Business school leaders have come forward to share ways in which they are connecting with and engaging new communities and contributing invaluable research not only within the higher education institutions that enable its development but also to businesses and society at large, where its impact is most needed. We’ve seen the results of what business education can do through alumni’s successful, innovative roles in the array of industry sectors that touch on everyday life. Schools have brought a renewed focus to students by revamping curriculum that will help them become the leaders our world needs now more than ever—leaders of economic improvement, social change, and collaborative relationships.

While tremendous progress is being made, we recognize that the work of business education is never-ending and must continue to evolve and transform. At ICAM 2017, we are exploring ideas for making data and research more meaningful, for responding quickly to technological change, and for remaining committed to the recognition that we are globally connected and benefit from open exchange. With your valuable input and tenacious inquiries into how to better serve our many constituents, we look forward to the outcomes of this event that reimagines the role of business education in global society.

Last year at ICAM, AACSB celebrated a landmark 100 years of excellence in business education. Not content to rest on our laurels, we also revealed a collective vision for the industry and defined a new strategic direction for the organization, guided by a refreshed mission, vision, and set of values. Already we have seen a remarkable response to these initiatives from the ever-expanding business education network.
This fiscal year we exceeded our goals in new applicants and achieved a high number of newly accredited institutions, expanding into more regions across the globe. One major factor in this success was that we received and accepted more eligibility applications than anticipated: we received 57 and accepted 51, surpassing our forecast of 50 and 37, respectively.

Peer review teams conducted 43 initial accreditation visits and five deferral visits, demonstrating robust activity this fiscal. By the end of the fiscal year, 31 schools achieved initial accreditation: 28 in business and three in accounting. Further, we ended the year with a total of 761 accredited schools: 73 percent in the Americas; 12 percent in Asia Pacific (AP); and 15 percent in Europe, the Middle East, and Africa (EMEA).

Schools in the initial accreditation process reflect a more global profile. At the end of the fiscal year there were 240 schools in process, 25.3 percent representing the Americas, 39.3 percent from AP, and 35.4 percent from EMEA. This global distribution is expected to continue, with the vast majority of the growth in initial accreditation activity coming from the AP and EMEA regions.
Efforts to expand our membership network, both in numbers and regions, have been fruitful this fiscal year, with a net growth higher than expected of 68 new schools—three in the Americas; 25 in Asia Pacific; and 40 in Europe, the Middle East, and Africa. And while we were successful at attracting new business member to join at the lower-tier levels of business membership, we had more higher-level Sustaining Member cancelations than we’d expected, resulting in some lost revenue. We have already begun increasing our efforts toward membership retentions for fiscal year 2016-17, and we are steadily tracking ahead of prior years’ renewal campaigns.

Both the AACSB Exchange and Member Forum continue to exceed annual goals, achieving more than 30 percent and 45 percent participation increases, respectively. Efforts to collect feedback from regional advisory councils, business members, and key stakeholders continue to inform critical segmentation work for the next fiscal year. The more targeted AACSB Member Survey results remain a focus, providing direction and guidance on many Strategic Change Agenda initiatives.

A year ago, AACSB appointed a diversity and inclusion advocate and began integrating diversity and inclusion into our strategic planning goals, in addition to a 32 percent increase in signatories to the White House Best Practices for Business Schools to Lead in Expanding Opportunities for Women in Business document.
Advocacy and Awareness

PUBLIC RELATIONS

AACSB achieved record-high media coverage this fiscal year, with 440 media placements (exceeded our goal by 38 percent) and 3,806 cited references. Based on PR Newswire tracking data, AACSB now has an 81 percent share of voice. Sentiment analysis of AACSB’s coverage was 89 percent positive and 11 percent neutral, with no negative publicity. Media coverage was driven by press announcements and domestic/global media tours for AACSB’s centennial, collective vision for business education, newly accredited schools, a new CEO, the Amsterdam office opening, the White House Diversity Best Practices initiative, and ringing the closing bell at the New York Stock Exchange.

A major thrust of public relations efforts has been to create platforms to amplify the impact of AACSB members, especially accredited members. This year, the Influential Leaders challenge was introduced and received 200 nominations from 127 schools in 25 countries. The program enabled AACSB to highlight the success and diversity of graduates from AACSB-accredited schools, while giving those schools a platform to promote their own success. The inaugural Innovations That Inspire program brought in more than 305 entries from 200 schools in 35 countries, allowing AACSB to showcase the innovative approaches to business education being developed by member schools.
Several program innovations highlighted a successful year in the professional development area. An international advisory group led the development of a Data Analytics Seminar as part of the Curriculum Development Series. This is the first time a new seminar was launched in all three AACSB headquarters regions in the same term. AACSB successfully delivered its first online seminar, a program to develop online teaching skills of faculty. The six-week course, which included both synchronous and asynchronous learning modules, sold out and received positive feedback from participants. Rounding out the innovations in seminars, this year we introduced an Associate Deans Seminar in the Asia Pacific region, where the need has been growing, as well as a new seminar designed specifically for alumni of The PhD Project, which was highly successful.

