FINANCIAL ACCOUNTING FOUNDATION®

2019 Annual Report

STANDARDS THAT WORK FOR EVERYONE

Contents

STANDARDS THAT WORK FOR EVERYONE

We listened and we heard you. 2019 was a listening year, and we had a great response to our efforts to get people involved in the process.

12 Months of Listening

Hosted **190+** Future Accounting Professionals

2,450+ Standard-Setting Updates Shared through Social Media

Our service to you is inclusive, and we keep our integrity in the standard-setting process by remaining independent.

SUPPORTING THE BOARDS THAT SET STANDARDS THAT WORK: FAF

The Financial Accounting Foundation (FAF) is responsible for providing strategic counsel and services that support the work of the standard-setting Boards, the Financial Accounting Standards Boards (FASB) and the Governmental Accounting Standards Boards (GASB). The FAF Trustees provide oversight and promote an independent and effective standard-setting process allowing the FASB and GASB to establish and improve financial accounting and reporting standards, provide useful information to investors and other users of financial reports, and educate stakeholders on how to most effectively understand and implement those standards.

"As we look to the future, there is much that we cannot predict. What I do know is that the FASB, the GASB, and the FAF Board of Trustees will strive to provide the highest level of support and commitment to all our stakeholders during these challenging and uncertain times."

KATHLEEN L. CASEY, FAF CHAIR

HOW THE FASB AND GASB WORK TOGETHER

Better Together: How the FASB and the GASB Collaborate

Editor's Note: For this, their last FAF annual report, FASB Chairman Russ Golden and GASB Chairman Dave Vaudt teamed up to provide a look at how the FASB and the GASB work in tandem to develop the highest-quality standards for their respective stakeholders.

We've often talked about the importance of outreach and research to standard setting. Regular readers of our *FASB Outlook* and *GASB Outlook* columns know that the FASB and the GASB go to great lengths to learn as much as possible from our stakeholders about the potential impact of our decisions.

What's not as obvious is how the FASB and the GASB work together to share research and knowledge on issues of mutual interest. When we collaborate, we often obtain fresh perspectives on effective approaches to standard-setting problems.

Granted, the FASB and the GASB are very different. The Boards were created at different times for different purposes to serve different stakeholders. The FASB was established in 1973 to serve public companies, private companies, and private sector not-for-profit organizations. The GASB was established in 1984 to serve U.S. state and local governments.

What we *do* share is a strong commitment to develop standards that help deliver relevant information to citizens and the capital markets. And we leverage our differences to our advantage. The GASB, for example, has frequently looked to its sister Board's longer history of standard setting to inform its approach to similar issues. Likewise, the FASB has often drawn on the GASB's work to leverage new ways to improve existing standards that may not have been considered when those standards were first developed.

