

# ANSWER KEY TO EXERCISES

## CHAPTER 3. INCOME STATEMENT: PUBLIC COMPANIES

Source for these answers: The consolidated statement of operations (aka the income statement) for fiscal year 2023 (the 12 months ended September 30, 2023) for Apple Inc.

1. The reported total revenue for fiscal year 2023 for Apple Inc. was \$383.3 billion. Revenue declined  $-2.7\%$  year-over-year from \$394.3 billion in fiscal 2022.
2. Yes, the company divides its net sales into two categories: products and services. The considerably larger category is product sales (\$298.1 billion), but services sales (\$85.2 billion) increased by  $+9\%$  annually. Product sales declined by  $-5.7\%$  annually. As a supplement, Apple breaks out its product revenue into the following additional subcategories: iPhone, Mac, iPad, Wearables, Home, and Accessories.
3. Total operating expenses for fiscal year 2023 were \$54.8 billion. Research and development (R&D) and selling, general and administration (SG&A) are included under operating expenses. Total operating expenses increased by  $+6.8\%$  in fiscal 2023.
4. The reported operating income and net income was \$114.3 billion and \$97 billion, respectively, for fiscal 2023. Operating income and net income both declined in 2023.
5. The operating profit margin of Apple for fiscal 2023 was 29.8%. This compares to an operating margin of 30.2% in 2022 so the operating margin contracted ever so slightly.

6. The net profit margin of Apple for fiscal 2023 was 25.3%. This compares to a net profit margin of 25.3% in 2022 so the net margin was essentially unchanged year-to-year.
7. Apple's reported earnings per share (EPS) for fiscal 2023 was \$6.13 on a diluted basis. This compares to 2022 EPS of \$6.11 on a diluted basis so EPS rose by a tiny amount year-over-year. While net income declined on annual basis, Apple was able to nudge EPS higher through stock buybacks that decreased the number of shares outstanding (from 16.3 billion shares outstanding in 2022 to 15.8 billion shares outstanding in 2023).
8. While Apple's top-line results showed a small decline, the company remains a bottom-line cash generation machine (astounding operating profits of \$114 billion in 2023) with very strong operating profit margins (a nearly 30% operating margin in 2023). This cash generation gives Apple significant flexibility for making investments in product and service R&D, stock buybacks, acquisitions, and other activities. Further, Apple continues to show top-line growth in its service business (+9% increase in 2023), which includes the App Store, Apple Pay, Apple Card, Apple TV+, Apple Music, Apple Arcade, iCloud, and advertising.

#### CHAPTER 4. THE INCOME STATEMENT: NONPROFIT ORGANIZATIONS

Source for these answers: The Form 990 for the Academy of Motion Picture Arts and Sciences for fiscal year 2021–2022 for the year ending June 30, 2022, as filed with the IRS on May 12, 2023.

1. The Academy of Motion Picture Arts and Sciences is headquartered in Beverly Hills, California, the epicenter of the film industry (aka Hollywood). The Academy has the tax-exempt status of a 501(c) (6) organization.
2. The stated mission of the Academy is “to recognize and uphold excellence in the motion picture arts and sciences, inspire imagination, and connect the world through the medium of motion pictures.” The organization has 236 employees and 632 volunteers.

3. The total revenue for the Academy in the current year was \$156.5 million. This compares with \$134.9 million in the prior year, so revenue increased year-over-year.
4. The Academy generates revenue from the following categories: contributions and grants, program service revenue, investment revenue, and other revenue. The largest revenue driver is program service revenue, which was \$141.2 million in the current year.
5. The total expenses for the Academy in the current year was \$147.4 million. The expense categories include: grants and similar amounts paid, benefits paid to or for members, salaries, other compensation, employee benefits, professional fundraising fees, and other expenses. Total expenses grew from \$115 million in the prior year. The biggest increases year-over-year were in the categories of grants paid and other expenses. A deeper dive into “other expenses” finds this category consists of: management, legal, investment management fees; advertising and promotion; office expenses; information technology; occupancy; travel; conferences, conventions, and meetings; depreciation, depletion, and amortization; insurance; Academy Awards programs; Governors Ball; Governors Awards; Nominees Luncheon; and all other expenses.
6. Reported revenue less expenses for the Academy in the current year was nearly \$9.2 million. This is a decrease from reported revenue less expenses of \$19.8 million in the prior year. As a reminder, this figure can be thought of as the net income figure.
7. A review of the income statement for the Academy indicates that the organization is on a financially healthy footing. Revenue increased by +16% annually to \$156.5 million. While revenue less expenses declined by -53% annually to \$9.2 million, this would still seem to be a healthy bottom-line figure, with expenses rising in part due to more grantmaking, which would seem to be at least partially discretionary. There would be some cause for concern if the top-line figure was declining, which is *not* the case here.
8. As discussed above, a review of the income statement (aka the P&L) suggests the Academy is on a financially healthy footing. Top-line revenue grew over the past 2 years. While revenue less expenses, which can be thought of as the “bottom-line” or net income figure for charitable and nonprofit organizations, declined significantly in the current year, the organization remains solidly “in the black” at nearly \$9.2 million.

## CHAPTER 5. THE BALANCE SHEET: PUBLIC COMPANIES

Source for these answers: The consolidated balance sheet for fiscal year 2023 (12 months ended September 30, 2023) for Apple Inc.

1. Apple Inc.'s current assets as of fiscal year end 2023 were \$143.6 billion. Its noncurrent assets were \$209 billion. So its total assets were \$352.6 billion. This compares to total assets of \$352.8 billion for the prior year so total assets were essentially unchanged.
2. The company's fiscal year end 2023 cash and marketable securities position was \$162 billion, consisting of nearly \$30 billion of cash and cash equivalents, with \$31.6 billion in marketable securities under current assets (duration of less than a year) and another \$100.5 billion in marketable securities under noncurrent assets (duration of over a year).
3. Apple's current liabilities as of fiscal year end 2023 were \$145.3 billion. Its noncurrent liabilities were \$145.1 billion. So its total liabilities were \$290.4 billion. Liabilities declined from a total of \$302.1 billion at the end of fiscal year 2022.
4. The company's reported debt was approximately \$111.1 billion at fiscal year-end 2023. This consists of commercial paper of nearly \$6 billion and term debt of \$9.8 billion under current liabilities and \$95.3 billion of term debt under noncurrent liabilities.
5. As of year-end fiscal 2023, Apple had a net debt position of approximately \$81.1 billion. This is based on total debt of around \$111.1 billion subtracted by cash and cash equivalents of nearly \$30 billion. Remember that the liquidity position calculation does not typically take into account a company's marketable securities holdings as well.
6. The total shareholders' equity was \$62.1 billion as of year-end fiscal 2023. Shareholders' equity increased from the prior year when it was \$50.7 billion. As a reminder, shareholders' equity is total assets minus total liabilities. Said another way, the total liabilities and shareholders' equity figure equals or "balances" with the total assets figure.
7. Apple's Inc.'s total assets were nearly \$352.6 billion as of year-end fiscal 2023, and its shareholders' equity (\$62.1 billion) plus total liabilities (\$290.4 billion) added up to around \$352.6 billion so these two totals indeed "balanced" or equaled out.