This year also brought a new conference, Co-Lab: Connecting Business Schools With Practice, designed to foster relationships between academia and business practice. Just over 100 people attended the conference, held in Atlanta, Georgia. About 25 percent of the participants were from business practice, as were 70 percent of the speakers. Interestingly, for three of every five attendees, Co-Lab was their first AACSB conference. The new, more interactive program format worked well, offering in place of an opening plenary an opening “discussion starter” session, which provided a platform for attendees to begin talking and sharing immediately. Overall, the feedback was positive and provided many ideas for improving future Co-Lab events.
In this past year, we saw steady participation in the Business School Questionnaire (BSQ) and Salary Surveys as well as significant increased participation in the complementary BSQ modules on topical areas of focus, which were isolated from the main BSQ in recent years to allow for more dedicated data collection and analysis. We saw a 47 percent year-over-year increase in the BSQ Employment Module (to 261 participants) and a 30 percent year-over-year increase in the BSQ Finances Module (to 499).
In July 2016, AACSB, EFMD, and GMAC® entered into a memorandum of understanding with the objective to work together to promote and enhance their research activities for the benefit of the business education industry.

Data and Research Projects and Collaborations

In July 2016, AACSB, EFMD, and GMAC® entered into a memorandum of understanding with the objective to work together to promote and enhance their research activities for the benefit of the business education industry and to create additional value for their respective members and clients by:

- Increasing information sharing and coordination across AACSB, EFMD, and GMAC
- Creating alignment among data sets related to school, candidate, and application trends to enable more comprehensive analysis and reporting
- Expanding their understanding of schools involved in the delivery of global graduate management education
Conclusion

Achieving the vision, mission, and Strategic Change Agenda goals will require AACSB not only to engage current educational members more deeply but also to develop relationships and collaborations with other organizations in the broader business education ecosystem. In addition to developing protocols for handling proposals for collaboration that come from other organizations, new systems are being put into place to more effectively manage relationships. Potential collaborations are being developed at both the global level, such as the agreement with GMAC and EFMD mentioned previously, and at the regional level.

The significant achievements we have made in support of the ambitious Strategic Change Agenda launched last year could not have been possible without the enthusiasm and dedication of AACSB volunteers and stakeholders worldwide. As we continue to realize the goals we set out for our organization and for the broader business education community, we also will continue to push the boundaries of what we have known to be possible into what we have not yet imagined.
Mission, Vision, and Values

AACSB International—The Association to Advance Collegiate Schools of Business is the world’s largest business education network connecting students, academia, and business to advance business education worldwide. A nonprofit membership organization run by dedicated volunteers and staff, AACSB International provides quality assurance of business school programs and the latest in business education intelligence, thought leadership, and professional development services.

Founded in 1916, AACSB is a global association of more than 1,500 member organizations in over 90 countries and territories, with headquarters offices in North America, Asia Pacific, and Europe. With more than 760 business schools accredited worldwide, AACSB ensures the highest quality standard in business education to prepare the next generation of business leaders.

MISSION
The mission of AACSB International is to foster engagement, accelerate innovation, and amplify impact in business education. This mission is aligned with AACSB International accreditation standards for business schools. AACSB International strives to continuously improve engagement among business, faculty, institutions, and students so that business education is aligned with the needs of business practice. To fulfill this goal, AACSB International encourages and accelerates innovation to continuously improve business education. As a result, business schools will have a positive impact on business and society—and AACSB International will amplify that impact.

VISION
The vision of AACSB International is to transform business education for global prosperity. Business and business schools are a force for good, contributing to the world’s economy, and AACSB International plays a significant role in making that benefit better known to all stakeholders—serving business schools, students, business, and society.

VALUES
In achieving its mission and vision, AACSB International will emphasize and model the following values: Quality, Inclusion and Diversity, a Global Mindset, Ethics, Social Responsibility, and Community. These values drive AACSB International’s future initiatives and interactions with the business education community worldwide.
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2017 ANNUAL BUSINESS MEETING

AGENDA

LEADER: Santiago Iñiguez de Onzoño
PARLIAMENTARIAN: William H. Glick
DATE: Monday, April 24, 2017
TIME: 4:30 p.m.–5:30 p.m.
PLACE: Houston, Texas, USA

Welcome
Santiago Iñiguez de Onzoño

Strategic Change Agenda Updates and AACSB’s New Brand
Thomas R. Robinson

Chair’s Annual Address
Santiago Iñiguez de Onzoño
President, IE University
Chair, AACSB International 2016-2017

Incoming Chair’s Remarks: Looking to the Future
Soumitra Dutta

Annual Business Meeting Call to Order
Santiago Iñiguez de Onzoño

Membership Votes
• Proposed Increase to Membership Dues
• Proposed Articles and Bylaws Amendments
Santiago Iñiguez de Onzoño