How We Collaborate

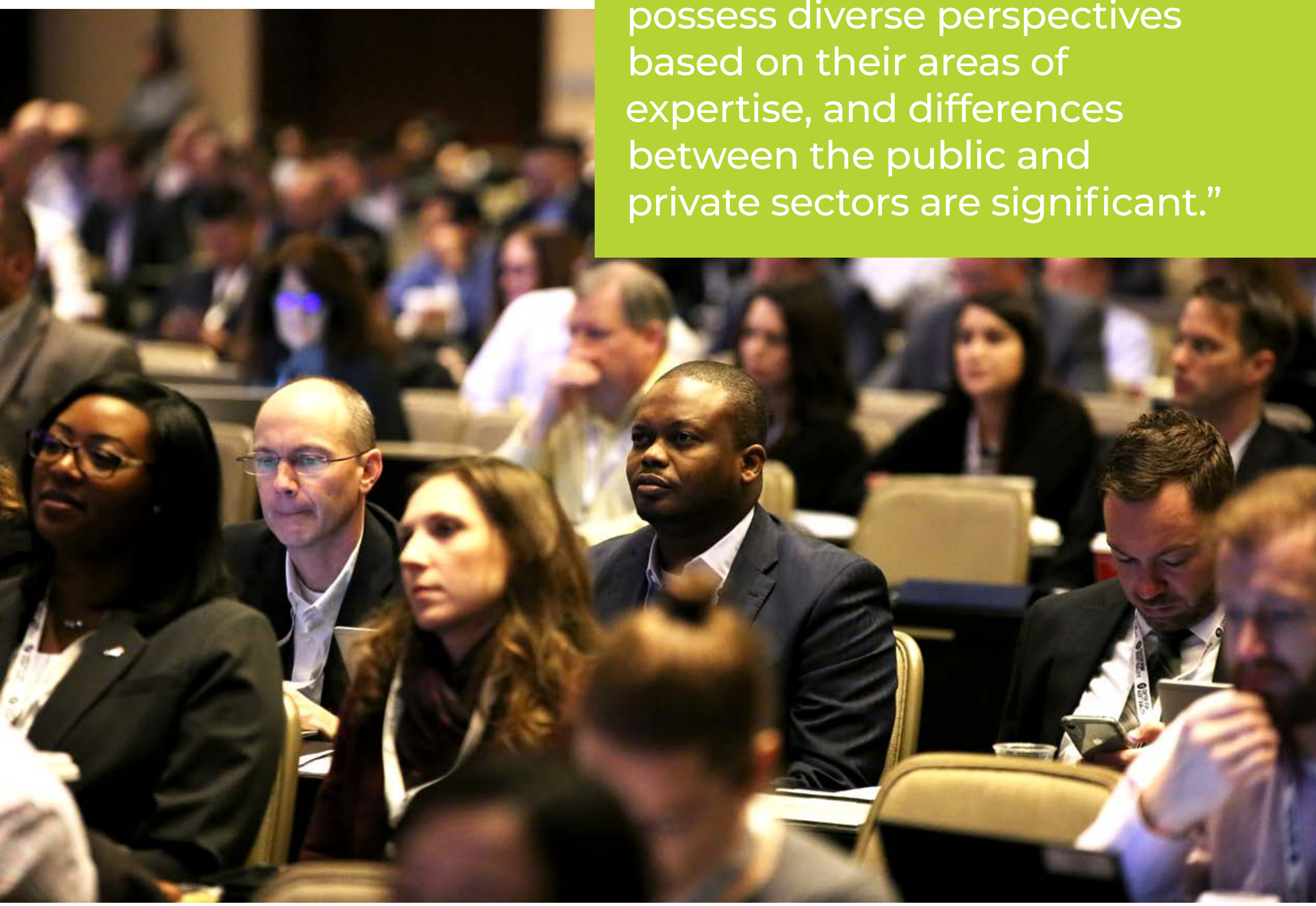
Collaboration between the FASB and the GASB is nothing new. They have engaged, to varying degrees, on projects since the day the GASB was created. When we first became chairmen of our respective Boards in 2013, we pledged to step up that engagement.

Each week, we consult as chairmen on key areas the Boards are currently addressing to see if there are opportunities to share research or knowledge. The FASB and GASB technical directors also meet regularly to keep each other informed of priority issues.

At the project team level, staff members of one Board are routinely assigned to monitor a project the other Board is working on, attend Board meetings when that topic arises, and periodically attend scheduled team meetings to learn about the future course of the project and share information about their own Board's perspective.

"What we do share is a strong commitment to develop standards that help deliver relevant information to citizens and the capital markets. And we leverage our differences to our advantage."

“Members of each Board possess diverse perspectives based on their areas of expertise, and differences between the public and private sectors are significant.”



HOW THE FASB AND GASB WORK TOGETHER (CONTINUED)

Leveraging Expertise and Resources
Over the years, the FASB and the GASB have worked closely on standards for pensions and other postemployment benefits, accounting for leases, and fair value measurement and application. In each case, we've shared research and insights to supplement work in progress by the FASB and GASB staffs.

For example, we worked together to develop accounting relief guidance for our respective stakeholders as capital markets transition away from the London Interbank Offered Rate to other reference rates.

We've also joined forces to educate stakeholders. In recent years FASB and GASB have launched a series of joint educational webinars. Last fall, for example, we hosted a CPE program tailored to academics interested in non-for-profit and governmental accounting.

More recently, the Boards have been in close communication on how to provide accounting relief and clarity to stakeholders dealing with the impact of the COVID-19 pandemic.

Different Conclusions, Same Objective
It is important to note that the Boards are independent standard setters. As such, we may—and often do—reach different conclusions. Members of each Board possess diverse perspectives based on their areas of expertise, and differences between the public and private sectors are significant.

But while we may reach different conclusions, we aim for the same objective: standards that deliver relevant information to a wide range of capital market stakeholders. And the more research, knowledge, and information we share, the better equipped we are to develop standards that achieve that objective.

When our terms conclude on June 30, 2020, we'll pass the torch to incoming chairmen Rich Jones (FASB) and Joel Black (GASB). They'll put their own stamp on the Boards' pursuit of continuous improvement, and will undoubtedly continue the spirit of cooperation, dialogue, and collaboration that have become the hallmarks of our Boards. We encourage you to support them through your continued interest and involvement in the standard-setting process.