8. Simply stated, Apple has a fortress of a balance sheet to underpin its position as one of the world's largest companies based on market value. While the company has a net debt position, it has significant liquidity on hand, with a stable total assets position year-over-year and a decline in its total liabilities. In turn, shareholders' equity (also known as a company's net worth or book value) rose year-over-year underscoring the stability of the company's balance sheet and its commitment to long-term shareholder value creation.

## CHAPTER 6. THE BALANCE SHEET: NONPROFIT ORGANIZATIONS

Source for these answers: The Form 990 for the Academy of Motion Picture Arts and Sciences for fiscal year 2021–2022 for the year ending June 30, 2022, as filed with the IRS on May 12, 2023.

1. The Academy of Motion Picture Arts and Sciences is headquartered in Beverly Hills, California, the epicenter of the film industry (aka Hollywood). The Academy has the tax-exempt status of a 501(c) (6) organization.
2. The stated mission of the Academy is “to recognize and uphold excellence in the motion picture arts and sciences, inspire imagination, and connect the world through the medium of motion pictures.” The organization has 236 employees and 632 volunteers.
3. The total assets for the Academy at the end of the year was nearly \$685.5 million. This compares with nearly \$650 million at the beginning of the year so total assets increased over the course of the year.
4. The three largest asset categories on the Academy's balance sheet on a dollar basis at the end of the year were: investments in publicly traded securities (\$431.2 million), investments in other securities (\$222.3 million), and land, buildings, and equipment (\$15.7 million). The investments in other securities are shown in Part VII section of Schedule D of the form as consisting of private equity alternative investments (\$197.5 million) and real estate private equity investments (\$24.7 million).

5. The total liabilities for the Academy at the end of the year was \$198.3 million compared with \$134.5 million in liabilities at the beginning of the year so total liabilities increased.
6. The three largest liability categories on the Academy's balance sheet on a dollar basis at the end of the year were: other liabilities (\$170 million), deferred revenue (\$14.6 million), and accounts payable and accrued expenses (\$12.9 million). The other liabilities as shown in Part X of Schedule D consist of a pooled investment with a related third party (\$168.5 million) and a lease liability (\$1.3 million). It should be noted there are several related tax-exempt organizations consisting of the Academy Museum Foundation, Academy Foundation, Archival Foundation, and Vine Street Archive Foundation.
7. The total net assets or fund balances for the Academy at the end of the year was \$487.2 million. The organization started the year with total net assets or fund balances of \$515.4 million, which means that the organization's net worth declined. As a reminder, nonprofit organizations do not have shareholders' equity like companies, which have shareholders. The total net assets or fund balances is equivalent to the organization's net worth.
8. The Academy's balance sheet seems to be in solid shape. While total assets increased during the course of the year (by \$35.5 million), total liabilities increased as well (by \$63.8 million), resulting in a modest  $-5\%$  decline in the organization's net assets or fund balances (aka the nonprofit's net worth) to \$487.1 million. The majority (more than 60%) of the Academy's assets (\$685.5 million) are held in publicly traded securities (\$431.2 million), indicating the organization has access to good liquidity if needed.

## CHAPTER 7. FINANCIAL VALUATION ESSENTIALS: PUBLIC COMPANIES

Source for these answers: A stock analysis website such as Yahoo! Finance:  
[quote.yahoo.com](http://quote.yahoo.com)

1. Apple Inc.'s stock ticker symbol is AAPL. Shares of Apple are traded on the NASDAQ stock exchange (aka NASDAQ: AAPL). Apple's closing stock price as of calendar year end 2023 was \$192.53 per share (December 29, 2023 was the final trading day of 2023). The after hours bid price for AAPL shares was \$192.15 and the ask price was \$192.21.
2. The 52-week range for AAPL shares was \$124.17–\$199.62. With a calendar year end 2023 stock price of \$192.53, this means that AAPL shares were trading near the upper end of the 52-week range. This could be considered trading near “the top of the range.”
3. Based on a stock price of \$192.53 per share and approximately 15.6 billion shares of stock outstanding, Apple had a market capitalization (aka “market cap”) of approximately \$3 trillion. Note that the shares outstanding figure may be found under the Statistics tab of a company stock quote section on Yahoo! Finance. The shares outstanding figures (both basic and diluted) are also typically available on public company income statements as part of the earnings per share (EPS) section near the bottom of the statements.
4. Apple's enterprise value was approximately \$3.1 trillion at the end of calendar 2023. This is based on a market capitalization of around \$3 trillion plus a net debt position of approximately \$62 billion (total debt of \$124 billion minus total cash of \$61.6 billion).
5. Apple's stock price at calendar year end 2023 was \$192.53 per share and the company produced EPS of \$6.13 for its fiscal year 2023. This gives AAPL a trailing P/E of 31x. For fiscal year 2025 the consensus analyst estimate was for EPS of \$6.44. This gives AAPL a forward P/E of nearly 30x. The earnings estimate projections may be found under the Analysis tab of a company stock quote section on Yahoo! Finance.
6. AAPL's P/E of 30–31x is considerable higher than the historical P/E of 18x for the S&P 500 stock market index. This suggests that AAPL shares trade at a significant premium valuation to the overall stock market. This premium may be warranted due to Apple's market dominance with its products and services and its impressive consistent long-term financial performance and solid earnings growth. The flipside to AAPL being valued at such a premium to the overall stock market is that the stock could be revalued closer to the typical market multiple if its business and financial performance stumbles.