Recognition of Outgoing Chair, Santiago Iñiguez de Onzoño
Soumitra Dutta

Adjourn (motion)
Santiago Iñiguez de Onzoño
Approval of Membership Dues Increase

The last increase to membership dues went into effect July 2014. At that time, the Board of Directors evaluated longer-term financial projections reflecting growth in operations and expanded services. Since, AACSB has increased its portfolio of services, expanded its connection with stakeholders globally, opened the EMEA regional headquarters, invested heavily in technology, focused on communicating the value of business education and AACSB Accreditation, and increased its engagement with academia and business. During the past five years, the Board of Directors elected to support strategic draws of 3.6 million USD from the association’s reserves to fund this expansion in support of the AACSB mission.

Much has changed for AACSB since 2014, and accordingly, it is important for the organization to allocate responsibly for the future. As we work to expand growth and impact across the global business education sphere, as well as focus on the continued development and refinement to products and services for all members, the Board of Directors and AACSB leadership believe that costs still remain within a reasonable scope.

MOTION #1

A motion will be made to approve an increase to annual membership dues of 300 USD per educational member, effective July 1, 2017.

All members vote.
All educational members vote.

MOTION #2

A motion will be made to approve increases to annual membership dues for business members, effective July 1, 2017, as follows:

Non-Profit Business Membership – Increase of 100 USD
Business Membership – Increase of 250 USD
Executive Business Membership – Increase of 500 USD
Sustaining Business Membership – Increase of 1000 USD

All members vote.
All business members vote.
Approval of Amendments to AACSB International Articles and Bylaws

The Articles and Bylaws Committee and the Board of Directors have recommended several editorial and operational revisions to the AACSB Articles and Bylaws.

The most noteworthy change to the bylaws will enable the Board of Directors to consider and implement modest membership dues increases annually rather than continuing the current practice of increasing dues by a larger amount every three or four years. If justified, the annual Board-authorized increase would be capped at the prior 12-calendar-months’ annual rate of increase identified by the United States Bureau of Labor Consumer Price Index (CPI). If the Board of Directors determines that a larger increase is necessary, the entire increase would require a membership vote.

The full edited version of the proposed Articles and Bylaws may be found on the AACSB website at: www.aacsb.edu/April2017vote.

THE MOTION

A motion will be made to approve the proposed amendments to the Articles and Bylaws.

All members vote.
All members of the Accreditation Council vote.
# AACSB INTERNATIONAL –
THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
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INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of AACSB International - The Association to Advance Collegiate Schools of Business, Inc. (a nonprofit organization) and Subsidiary (the Organization), which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion
In our opinion, the 2016 consolidated financial statements referred to above present fairly, in all material respects, the position of AACSB International - The Association to Advance Collegiate Schools of Business, Inc. and Subsidiary as of June 30, 2016, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adjustments to Prior Period Consolidated Financial Statements
The consolidated financial statements of AACSB International - The Association to Advance Collegiate Schools of Business, Inc. and Subsidiary as of June 30, 2015, were audited by other auditors whose report dated August 24, 2015, expressed an unmodified opinion on those consolidated statements. As discussed in Note 1 to the consolidated financial statements, the Organization has adjusted its 2015 consolidated financial statements to retrospectively apply the change in accounting for deferred revenue and accounts receivable related to advance renewal and accreditation annual billings. The other auditors reported on the consolidated financial statements before the retrospective adjustment.

As part of our audit of the 2016 consolidated financial statements, we also audited the adjustments to the 2015 consolidated financial statements to retrospectively apply the change in accounting as described in Note 1. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the Organization’s 2015 consolidated financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2015 consolidated financial statements as a whole.

Report on Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 12 to 14, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

CliftonLarsonAllen LLP
Tampa, Florida
August 25, 2016
## AACSB INTERNATIONAL - THE ASSOCIATION TO ADVANCE COLLEGIATE SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2016 AND 2015

### ASSETS

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<tr>
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<th>2016</th>
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<tr>
<td><strong>CURRENT ASSETS</strong></td>
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<tr>
<td>Cash and Cash Equivalents</td>
<td>$8,785,546</td>
<td>$5,206,709</td>
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<td>Accounts Receivable, Net of Allowance; $8,000 in 2016 and $36,863 in 2015</td>
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<td>112,451</td>
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<td>Prepaid Expenses</td>
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<td>Investments</td>
<td>15,419,704</td>
<td>16,367,863</td>
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<td><strong>Total Current Assets</strong></td>
<td>24,736,839</td>
<td>22,158,000</td>
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<tbody>
<tr>
<td><strong>PROPERTY AND EQUIPMENT</strong></td>
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<tr>
<td>Office Machinery and Equipment</td>
<td>1,766,383</td>
<td>1,593,550</td>
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<td>Office Furniture and Fixtures</td>
<td>408,686</td>
<td>352,461</td>
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<td>Leasehold Improvements</td>
<td>589,388</td>
<td>403,244</td>
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<td>Software in Development</td>
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<td><strong>Total Property and Equipment</strong></td>
<td>2,764,457</td>
<td>2,359,654</td>
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<tr>
<td>Less: Accumulated Depreciation and Amortization</td>
<td>(1,703,687)</td>
<td>(1,338,285)</td>
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<tr>
<td><strong>Total Property and Equipment</strong></td>
<td>1,060,770</td>
<td>1,021,369</td>
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<tr>
<td><strong>OTHER ASSETS</strong></td>
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<tr>
<td>Deposits</td>
<td>112,714</td>
<td>88,989</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>$25,910,323</td>
<td>$23,268,358</td>
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### LIABILITIES AND NET ASSETS

