher education associations and accrediting organizations to evaluate CHEA performance, identify primary accreditation issues to be addressed in the future and solicit views on accreditation.

## May 2003

- *CHEA Database of Institutions Accredited by Recognized U.S. Accreditors* launched.

## September 2003

- *Advisory Statement of Mutual Responsibilities for Student Learning Outcomes: Accreditation, Institutions and Programs* adopted.

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# Key Dates in the History of CHEA

## May 2004

- CHEA recognition of 60 accrediting organizations complete.

## May 2005

- CHEA *Database of Institutions and Programs Accredited by Recognized U.S. Accrediting Organizations* of more than 7,000 accredited institutions expanded to include 17,000 accredited programs.

## November 2005

- CHEA annual *Award for Institutional Progress on Student Learning Outcomes* launched.

## January 2006

- Revision of CHEA *Recognition Policy and Procedures* approved by board of directors.

## February 2007

- *Advisory Statement on Combating Site-Based and Distance-Based Degree Mills – Suggestions for Effective Practice* issued.

## January 2008

- *New Leadership for Student Learning and Accountability* published (with Association of American Colleges and Universities).

## September 2008

- *CHEA Initiative* launched.

## June 2009

- *Toward Effective Practice: Discouraging Degree Mills in Higher Education* issued by CHEA and the United Nations Educational, Scientific and Cultural Organization (UNESCO) published.

## April 2010

- CHEA Board of Directors approves *Resolution on Accreditation and Accountability*.

## June 2010

- *The Value of Accreditation* published by CHEA.

## November 2010

- *State Uses of Accreditation* published by CHEA.

## February 2011

- CHEA produces videos on accreditation and its value.

## March 2011

- CHEA and UNESCO host a meeting on the international challenges posed by for-profit higher education.

## June 2011

- *Reflections on the Future of Accreditation* published by CHEA.
- CHEA holds Seventh National Accreditation Forum during 2011 Summer Workshop.

*A national advocate and institutional voice for self-regulation of academic quality through accreditation, CHEA is an association of 3,000 degree-granting colleges and universities and recognizes 60 institutional and programmatic accrediting organizations.*

## **CHEA**

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