7. AAPL's price/earnings-to-growth (PEG) ratio is 3.3x. This assumes a forward P/E of around 30x and a long-term projected annual earnings growth rate of 9%. The company's PEG ratio of 3.3x is considerably higher than a PEG ratio of 1.0. This suggests that AAPL shares may be viewed as "expensive" or even "overvalued" relative to its long-term earnings growth prospects. Of course, the PEG ratio can fluctuate based on the stock price, the actual future EPS generated, and the actual long-term earnings growth produced.
8. Based on the above P/E and PEG analysis, one might consider AAPL shares as of calendar year end 2023 to warrant a "hold" or even a "sell" rating. Of course, AAPL shares have looked pricey relative to the market at many times over the past 5 years. During this stretch, AAPL shares have risen in value by more than 350%. So the investor who decided to "sell" during this time would have often left significant gains on the table.

## CHAPTER 8. THE CEO LETTER: PUBLIC AND PRIVATE COMPANIES

Source for these answers: The letter to stakeholders contained within the 2023 annual report for Cargill: <https://www.cargill.com/about/2023-annual-report>

1. The 2023 annual "Letter to Our Stakeholders" is authored by Brian Sikes, the president and CEO of Cargill.
2. According to Sikes, Cargill generated a record \$177 billion in annual revenue for this fiscal year, resulting in +7% annual growth. Cargill did not disclose its net income (profits) in the letter (or elsewhere). Sikes notes that Cargill's customers, in addition to rewarding the company with their business, have also recognized Cargill with "numerous awards" highlighting the performance of the company's team. This theme of achieving accomplishments together with customers is summed up by this sub-heading for this section of the letter: "Seeking growth with and for our customers."
3. Sikes says in his letter that this past year "the world faced more complex challenges and near constant disruption." Later in the letter, he references how customers "don't have to face tough headwinds alone." Specific



challenges he then highlights are rising food insecurity around the world in the wake of the Ukraine–Russia war, climate change, inflation and supply chain disruptions.

4. The overarching goal of the company can be summed up by this sub-heading within the annual letter: “Finding solutions to big global challenges.” Sikes refers to how Cargill has a “unique vantagepoint at the center of the food system.” The company is working to support a resilient food system for people and the planet.
5. Yes, Sikes discloses that Cargill recorded \$177 billion in annual revenue for the fiscal year. This marks a +7% year-over-year revenue increase. He did not disclose Cargill’s net income figure for the fiscal year. Sikes credits the “excellent execution” by employees and the company’s partnership with customers for this positive financial performance.
6. Yes, Sikes alluded to positive expected future business performance for Cargill. He closes the letter by saying that “Cargill is doing all this from a position of strength.” He also says that “Cargill is better positioned than ever to reimagine what’s possible.” There is no specific revenue or earnings guidance provided beyond these general comments.
7. While everyone will have their own opinion, many are likely to conclude that this is a well-crafted and generally effective CEO letter. Cargill is a very large and complex business-to-business (B2B) company that can be hard to understand and relate to for the typical reader. This letter generally helps make Cargill relatable and relevant, including positioning the company as a positive force within the food system and for the world. This being said, the lack of disclosure of the company’s net income or any other financial details beyond revenue, feeds the narrative that Cargill can be seen as less than transparent. An accompanying message from Cargill’s board chair or a coauthored letter by the chair with Sikes could help bring greater transparency to Cargill’s board of directors.
8. Generally speaking, Cargill is focused on finding solutions to big global challenges facing people and the planet involving the food system. Issues highlighted by Sikes in his letter include addressing climate change; rooting out hunger; building prosperous communities; supporting youth and families; and protecting the safety, rights and dignity of people across Cargill’s supply chain. There are clearly initiatives under each of these areas for the communication team to cite in its past and future work.

## CHAPTER 9. THE EXECUTIVE DIRECTOR LETTER: NONPROFIT ORGANIZATIONS

Source for these answers: The annual letter from the 2023 annual report for Feeding America: <https://www.feedingamerica.org/about-us/financials>

1. The 2023 Feeding America annual report includes a “Message from Our CEO and Board Chair.” This letter is jointly authored by Claire Babineaux-Fontenot, the CEO of Feeding America, and Kelvin H. Taketa, the chair of the Feeding America board of directors.
2. The annual message from Babineaux-Fontenot and Taketa is short and to the point. The key focus is on advancing Feeding America’s mission to end hunger and achieve food security in America. The organization in the past year focused on community-led solutions and national advocacy on ending hunger and achieving food security.
3. The letter opens by highlighting the role played by inflation and rising food prices in exacerbating hunger. The authors specifically cited data on food security from the US Department of Agriculture (USDA) and on-the-ground reports from food banks.
4. Directly across from the message in the annual report is a page that helps quantify Feeding America’s accomplishments over the past year. The message on this page clearly states: “when you support Feeding America, you’re joining a nationwide movement to help hardworking people gain access to the food they need to thrive.” Organizational key performance indicators or metrics for fiscal year 2023 are then shared with readers.
5. Feeding America shared the following key performance indicators (KPIs) on the page directly across from the annual message for fiscal 2023: 5.3 billion meals were supported by the Feeding America network; 3.96 billion pounds of food were rescued; over 3.2 billion pounds of agricultural products were procured; 8.6 million pounds of food and suppliers were sourced to supplement local disaster-relief efforts; 825,803 actions, such as signing petitions and writing letters to Congress, were taken by digital advocates and neighbors (a +53% year-over-year increase); and over 1 billion meals were rescued through MealConnect.
6. The coauthors end the annual message by thanking stakeholders (partners, advocates, volunteers) who are “part of this diverse and growing movement” to end hunger. However, there is nothing specific provided

about the outlook or future expected performance of the organization in the message. This said, on page four of the annual report, a compelling longer term goal is provided. Calling it “A Bold Aspiration for Our Nation,” Feeding America says that its 2030 Bold Aspiration is as follows: “The food insecurity rate is 5% by 2030 and disparities by race and place are cut in half.”

7. There is no right or wrong answer. The annual message was quite short and easy to follow. On the downside, it lacked specifics, such as sharing performance metrics for the past year and the measurable “2030 Bold Aspiration” goal. The accompanying annual report, on the other hand, not only included such metrics, goals and financials, but did so in a compelling, easy-to-understand way. The report was filled with images and graphics, including the “Financial Snapshot” page, which creatively used sliced fresh pepper images to show how revenue and expenses were “sliced up” on a percentage basis. Smart.
8. First, credit to the communications and marketing team at Feeding America for producing a compelling annual report for its stakeholders. Second, Feeding America clearly stated its vision and aspiration in a measurable way: “We have a vision for an America where no one is hungry – and a bold aspiration for our nation to believe that.” Feeding America said that fulfilling this aspiration would mean “the food insecurity rate is 5% by 2030 and disparities by race and place are cut in half.” The work of the communications team can “ladder up” to supporting the fulfillment of this commendable vision and aspiration.