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<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
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<tr>
<td>Accounts Payable</td>
<td>$865,907</td>
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<tr>
<td>Accrued Expenses</td>
<td>610,997</td>
<td>738,750</td>
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<td>Deferred Revenue</td>
<td>9,968,526</td>
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<td><strong>Total Current Liabilities</strong></td>
<td>11,445,430</td>
<td>8,744,315</td>
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<td><strong>NET ASSETS</strong></td>
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<td>Unrestricted</td>
<td>14,464,893</td>
<td>14,524,043</td>
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<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$25,910,323</td>
<td>$23,268,358</td>
</tr>
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See accompanying Notes to Consolidated Financial Statements.
AACSBI INTERNATIONAL -
THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2016 AND 2015

See accompanying Notes to Consolidated Financial Statements.
### AACSB INTERNATIONAL - THE ASSOCIATION TO ADVANCE COLLEGIATE SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

YEARS ENDED JUNE 30, 2016 AND 2015

See accompanying Notes to Consolidated Financial Statements.

(5)

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<tr>
<th></th>
<th>2016</th>
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<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in Net Assets</td>
<td>$ (59,150)</td>
<td>$ 141,273</td>
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<tr>
<td>Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:</td>
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<td></td>
</tr>
<tr>
<td>Bad Debt Recovery</td>
<td>(28,373)</td>
<td>(14,752)</td>
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<tr>
<td>Depreciation and Amortization</td>
<td>407,367</td>
<td>165,519</td>
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<tr>
<td>Realized and Unrealized Losses on Investments, Net</td>
<td>583,879</td>
<td>13,102</td>
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<tr>
<td>(Increase) Decrease in:</td>
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<td></td>
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<tr>
<td>Accounts Receivable</td>
<td>51,471</td>
<td>(417,771)</td>
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<tr>
<td>Prepaid Expenses</td>
<td>28,741</td>
<td>(162,028)</td>
</tr>
<tr>
<td>Deposits</td>
<td>(23,725)</td>
<td>(46,988)</td>
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<tr>
<td>Increase (Decrease) in:</td>
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<td></td>
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<tr>
<td>Accounts Payable</td>
<td>241,477</td>
<td>(89,817)</td>
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<tr>
<td>Accrued Expenses</td>
<td>(127,753)</td>
<td>(5,819)</td>
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<tr>
<td>Deferred Revenue</td>
<td>2,587,391</td>
<td>938,551</td>
</tr>
<tr>
<td>Net Cash Provided by Operating Activities</td>
<td>3,661,325</td>
<td>521,270</td>
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</table>

| **CASH FLOWS FROM INVESTING ACTIVITIES** |         |         |
| Purchases of Property and Equipment | (446,768)| (670,196)|
| Purchases of Investments            | (642,987)| (1,737,482)|
| Proceeds from Disposition of Investments | 1,007,267| 2,176,032|
| Net Cash Used by Investing Activities | (82,488) | (231,646) |

| **NET INCREASE IN CASH AND CASH EQUIVALENTS** |         |         |
| Cash and Cash Equivalents - Beginning of Year | 5,206,709| 4,917,085|
| **CASH AND CASH EQUIVALENTS - END OF YEAR** | $ 8,785,546| $ 5,206,709|

See accompanying Notes to Consolidated Financial Statements.
NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
AACSB International – The Association to Advance Collegiate Schools of Business, Inc. (AACSB or the Organization) is a nonprofit organization whose mission is to foster engagement, accelerate innovation, and amplify impact in business education. AACSB is headquartered in Tampa, Florida and maintains regional offices in Singapore and Amsterdam. The regional office in Singapore is a separate incorporated entity operating as AACSB International, LTD – The Association to Advance Collegiate Schools of Business, LTD. The Amsterdam office, opened in 2015, operates as a representative office of the Organization, and is not a separately incorporated entity. Both regional offices are staffed with individuals that primarily provide support and service to AACSB members in a) Asia-Pacific and b) Europe, the Middle East and Africa (EMEA), respectively. AACSB’s revenues and other support are derived principally from member dues and fees, which includes sponsorships from members and other outside organizations. Its activities serve a global network of educational institutions, corporate and not-for-profit organizations.

Basis of Presentation
The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. There are no donor imposed restrictions on the net assets of AACSB; therefore the changes in net assets are classified and reported as unrestricted net assets.

Principles of Consolidation
The accompanying consolidated financial statements include the accounts of AACSB International – The Association to Advance Collegiate Schools of Business, Inc. and AACSB International – The Association to Advance Collegiate Schools of Business, LTD (collectively referred to hereafter as AACSB or the Organization). The Organizations have been consolidated due to the presence of common control and economic interest as required under GAAP. All significant inter-entity balances and transactions have been eliminated in consolidation.

Use of Estimates
The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.
NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents
AACSB considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable
Accounts receivable are stated at the amount billed to members. AACSB provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 90 days are considered delinquent and may be written off based on individual credit evaluation and specific circumstances of the member. AACSB extends unsecured credit to its members. The allowance for doubtful accounts is $8,000 and $36,863 as of June 30, 2016 and 2015.

Investments and Investment Return
AACSB’s investments consist of bond and stock mutual funds reported at fair value. These types of investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the amounts reported in the consolidated financial statements.

Investment return is comprised of interest, dividends, realized gains and losses, and unrealized gains and losses on investments. Investment returns are considered nonoperating income, and are reported as other changes in the accompanying consolidated statements of activities.

Fair Value of Financial Instruments
Fair value measurements for assets and liabilities required to be carried at fair value on a recurring basis are determined based upon a framework prescribed by GAAP. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements):

Level 1 – Financial instruments with unadjusted quoted prices listed in active market exchanges. AACSB’s Level 1 assets consist of bond and stock mutual funds.

Level 2 – Financial instruments determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals. AACSB does not have any Level 2 assets.
NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

Level 3 – Financial instruments not actively traded on a market exchange. This category includes situations where there is little, if any, market activity for the financial instrument. The prices are determined using significant unobservable inputs or valuation techniques. AACSB does not have any Level 3 assets.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Property and Equipment
AACSB capitalizes expenditures for property and equipment which are in excess of $5,000 with an estimated useful life in excess of one year. Property and equipment are carried at cost. Depreciation is provided using the straight-line basis over the estimated useful life of each asset class; with the exception of leasehold improvements and capitalized software which are amortized over the shorter of their lease term and licensing agreement, respectively, or their estimated useful lives. Software in development is not depreciated until placed in service, at which time it is classified as capitalized software. The estimated useful lives of AACSB’s long-lived asset classes are as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Useful Life (In Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Machinery, Equipment, and Capitalized Software</td>
<td>3</td>
</tr>
<tr>
<td>Office Furniture and Fixtures</td>
<td>3 to 7</td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>3 to 10</td>
</tr>
</tbody>
</table>

Depreciation and amortization expense was approximately $407,000 and $166,000 during the years ended June 30, 2016 and 2015, respectively, and is allocated in proportion to the respective service groups as more fully described in Note 5.

Deferred Revenue
Revenues from dues and fees are recognized in the period to which they relate. Amounts billed for the subsequent year’s due and fees that have been billed and collected as of current year end are reported in deferred revenue.

Functional Allocation of Expenses
The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities as described in Note 5.

Income Taxes
AACSB is exempt from federal income taxes under Section 501(c)(3) and is exempt from state corporate income tax under applicable Florida Statutes. Under certain circumstances, the IRC provides for taxation of unrelated business income. Such status is subject to final determination upon examination of the related income tax returns by the appropriate taxing authorities. Management is not aware of any activities that would jeopardize AACSB’s tax exempt status.
NOTE 1  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)
Management has evaluated all other tax positions that could have a significant effect on the consolidated financial statements and determined that AACSB had no uncertain income tax positions at June 30, 2016.

Reclassifications
Certain reclassifications have been made to the 2015 consolidated financial statement presentation to correspond to the current year’s format. Previously reported net assets and changes in net assets were not affected by these reclassifications.

Change in Accounting Policy
During 2016, the Organization changed its accounting policy for billings of membership renewals and accreditation annual dues. In prior years, advance billings of renewal and accreditation annual dues were recorded at the gross amounts in accounts receivable and deferred revenue. However beginning in 2016, the Organization changed its accounting to a net presentation for advance billings of renewal and accreditation dues. This change in accounting policy has been applied retroactively to the consolidated statement of financial position as of June 30, 2015. The effect of the change resulted in a reduction of both accounts receivable and of deferred revenue by $4,240,821 at June 30, 2015. Previously reported net assets and changes in net assets are not affected by this change in accounting policy.

Subsequent Events
AACSB has considered subsequent events through August 25, 2016, which represents the date the consolidated financial statements were available to be issued.

NOTE 2  CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject AACSB to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. Credit risk related to accounts receivable is generally diversified due to the large number of entities comprising the customer base.