## CHAPTER 10. THE ANNUAL REPORT: PRIVATE COMPANIES

Source for these answers: The 2023 annual report for Cargill: <https://www.cargill.com/about/2023-annual-report>

1. Yes, an annual letter to stakeholders was included at the front of the Cargill annual report. The letter was authored by Brian Sikes, the president and CEO of Cargill. Key themes in the letter were Cargill’s focus on transforming the food system, investing in its people (employees), seeking

- to become better customer-centric, and find solutions to big global challenges such as rising food insecurity.
2. Yes, the annual letter discloses that Cargill generated a record \$177 billion in annual revenue for the fiscal year, resulting in +7% annual growth. The company did not disclose its net income (profits). Other nonfinancial metrics disclosed in the report includes that Cargill operates in 70 countries, it sells to 125 markets, and it has 158 years of experience.
  3. Yes, the company says in the report: “We lead with our values” and says under “How we work to change the world” that “At Cargill, we provide food, ingredients, agricultural solutions, and industrial products to nourish the world in a safe, responsible, and sustainable way. We connect farmers with markets, customers with ingredients, and families with daily essentials.”
  4. Yes, Cargill discusses in the report its efforts to build more inclusive leadership teams; its scholarship support for women and historically underserved students; its Black Farmer Equity initiative; its equitable career progression initiative; and how its prioritization of supplier diversity.
  5. Yes, Cargill talks about a “sustainable future” in the CEO letter. According to Cargill, “when it comes to climate change, we’re embracing the opportunity – and responsibility – to drive real solutions.” The company discusses in the annual report initiatives such as partnering with global and local food banks to reduce food waste and reducing the carbon footprint from shipping by using renewable biodiesels. A weblink and QR code are provided to Cargill’s ESG report to help track its progress.
  6. Yes, the company says it has more than 160,000 employees. The company says it “puts people first.” In the CEO letter, the company says it is “investing deeply in our workers’ safety, skills and successes.” This includes initiatives to make its facilities safer. Cargill discusses an initiative called Powered by Plants to determine what its teams value most.
  7. Yes, the company has a page in its annual report called “Connections that Create Customer Value.” This includes noting customer success stories for McDonald’s, CUBIQ FOODS, Garudafood, Nestlé, and the National Fish and Wildlife Foundation.
  8. There is no right or wrong answer to this question. However, the annual report makes no explicit mention of “net zero” carbon neutral emission targets and target dates by Cargill. Further, there may be questions

surrounding Cargill's portfolio of GMO and non-GMO ingredients. Some of these questions may be addressed through reading its ESG report.

## CHAPTER 11. THE ANNUAL REPORT AND 10-K: PUBLIC COMPANIES

Source for these answers: Apple Inc.'s Form 10-K annual report filing for fiscal year 2023 as filed on November 3, 2023.

1. Apple Inc. is headquartered at One Apple Park Way in Cupertino, California according to the first page of the company's Form 10-K annual report filing for fiscal year 2023. Apple shares trade on the NASDAQ stock market under the ticker symbol AAPL. There were nearly 15.6 billion AAPL shares outstanding as of October 20, 2023.
2. The 10-K annual report filing says that Apple "designs, manufactures and markets smartphones, personal computers, tablets, wearables and accessories, and sells a variety of related services." The products highlighted in this section of the report are the iPhone, Mac, iPad, Wearables, Home and Accessories (e.g., Apple Watch, AirPods, Apple TV, HomePod). The services highlighted include advertising, AppleCare, cloud services, digital content (e.g., App Store, Apple Music, Apple Arcade, Apple Fitness+, Apple Music, Apple News+, Apple TV+) and payment services (e.g., Apple Card, Apple Pay).
3. The risk factor section of Apple's 10-K annual report filing lists a total of 28 risks facing the company. A stated Macroeconomic and Industry risk is the company's operations and performance depend significantly on global and regional economic conditions and adverse economic conditions can materially adversely affect the company's business, results of operations and its financial condition. A stated business risk is, that to remain competitive and stimulate customer demand, the company must successfully manage frequent introductions and transitions of products and services. Under Legal and Regulatory Compliance risks, a factor is that the company's business, results of operations and financial condition could be adversely impacted by unfavorable results of legal proceedings or

government investigations. Finally, under Financial Risks, the company says the price of its stock is subject to volatility.

4. Yes, Apple discloses two different lawsuits. One is a lawsuit by Epic Games against the company. The other is a lawsuit by Masimo Corporation and Cercacor Laboratories against it. Apple said that it also subject to additional legal proceedings and claims that have not been fully resolved. The company settled legal matters during Q4 of 2023 that did not individually or in the aggregate have a material impact on its financial results.
5. The Company Stock Performance section of the report includes a stock chart graph showing that shares of APPL significantly outperformed the S&P 500 index and the Dow Jones US Technology Supersector index over the past 5 years. For comparison, a \$100 investment in AAPL shares on September 2018 was worth \$317, a +217% gain, by September 2023. Whereas a \$100 investment in the S&P 500 index on this same date was worth \$226, a +126% gain, by September 2023. So, on an absolute basis, AAPL shares have risen by 217%, while, on a relative basis, AAPL shares have outperformed the S&P 500, a key barometer of overall large company stock performance, by 91%.
6. Apple posted a small decline year-over-year in total revenue during fiscal 2023 with sales declining  $-3\%$  to \$383.3 billion and net income of \$97 billion. The company is tremendously profitable, but it seems to be struggling to post top- and bottom-line growth. Importantly, Apple notes that “the weakness is foreign currencies relative to the US dollar accounted for more than the entire year-over-year-decrease.” Nonetheless, the MD&A section goes on to disclose that revenue for all product categories declined at least slightly in fiscal 2023, whereas services category revenue rose (by  $+9\%$ ). Sales declined at least slightly in fiscal 2023 for all reportable geographies, except for the Asia Pacific (minus Greater Japan and China), which rose ever so slightly ( $+1\%$ ). Perhaps most interestingly, the MD&A section shows the significant difference in gross margins for revenue generated by products ( $36.5\%$  gross margin) versus services ( $70.8\%$  gross margin). This suggests that, all else being equal, if Apple’s service revenue continues to grow and become a greater percentage of company total revenue over time, the overall operating profit margins and total earnings of the company should improve.