AACSB places its cash and cash equivalents on deposit with institutions which at times may exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses on its deposits with financial institutions.
NOTE 3  INVESTMENTS, INVESTMENT RETURN AND FAIR VALUE

Investments are considered Level 1 financial instruments under ASC Topic, *Fair Value Measurements and Disclosures*, as previously defined in Note 1 and consist of the following at June 30:

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Mutual Funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Cap Growth</td>
<td>$2,605,083</td>
<td>$2,783,081</td>
</tr>
<tr>
<td>Large Cap Value</td>
<td>2,683,981</td>
<td>2,816,885</td>
</tr>
<tr>
<td>Mid Cap Growth</td>
<td>385,880</td>
<td>417,056</td>
</tr>
<tr>
<td>Mid Cap Blend</td>
<td>422,204</td>
<td>425,996</td>
</tr>
<tr>
<td>Small Cap Blend</td>
<td>838,214</td>
<td>866,338</td>
</tr>
<tr>
<td>International</td>
<td>1,479,161</td>
<td>1,650,291</td>
</tr>
<tr>
<td>Fixed Income Mutual Funds:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-Term Bonds</td>
<td>3,258,510</td>
<td>3,156,097</td>
</tr>
<tr>
<td>Intermediate Bonds</td>
<td>3,746,671</td>
<td>4,252,119</td>
</tr>
<tr>
<td>Total</td>
<td>$15,419,704</td>
<td>$16,367,863</td>
</tr>
</tbody>
</table>

NOTE 4  PENSION PLAN

AACSB’s employees, after one year of service, are eligible to participate in a retirement plan administered by the Teachers Insurance and Annuity Association (TIAA). TIAA is a “portable” plan which provides for immediate vesting of benefits to the employee. The plan allows employees to contribute between 0.5% and 5% of their base salary, in 0.5% increments. AACSB contributes double the employee’s contribution. Total pension plan expense for the years ended June 30, 2016 and 2015, was approximately $576,000 and $555,000, respectively.

TIAA participants have the option of making additional voluntary contributions to the plan. TIAA is a defined contribution plan under which payments are used to purchase individual annuities issued to the participants and benefits solely on amounts contributed to the plan plus investment earnings. Upon retirement, TIAA participants have options for payment of their vested benefits.

NOTE 5  MANAGEMENT AND GENERAL EXPENSES

For the years ended June 30, 2016 and 2015, general, administrative, and overhead expenses of $6,623,787 and $6,118,059, respectively, have been allocated to the service groups in the same proportion as direct staff costs. These costs include office facility and general operations, governance, management staff, IT systems and infrastructure, fiscal operations, insurance, and depreciation and amortization.
NOTE 6  COMMITMENTS

Branding Initiative
On June 27, 2016, AACSB entered into a contract with a third-party to evaluate branding initiatives and develop and/or refine new branding. This contract requires payments upon the completion of the specified stages as outlined in the contract for an aggregate remaining total of $310,000 as of June 30, 2016.

Operating Leases
AACSB leases office space in Tampa, Florida, Singapore and Amsterdam under separate non-cancellable operating leases, which expire between fiscal years 2017 and 2021. The Organization also leases certain office equipment under non-cancellable operating leases. Minimum monthly rentals range from approximately $350 to $38,000. Future minimum lease payments due under non-cancellable operating leases in effect at June 30, 2016, are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$ 817,505</td>
</tr>
<tr>
<td>2018</td>
<td>833,907</td>
</tr>
<tr>
<td>2019</td>
<td>765,441</td>
</tr>
<tr>
<td>2020</td>
<td>362,615</td>
</tr>
<tr>
<td>2021</td>
<td>1,049</td>
</tr>
<tr>
<td>Total</td>
<td>$ 2,780,517</td>
</tr>
</tbody>
</table>

Rent expense in connection with these leases was approximately $827,000 and $731,000 for the years ended June 30, 2016 and 2015, respectively.

NOTE 7  EMPLOYMENT CONTRACT OBLIGATIONS

Employment Agreements
AACSB has entered into employment contracts with certain key employees. These agreements establish the respective annual salaries and severance agreements. The employment agreements can be terminated at the sole discretion of AACSB without cause, by giving at least 60 days written notice to the respective employee. In that event, AACSB would pay these key employees an agreed-upon amount of salary as severance, provide for certain benefits, and reimburse relocation expenses, as defined by the individual agreements.
## AACSB INTERNATIONAL -
THE ASSOCIATION TO ADVANCE COLLEGIATE
SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
CONSOLIDATED UNRESTRICTED COMPARATIVE SCHEDULES OF
REVENUES AND EXPENSES BY SERVICE GROUP
YEAR ENDED JUNE 30, 2016