7. Apple's accounting firm that performed the audit of its annual financials is Ernst & Young LLP (also known as EY), one of the so-called Big Four accounting firms. EY has served as Apple's auditor since 2009. The Big Four firms are Deloitte, EY, KPMG, and PwC.
8. In terms of business strategy and performance, a review of Apple's Form 10-K annual report filing for fiscal 2023 shows that the company remains wildly profitable (net income of \$97 billion), but that the business is so large (see the so-called "law of large numbers") it seems to be struggling to generate top- and bottom-line growth. The good news is that the part of the company generating good year-over-year top-line growth is Services (+9% year-over-year). This area of the business also has higher margins. With \$148 billion in cash, cash equivalents and marketable securities on hand, Apple has an enviable balance sheet that gives it tremendous financial fire power. As an aside, as a global company like Apple is a net receiver of revenue in currencies other than the US dollar, a weakening of the dollar would be a net positive for future financial performance.

## CHAPTER 12. THE QUARTERLY EARNINGS RELEASE: PUBLIC COMPANIES

Source for these answers: Apple Inc.'s earnings release for the fiscal fourth quarter (Q4) of 2023 (which includes the 3 months and 12 months ended September 30, 2023).

1. Yes, Apple Inc. CEO Tim Cook provided a quote as part of the earnings release. The key message shared by Cook was that Apple reported a September quarter (fiscal Q4) revenue record for iPhone sales and an all-time revenue record for its Services businesses. He also claimed that Apple had its "strongest lineup of products ever."
2. Yes, Apple Inc. CFO Luca Maestri also provided a quote in the earnings release. The key message provided by Maestri was twofold: (1) Customer loyalty and market share: Apple's installed base reached a new all-time high across all products and geographies, and (2) Financial performance: Apple generated "double digit" EPS growth in Q4 and returned nearly \$25 billion to shareholders, while investing in its long-term growth plans.

3. Apple's news release says that it produced revenue of \$89.5 billion in fiscal Q4. This marks a  $-1\%$  decline year-over-year on a quarterly basis so revenue is essentially flat.
4. Apple's news release does not share its fiscal Q4 net income or net profit figure. Instead, the company highlights its EPS figure of \$1.46 per diluted share, which was a  $+13\%$  year-over-year increase. Digging into Apple's income statement that was attached to the earnings release reveals that net income was nearly \$23 billion, a  $+10.7\%$  increase.
5. Apple did not provide any sort of earnings guidance in the contents of the earnings release. The standard boilerplate language at the end of the release warns that "this press release contains forward-looking statements." In actuality, Apple did not provide earnings guidance in the earnings release; the company waited to share such forward-looking statements as part of the prepared remarks by management in the associated earnings call.
6. The "bullish case" or investment story for Apple is that the company continues to produce long-term earnings growth, due to a strong lineup of products and services underpinned by strong customer loyalty. Looking longer term, Apple's faster growing Services revenue is associated with higher profit margins generally than its Products revenue (ex. iPhone, iPads, Macs, Apple Watches). Longer term, this shift could result in overall margin expansion and improved profitability for an already highly profitable Apple.
7. The "bearish case" for Apple is that the company is so large (see the so-called "law of large numbers") that it is challenging for the business to continue to post much in the way of top- and bottom-line growth. This is evidenced by quarterly revenue having declined by  $-1\%$ . While Apple's customer loyalty is legendary and the company has an impressive expanding lineup of products, there is always the risk of disruption in some of its product and services by new and existing competitors, which could take market share.
8. The earnings release headlines highlight Apple's record revenues around its iPhone and Services businesses. This is also emphasized in the contents of the earnings release. CEO Tim Cook also highlights the company's plan to make all products "carbon neutral" by 2030 (some Apple Watches are now carbon neutral). As such, Apple's communication team may look to "ladder up" with its work by supporting the growth of Apple's Services



business and the transition of its Products portfolio, including iPhone, to carbon neutral.

## CHAPTER 13. THE QUARTERLY EARNING CALL: PUBLIC COMPANIES

Source for these answers: The fiscal fourth quarter 2023 earnings call transcript from Seeking Alpha for Apple Inc.

1. The Apple Inc. executives that participated on the company's fiscal fourth quarter and year-end 2023 earnings conference call were Tim Cook, CEO, Luca Maestri, senior vice president and CFO, and Suhasini Chandramouli, director of investor relations.
2. Apple CEO Tim Cook sounded "bullish" about the company's performance in his prepared remarks. Key themes included that Apple produced September revenue records with iPhone and an all-time revenue record with Services; both were ahead of internal expectations. The company faces an "uneven macroeconomic environment" globally and continues to "invest in the future and manage for the long term." Cook reviewed improvements and launches across the Apple ecosystem of hardware, software and services. Cook also talked about Apple's new carbon neutral products, commitments to use clean energy by its suppliers, and support for diverse innovators.
3. Apple CFO Luca Maestri also sounded "bullish" about the company's performance and prospects in his prepared remarks. He importantly noted that total revenue would have risen slightly year-over-year in Q4 and for the full year if not for foreign exchange rate changes (note: the US dollar performed strongly against many currencies during the period) and a volatile global economy. Maestri blamed "challenging" year-over-year revenue comparisons in some product categories. He also highlighted third-party customer satisfaction data across product categories. An increase in customer engagement (transacting accounts, paid accounts, subscriptions) in Services was emphasized. Maestri reiterated the company's goal to become "net cash neutral" through more dividends and

stock buybacks. He wrapped his remarks by updating Apple's earnings outlook.

4. Yes, while Cook did not make any forward-looking statements, Maestri did provide an updated earnings outlook for the December quarter. This outlook included guidance on total company revenue, product and service category revenues, gross margin, operating expenses (OpEx), other income and expense (OI&E), and the expected tax rate.
5. The investment community's questions covered a range of subjects. Some investment analysts asked about Apple's future expected margins (including possible margin expansion from more Services revenue and supply chain improvements). There were also questions around the future level of capital expenditure (CapEx) spending and R&D (e.g., switch to Apple Silicon chips). There were also questions around the company's performance in specific markets, including Greater China, India and the US. Finally, there were questions around new products, such as Vision Pro and the incorporation of artificial intelligence (AI) and machine learning (ML) into products and services.
6. The tone of the investment analyst questions was generally positive with multiple analysts praising Apple management for its execution and performance. For example, the transcript shows analysts making comments, such as "congratulations on the execution in the quarter" and "congratulations on tremendous execution in a very tough macro." Multiple analysts in response to answers from Cook and Maestri thanked the Apple leaders and commented that their responses to their questions were clear.
7. All indications are that this earnings conference call went smoothly and was well received by the investment community. We would give Cook and Maestri a high rating in how they handled the analyst Q&A. They appeared forthright in their answers, and the analysts generally seemed pleased with the specificity that was provided by the Q&A.
8. We would go back to the prepared remarks of Apple CEO Tim Cook, specifically positioning the work of the communications team to support advancing Apple's mission, values and purpose. As shared by Cook, "we're determined to lead with our values." Cook also said: "Apple is always looking forward, driven in equal measure by a sense a possibility and a deep belief in our purpose. We're motivated by the meaningful difference we can make for our customers and keenly determined to push

the limits of technology even further.” Apple is also embracing ESG, including a focus on sustainability, through in Cook’s words: “the best products in the world should be the best products for the world.”

## CHAPTER 14. THE ESG REPORT: PUBLIC AND PRIVATE COMPANIES

Source for these answers: Apple Inc.’s 2023 ESG report: <https://investor.apple.com/esg/default.aspx>

1. Yes, the front of Apple’s ESG report has a letter from Tim Cook, Apple’s CEO.
2. Apple publishes an ESG Index which demonstrates how its reports and public disclosures map to frameworks, including SASB, GRI, and the TCFD. The ESG Index is explained and linked to near the start of Apple’s ESG report. In addition, the appendix of the ESG report states the UN Sustainable Development Goals and maps them against Apple’s supporting initiatives. The appendix also has an “Alignment to reporting frameworks” paragraph that directs readers to the ESG Index for more information. Apple has also completed the CDP’s climate change questionnaire and linked to it within its ESG report.
3. In addition to the “Environment” section of Apple’s ESG report, the company also publishes a detailed separate Environmental Progress Report. Apple has set a goal of its entire supply chain and the lifetime use of its products being carbon neutral (aka net zero) by 2030. This emissions reduction target has been validated by the Science Based Targets initiative (SBTi). The company says that in fiscal 2020 it reached the milestone of being carbon neutral for its corporate operations. Further, it says it has reduced carbon emissions across its value chain by –40% since fiscal 2015. Notably, Apple has issued \$4.7 billion worth of so-called green bonds to help model how businesses can drive investments to reduce global emissions.
4. Apple addresses the Social component of ESG under the following labeled sections in its ESG report: “Our People,” “Suppliers,” “Customers” and “Communities.” Apple refers to its employees as team members. People

- referred to as being part of Apple's communities include educators, nonprofit leaders, and the global developer community. Apple highlights its donations and employee giving under the "Communities" subsection.
5. Apple provides a wealth of DEI-related metrics under the "Our People" section of its ESG report. This includes metrics demonstrating more inclusive leadership and efforts to continue to increase the percentages of Black and Hispanic/Latinx team members. Apple also provides metrics on inclusion and diversity related employee training. There are also metrics on pay equity highlighted. Apple also provides metrics under its "Communities" subsection on its Racial Equity and Justice Initiative (REJI).
  6. Apple highlights in the "Governance" section of its ESG report that 98% of employees completed business conduct training in calendar 2021; 902,000 Apple training courses were completed in 2021; and 432,000 hours were spent on Apple-recommended and required trainings in 2021. Under this section, Apple chooses to highlight the "necessary and important role" that taxes play in society. Corporations are often criticized for avoiding taxes. Apple notes that it has paid more than \$120 billion in corporate income taxes over the past decade at an effective average annual rate of 22%. For more information on governance, Apple directs readers to its annual proxy statement. For more information on ethics and compliance, Apple directs readers to its Ethics and Compliance website.
  7. Yes, a review of the appendix section of the ESG report finds that Apple obtains third-party verification of its greenhouse gas emissions, energy use, paper use, and waste and water impacts. This verification service is provided by Apex Companies. The Fraunhofer Institute in Germany also reviews the company's Scope 3 greenhouse gas estimates and plastic packaging footprint estimates for quality and accuracy.
  8. Many would likely rate Apple's ESG report highly for its effectiveness in communicating with *financially oriented* stakeholders. Apple aligns its ESG reporting to many of the major ESG frameworks and provides many trackable ESG metrics that are highlighted in callout boxes throughout the report. The company's ESG report is very detailed, which could lead the reader to feeling bogged down, although it is well organized and well formatted making it relatively easy to flip through. In many ways, Apple is a model company when it comes to effective ESG communication practices. For example, tied to the release of its 2023 environmental progress

report, Apple also released a creative online video featuring actress Octavia Spencer as “Mother Earth,” in which Apple employees, including CEO Tim Cook, updated her on the company’s environmental initiatives. Such video-based ESG storytelling is likely targeting *nonfinancial-oriented* stakeholders and the public.

## CHAPTER 15. THE DEI REPORT: PUBLIC AND PRIVATE COMPANIES

Source for these answers: Apple Inc.’s 2023 ESG report: <https://investor.apple.com/esg/default.aspx>

The “Inclusion & Diversity” section of Apple Inc.’s website: <https://www.apple.com/diversity/>

1. Apple Inc. publishes its DEI information within its annual ESG report and on the “Inclusion & Diversity” section of its corporate website. DEI information also appears in some news releases and other corporate content, including its earnings reports.
2. Apple publishes annual data on the Apple workforce broken down by the following workforce categories: overall, tech, nontech, leadership, retail, and retail leadership. These data are mapped against gender and US race and ethnicity. Apple also tracks annual data for global female representation and US underrepresented community representation for the company as a whole and then by R&D versus non-R&D employees.
3. Apple notes that it established a Supplier Diversity program back in 1993. In calendar year 2021, Apple spent over \$7.1 billion with diverse suppliers around the world. For the first time, in 2021, Apple engaged diverse suppliers in North America in manufacturing accessories for some of its most well-known products. Apple was chosen as Corporation of the Year by the National Minority Supplier Development Council (NMSDC).
4. Yes, Apple discusses and quantifies the DEI learning and development commitments for its employees. All employees complete unconscious bias and inclusion training, and have access to courses on race, gender, justice and allyship. In fiscal 2021, 90% of all managers were reached with new material on creating inclusive environments and mitigating bias. Other