### Operating Revenues

<table>
<thead>
<tr>
<th></th>
<th>Fee-Based</th>
<th>Dues-Based</th>
<th>Membership</th>
<th>Products</th>
<th>Other</th>
<th>Total</th>
<th>Fee-Based</th>
<th>Dues-Based</th>
<th>Membership</th>
<th>Products</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td>-</td>
<td>6,549,900</td>
<td>8,359,514</td>
<td>-</td>
<td>-</td>
<td>12,909,414</td>
<td>-</td>
<td>4,582,850</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,582,850</td>
</tr>
<tr>
<td>Dues</td>
<td>6,979,816</td>
<td>6,979,816</td>
<td>6,895,100</td>
<td>8,184,050</td>
<td>-</td>
<td>15,043,150</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Income</td>
<td>(206,640)</td>
<td>198,000</td>
<td>8,640</td>
<td>-</td>
<td>19,889,230</td>
<td>-</td>
<td>6,652,460</td>
<td>4,780,850</td>
<td>8,192,690</td>
<td>-</td>
<td>19,626,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>6,773,176</td>
<td>4,747,900</td>
<td>8,368,154</td>
<td>-</td>
<td>19,889,230</td>
<td>-</td>
<td>6,652,460</td>
<td>4,780,850</td>
<td>8,192,690</td>
<td>-</td>
<td>19,626,000</td>
<td></td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>Fee-Based</th>
<th>Dues-Based</th>
<th>Membership</th>
<th>Products</th>
<th>Other</th>
<th>Total</th>
<th>Fee-Based</th>
<th>Dues-Based</th>
<th>Membership</th>
<th>Products</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>-</td>
<td>7,503,783</td>
<td>2,485,250</td>
<td>3,751,280</td>
<td>-</td>
<td>8,025,800</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Program</td>
<td>2,452,229</td>
<td>2,447,717</td>
<td>5,887,779</td>
<td>2,077,000</td>
<td>2,524,800</td>
<td>1,822,400</td>
<td>-</td>
<td>6,424,200</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Personnel</td>
<td>1,788,428</td>
<td>1,951,634</td>
<td>4,156,491</td>
<td>1,822,400</td>
<td>1,822,400</td>
<td>1,822,400</td>
<td>-</td>
<td>6,424,200</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Direct</td>
<td>4,240,657</td>
<td>4,399,351</td>
<td>10,044,270</td>
<td>3,844,400</td>
<td>3,844,400</td>
<td>3,844,400</td>
<td>-</td>
<td>14,450,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>2,532,519</td>
<td>772,647</td>
<td>3,192,502</td>
<td>-</td>
<td>6,497,668</td>
<td>2,090,210</td>
<td>466,780</td>
<td>2,619,010</td>
<td>-</td>
<td>5,176,000</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### Change in Net Assets

<table>
<thead>
<tr>
<th></th>
<th>Fee-Based</th>
<th>Dues-Based</th>
<th>Membership</th>
<th>Products</th>
<th>Other</th>
<th>Total</th>
<th>Fee-Based</th>
<th>Dues-Based</th>
<th>Membership</th>
<th>Products</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Change in Net Assets</strong></td>
<td>120,815</td>
<td>832,535</td>
<td>3,532,519</td>
<td>-</td>
<td>1,215,519</td>
<td>-</td>
<td>120,815</td>
<td>(1,079,469)</td>
<td>(359,790)</td>
<td>(999,659)</td>
<td>442,449</td>
<td>-</td>
</tr>
</tbody>
</table>

### Other Changes

<table>
<thead>
<tr>
<th></th>
<th>Fee-Based</th>
<th>Dues-Based</th>
<th>Membership</th>
<th>Products</th>
<th>Other</th>
<th>Total</th>
<th>Fee-Based</th>
<th>Dues-Based</th>
<th>Membership</th>
<th>Products</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Other Changes</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest and Dividends</td>
<td>-</td>
<td>650,848</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>510,000</td>
<td>510,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Realized Gain</td>
<td>-</td>
<td>97,454</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Unrealized Gain</td>
<td>-</td>
<td>97,454</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Other Changes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>510,000</td>
<td>510,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Fee-Based</th>
<th>Dues-Based</th>
<th>Membership</th>
<th>Products</th>
<th>Other</th>
<th>Total</th>
<th>Fee-Based</th>
<th>Dues-Based</th>
<th>Membership</th>
<th>Products</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>120,815</td>
<td>832,535</td>
<td>3,532,519</td>
<td>-</td>
<td>1,215,519</td>
<td>-</td>
<td>120,815</td>
<td>(1,079,469)</td>
<td>(359,790)</td>
<td>(999,659)</td>
<td>442,449</td>
<td>-</td>
</tr>
</tbody>
</table>

(12)
AACSB INTERNATIONAL - THE ASSOCIATION TO ADVANCE COLLEGIATE SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY
CONSOLIDATED UNRESTRICTED COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES BY SERVICE GROUP
YEAR ENDED JUNE 30, 2015