- DEI learning and development metrics shared for fiscal 2021 through Apple University and beyond it were 185,000 hours of DEI training; 80,000 hours of management education on mitigating bias and creating inclusive environments; nearly 10,000 coaching hours provided to managers and individuals in support of inclusion; and 4,000 hours for optional in-depth courses exploring race and justice in the United States, gender in the workforce, and building inclusive products.
5. Yes, Apple discusses its employee resource groups (ERGs), which are known as Diversity Network Associations (DNAs). The company said that it grew its member-led DNA communities by more than +50% over the past year, including expansions at its Apple Store retail locations and across all regions. There are 67 DNA chapters worldwide with 55,000+ DNA members. As explained by the company: “Many of us identify with more than one community or want to learn different perspectives as an ally. Either way, you’ll find that our DNAs are open to all – you’re welcome to join any DNA.” Apple publishes more information about its DNAs on its “Careers at Apple” site: <https://www.apple.com/careers/us/dna.html>
  6. Yes, Apple discusses its accessibility efforts in its ESG report. There is a section under “Our People” in the report titled, “Supporting accessibility for our employees.” This includes a dedicated global accessibility and accommodations team to support team members. Under the “Customers” section of the report, Apple discusses accessibility in detail, which it calls “a human right.” Apple’s commitment to built-in accessibility with its products and services extends to vision, hearing, mobility and neuro-divergent or cognitive disabilities.
  7. Yes, Apple says in its ESG report that in 2017 it achieved gender pay equity (based on total compensation) on a worldwide basis and that it has maintained this equity since. The company says it has also achieved pay equity in the US regarding race and ethnicity. In 2022, Apple says it achieved pay equity in the US at the intersection of race and ethnicity with gender. Apple uses an independent third-party expert to analyze pay equity issues.
  8. In many ways, Apple is a model company when it comes to effective ESG communication. For example, tied to the release of its 2023 environmental progress report, Apple also released a creative online video featuring actress Octavia Spencer as “Mother Earth,” in which Apple

employees, including CEO Tim Cook, updated her on the company's environmental initiatives. Such video-based storytelling paves the way for other companies to use such techniques to reach less engaged stakeholders and the general public on ESG, DEI and related subjects beyond the confines of formal reports.

## CHAPTER 16. THE EEO-1 REPORT: PUBLIC AND PRIVATE COMPANIES

Source for these answers: The Apple Inc. 2022 EEO-1 Component 1 Employer Information Report filed with the US Equal Employment Opportunity Commission (EEOC).

1. Apple Inc. is headquartered at One Apple Park Way in Cupertino, California. The selected NAICS code for Apple is 423430 – Computer and Computer Peripheral Equipment and Software Merchant Wholesalers.
2. Yes, the form indicates that Apple Inc. is a federal contractor. Apple Inc. checked “yes” to: headquarters is federal contractor, multi-establishment employer is federal contractor, and one or more nonheadquarters establishments are federal contractor.
3. Apple classifies 127 employees as executive/senior level officials and managers. The gender breakdown is nearly 79% of executives identify as male and 21% identify as female. Note that the EEOC form only provides for binary gender identities.
4. Based on the form, Apple reports having 95 white executives (not Hispanic or Latino) and 32 nonwhite senior executives (including Hispanic or Latino) so the percentages are nearly 75% white senior executives and 25% nonwhite.
5. Apple classifies 13,852 employees as first/mid-level officials and managers. The gender breakdown is a little over 70% of this mid-level manager category identify as men (9,741) and nearly 30% identify as female (4,111).
6. Based on the form, Apple reports having 7,570 white mid-level managers (not Hispanic or Latino) and 6,282 nonwhite mid-level managers

- (including Hispanic or Latino) so the percentages are nearly 55% white mid-level managers and 45% nonwhite mid-level managers.
7. There is greater racial/ethnic diversity at the mid-level manager level for Apple than at the executive level for the company. The gender identity is strongly male at both levels: nearly eight out of 10 (79%) executives are male and seven out of 10 (70%) managers are male. While three out of four (75%) Apple executives are white, this percentage drops considerably at the mid-level manager level with 55% of Apple managers identifying as white.
  8. Technology companies have traditionally had a white male dominated workforce and leadership team. Apple's senior most leadership ranks still tend to be filled with white male executives. Going one level down in the organization, though, reveals diversity advancements at the manager level. Approximately 45% of Apple managers are nonwhite, which shows greater racial/ethnic diversity than the US population as a whole, which was around 41% nonwhite as of 2023, according to US Census Bureau estimates.

## CHAPTER 17. THE C-SUITE AND THE BOARD OF DIRECTORS: PRIVATE COMPANIES

Source for these answers: The Cargill corporate website: [Cargill.com/about](https://www.cargill.com/about)

1. As listed under the "Executive Team" subsection of the "About Cargill" section of the website, the president and CEO of Cargill is Brian Sikes. He was appointed as CEO on January 2023, and is only the 10th CEO in Cargill's nearly 160-year history. Sikes has been with the company for more than 30 years. Most recently, he served as the COO.
2. The CFO of Cargill is Joanne Knight. She joined Cargill's corporate financial planning and analysis team in July 2019. Prior to Cargill, Knight was at General Mills for a decade. Before that, she worked in investment banking at Wachovia.
3. The executive team page on the Cargill corporate site lists a total of 13 executives. These executives can be thought of as members of the Cargill C-suite. None of these executives have titles such as CCO, CCAO, or



- CMO. Pilar Cruz serves as the company's chief sustainability officer (CSO) and Stephanie Lundquist is the chief human resources officer (CHRO). A closer review of the executive bios reveals that Cruz also leads Cargill's global communications and corporate responsibility functions.
4. The Cargill corporate website does *not* include a page listing the current members of its board of directors. However, Cargill published a December 2023 news release disclosing that company CEO Brian Sikes had been elected chair of Cargill's board. He succeeds Dave MacLennan, executive chair, who was also Cargill's former president and CEO.
  5. The Cargill corporate site does *not* include a page listing the current members of its board of directors. There are media reports that Cargill has a 17-member board with 6 seats for Cargill-MacMillan family members whom as a group reportedly own 88% of the company. The Cargill press release archive on the newsroom going back to 2018 has two news releases announcing new outside board members: (1) retired IBM CEO Ginni Rometty joined Cargill's board in September 2022, and (2) retired Medtronic CEO Dr Omar Ishrak joined the board in January 2021. Neither of these board members come directly from backgrounds in communication, brand, marketing, and/or corporate affairs.
  6. Under the "About Us" section of the corporate site, there is a subsection called "Ethics & Compliance." The company publishes its Code of Conduct, Supplier Code of Conduct, and Ethics Open Line information. The Code of Conduct states the company's Guiding Principles: obey the law; conduct business with integrity; keep honest and accurate records; honor business obligations; treat people with dignity and respect; protect Cargill's information, assets and interests; and be a responsible global citizen.
  7. Online searches did not reveal specific details about the reported executive compensation of Cargill CEO Brian Sikes or other members of the Cargill C-suite. Employer job rating and review sites like Glassdoor provide general salary and compensation information from former employees for thousands of organizations, including Cargill.
  8. There is no right or wrong answer to this question. On the plus side, Cargill publishes not only an annual report, but an ESG report, including an ESG scorecard aligned with UN sustainable development goals (SDGs). Information is also made available about the executive team and company ethics and compliance policies. However, the lack of public information

into the current composition of Cargill's board of directors reinforces the long-standing notion that this powerful corporation and the Cargill-MacMillan family, the controlling shareholders in Cargill, are secretive and opaque about governance matters.