<table>
<thead>
<tr>
<th>OPERATING REVENUES</th>
<th>2015 Actual</th>
<th>2015 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fee-Based</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dues</td>
<td>$4,371,175</td>
<td>$4,418,750</td>
</tr>
<tr>
<td>Fees</td>
<td>6,363,400</td>
<td>8,061,550</td>
</tr>
<tr>
<td>Other Income</td>
<td>(198,240)</td>
<td>(200,000)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,165,160</td>
<td>14,809,250</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING EXPENSES</th>
<th>2015 Actual</th>
<th>2015 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program</td>
<td>2,571,042</td>
<td>2,784,470</td>
</tr>
<tr>
<td>Personnel</td>
<td>1,922,685</td>
<td>1,722,000</td>
</tr>
<tr>
<td><strong>Total Direct</strong></td>
<td>4,493,727</td>
<td>4,506,470</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>1,671,433</td>
<td>2,042,990</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPERATING INCOME (LOSS)</th>
<th>2015 Actual</th>
<th>2015 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dues-Based</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Fee-Based</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Direct</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Direct</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Margin</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER CHANGES</th>
<th>2015 Actual</th>
<th>2015 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and Dividends</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Realized Gain</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Unrealized Gain</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Other Changes</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CHANGE IN NET ASSETS</th>
<th>2015 Actual</th>
<th>2015 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ (724,310)</td>
<td>$ (724,310)</td>
<td>$ (724,310)</td>
</tr>
</tbody>
</table>

(13)
## AACSB INTERNATIONAL - THE ASSOCIATION TO ADVANCE COLLEGIATE SCHOOLS OF BUSINESS, INC. AND SUBSIDIARY

### CONSOLIDATED DETAIL UNRESTRICTED SCHEDULE OF REVENUES AND EXPENSES BY SERVICE GROUP

YEAR ENDED JUNE 30, 2016

<table>
<thead>
<tr>
<th>Membership</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>Revenues</td>
<td>Total</td>
</tr>
<tr>
<td>Dues</td>
<td>Fees</td>
<td>Other Income</td>
</tr>
<tr>
<td>$4,382,650</td>
<td>$4,549,990</td>
<td>$7,932,640</td>
</tr>
<tr>
<td>$4,382,650</td>
<td>$4,549,990</td>
<td>$7,932,640</td>
</tr>
</tbody>
</table>

### OPERATING REVENUES

**OPERATING EXPENSES**

Direct:

- Program: 2,452,229
- Personnel: 1,789,428

Gross Margin: 2,532,519

Allocated:

- Personnel: 1,450,061
- Overhead: 961,643

Total Allocated: 2,411,704

Total Operating Expenses: 6,652,361

**OPERATING INCOME (LOSS)**

120,815

**OTHER CHANGES**

Interest and Dividends:

- 650,948

Net Realized Gain:

- 97,454

Net Unrealized Gain:

- 681,333

Total Other Changes:

66,969

**CHANGE IN NET ASSETS**

120,815

**COMPARATIVE**

2016 Budget (359,790)

2015 Actual (724,310)
# CASH AND INVESTMENT DETAIL

Cash and Investment Portfolio Balance for Fiscal Years Ended June 30

<table>
<thead>
<tr>
<th></th>
<th>FY2016</th>
<th>FY2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$8,786,000</td>
<td>$5,207,000</td>
</tr>
<tr>
<td>Current investments, at fair value</td>
<td>$15,420,000</td>
<td>$16,368,000</td>
</tr>
<tr>
<td><strong>Total cash and current investments</strong></td>
<td><strong>$24,206,000</strong></td>
<td><strong>$21,575,000</strong></td>
</tr>
</tbody>
</table>

Cash and equivalents held at June 30, 2016 reflect the receipt of member dues and fees for the following fiscal year. The related revenues are deferred until the following year in accordance with US GAAP. The increase from the prior year is due in part to higher membership and in part to the timing of payments received.

Strategic, long-term, target investment portfolio weights are 60% global equities and 40% fixed income. For the year ended June 30 2016, corresponding actual weights reflect 55% and 45%, respectively. The financial reserves serve as a self-insurance backstop and, combined with existing risk-mitigation strategies, help provide for the continuation of services in the event of a large-scale disruption to AACSB programs. It is expected that this approach to managing the reserves will give AACSB additional risk management flexibility.

The year over year decrease in investments results primarily from a decline in market value combined with a draw from reserves to fund investments in support of the strategic change agenda.

The reserves are invested in accordance with the Investment Policy Statement and Investment Practices as approved by the AACSB Board of Directors.

The AACSB Finance and Investment Committee assesses investment policies and practices annually, and brings to the Board of Directors recommendations for amendments as appropriate. Accordingly, the committee governing documents were reviewed and endorsed during the current fiscal year.

Cash and equivalents are managed to cover operational needs, whereas investments provide protection against business disruptions and a potential funding source for large new and long-term business initiatives.
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