## CHAPTER 18. THE C-SUITE AND THE BOARD OF DIRECTORS: NONPROFIT ORGANIZATIONS

Source for these answers: Form 990 for the Academy of Motion Picture Arts and Sciences for fiscal year 2021–2022 for the year ending June 30, 2022 as filed with the IRS on May 12, 2023.

1. The Academy has 54 voting members. Yes, the organization has stakeholders with the power to elect one or more members to the governing body.
2. Yes, the Academy has a written conflict of interest policy. Yes, the organization has a whistleblower policy. Yes, it has a written document retention and destruction policy.
3. Yes, the Academy provided a copy of its Form 990 to all members of its governing body before filing the form. It makes the form available for public inspection “upon request.”
4. The reportable compensation of the Academy's CEO Dawn Hudson was \$739,951. The reportable compensation of the organization's CFO Andrew Horn was \$379,711.
5. Yes, the Academy has a CCO, Jennifer Davidson. Her reportable compensation was \$308,510. The de facto CMO is Teni Melidonian. She holds the title of EVP, Marketing and Brand Strategy for the organization. Her reportable compensation was \$294,050.
6. The chair of the Academy's board of governors holds the title of president. Their name is David Rubin. This appears to be a voluntary position. There is no reported compensation.
7. The five highest compensated independent contractors (with compensation in parentheses) were: (1) Quantum Payroll Services (\$2.27 million), (2) Jacobson Payroll (\$2.24 million), (3) Backstage Payroll Services (\$1.74

- million), (4) Slalom Consulting (\$1.69 million), and (5) Security Industry Specialists (\$1.59 million).
8. There is no right or wrong answer to this question. However, in recent years, there has been scrutiny of Hollywood and the entertainment industry about the lack of greater diversity in films and award shows, plus issues with sexual harassment and abuse by some in positions of power (see the #MeToo movement and the case of Harvey Weinstein). As such, the level of racial/ethnic and gender diversity among the Academy's board and the organization's leadership team is likely to receive attention.

## CHAPTER 19. THE ANNUAL PROXY STATEMENT (FORM DEF 14A): PUBLIC COMPANIES

Source for these answers: Apple Inc.'s Form DEF 14A proxy statement for 2024 as filed on January 11, 2024.

1. The 2024 annual meeting for Apple Inc. was held virtually on February 28, 2024, at 9 a.m. Pacific Time. Attendance at the virtual meeting was limited to the capacity guidelines set by the virtual meeting platform provider. Apple shareholders of record as of the close of business on January 2, 2024, were allowed to vote on the items of business in the proxy.
2. According to the 2024 proxy statement, there are eight members of Apple's board of directors. The company lists seven of the directors as being "independent." Only Apple CEO Tim Cook is listed as a *non-independent* member of the Apple board.
3. The chair of Apple's board of directors is Dr Art Levinson. He is the founder and CEO of Calico and has served on Apple's board for more than 20 years (since 2000). Levinson was previously the CEO and chair of Genentech, a medical drug developer.
4. Apple includes a "Nominee Skills and Demographic Matrix" as part of its proxy statement. This matrix says that six out of eight directors (Art Levinson, Tim Cook, Alex Gorsky, Andrea Jung, Monica Lozano and Sue Wagner) have expertise in Brand and Marketing. All the board members (8/8) are listed as having expertise in: Leadership; Corporate Governance;

Risk Management; Financial; and People and Culture. Annual board director compensation ranges from \$376,894 to \$555,276, with this compensation consisting of a mix of fees earned or paid in cash, stock awards, and all other compensation, which a footnote reveals is a board member equipment program.

5. The Apple proxy lists five named executive officers of the company. The title of CCO and/or CMO is *not* among these five senior executive titles. A review of the provided bios says that Jeff Williams, chief operating officer (COO), “oversees Apple’s entire worldwide operations, as well as customer service and support.”
6. The 2023 total target compensation for Apple CEO Tim Cook was \$49 million. This includes a base salary of \$3 million, a cash incentive plan opportunity of \$6 million, and a target equity award value of \$40 million (consisting of restricted stock units aka RSUs). The 2023 CEO pay ratio at Apple was 672-to-1 when applying the SEC rules for this disclosure. This is based on CEO annual total compensation of \$63.2 million and annual total compensation of a median compensated employee of \$94,118.
7. There was a total of eight items up for vote at the 2024 Apple annual meeting and that were included on the company’s proxy statement to shareholders. Apple recommended a “for” shareholder vote for the three items it submitted (i.e., election of directors, ratification of the reappointment of its auditor, advisory vote to approve executive compensation) and an “against” shareholder vote on the five shareholder proposals that were submitted. The shareholder proposals were on the following subjects: EEO policy risk report; report on ensuring respect for civil liberties; racial and gender pay gaps; report on use of AI; and congruency report on privacy and human rights.
8. Many experienced corporate communication and corporate governance professionals are likely to rate Apple’s proxy statement highly from a communication effectiveness perspective. Proxy statements are all too often visually bland, primarily black and white documents. Apple’s proxy is visually engaging and fairly colorful, incorporating relevant graphics (headshots, tables, figures, pull quotes) throughout. Further, the document feels comprehensive in its contents but also accessible for an experienced reader of proxy statements. Finally, the message from CEO Tim Cook near the front of the proxy, followed by a section on Apple’s values, and the progress on its values (including a spotlight on Apple’s 2030 goal)

helps position Apple's corporate governance processes and information in relation to "the big picture" for the company. In terms of improvement, perhaps Apple could include QR codes and weblinks to videos in sections of the proxy like the "Message from our Chief Executive Officer" and "Message from the People and Compensation Committee" that would help bring these leaders to life.