"Each week, we consult as chairmen on key areas the Boards are currently addressing to see if there are opportunities to share research or knowledge."

“But while we may reach different conclusions, we aim for the same objective: standards that deliver relevant information to a wide range of capital market stakeholders. And the more research, knowledge, and information we share, the better equipped we are to develop standards that achieve that objective.”

THANK YOU

In 2019, you shared your views with us in many ways. Your input helps us make standards better. We appreciate your interest and involvement in our process.

Forum

Website

Social Media

Meeting

Conference

Webinar

Public Hearing

Webcast

Video

Interview

Comment Letter

Survey

Roundtable

Web Portal

ALL OF US WORKING FOR ALL OF YOU

"The standard-setting Boards have a unique role serving investors and other stakeholders across our capital markets. The entire FAF organization is committed to supporting the integrity of the independent standard-setting process and ensuring the Boards have what they need to succeed."

JOHN W. AUCHINCLOSS, FAF EXECUTIVE DIRECTOR

MESSAGE FROM THE FAF CHAIR

As the newly appointed chair of the Board of Trustees for the Financial Accounting Foundation (FAF), I am honored to play a role in its mission and to work with so many people who are critical to the process of independent standard setting. There were many important achievements of note in 2019, including the key appointments of new chairs of the FASB and GASB, that have well positioned the organization to respond to the extraordinary environment we are operating in today.

The global coronavirus pandemic has dramatically changed our everyday lives and led to unfathomable consequences that pose and will continue to pose unprecedented challenges and hardships to many. Our stakeholders face daunting new questions and obstacles to the way they do business as they wrestle with both the current impacts and longer-term economic implications. The economic uncertainties of this moment strongly recall the depths of the financial crisis in 2008–09, during which I was a member of the U.S. Securities and Exchange Commission.

One of the most important roles for the FAF is to make sure our standard-setting Boards have the tools and support they need to serve their stakeholders. In 2015, we embarked on a three-year technology transformation project that has paid strong dividends during the pandemic. Improvements included moving to a cloud-based data-sharing system and upgrading obsolete hardware to laptops and other mobile platforms. With the addition of these tools, our Boards were able to continue serving their stakeholders without interruption under conditions of mandated remote work.

Strong existing relationships with stakeholders have enabled the Boards to act rapidly during this crisis, including addressing changes to standards imposed by Congress in the case of FASB, and new projects to consider delaying implementation dates for certain FASB and GASB standards as investors, preparers, auditors, and regulators all struggle to cope with the disruptions of the pandemic.

As the Boards continue to do their part to address stakeholder needs, they will do so with new leadership at the helm beginning in July 2020. The FAF Trustees made two excellent decisions in 2019 in selecting Richard R. Jones as the new chair of the FASB, and Joel M. Black as

"One of the most important roles for the FAF is to make sure our standard-setting Boards have the tools and support they need to serve their stakeholders."

KATHLEEN L. CASEY, FAF CHAIR

the new chair of the GASB. Rich joins the FASB from Ernst & Young LLP, where he was partner and chief accountant, and Joel joins the GASB from Atlanta-based Mauldin & Jenkins LLC, where he was the partner in charge of the audit practice. Appointing the right leadership to direct the mission of independent standard setting is a critical responsibility of the FAF Board of Trustees. We believe strongly in the talent and diversity of knowledge these two individuals will bring to their respective Boards.

Rich and Joel will replace leaders who leave meaningful legacies from their years of service to our stakeholders. Russ Golden, who joined the FASB staff more than 16 years ago, led the creation of major standards during his tenure on the FASB, including current expected credit losses (CECL), leases, revenue recognition, and not-for-profit accounting. Dave Vaudt, a former two-term elected state auditor in Iowa, implemented standards regarding pension accounting and demonstrated a relentless commitment to strengthening relationships with stakeholders around the country. The FAF Board of Trustees is honored to have worked with these leaders and thank them both for their immense dedication and commitment during their terms.

We also announced last year the appointment of John Auchincloss who became acting president of the FAF in the summer of 2019, and was named FAF's permanent executive director in early 2020. John succeeds Terri Polley, who left the FAF after more than 30 years of service, including the last decade in the top leadership role. John joined our organization in 2016 as vice president and general counsel, and the FAF Trustees are pleased to continue to work with him as he takes on his expanded responsibilities.

Additionally, I would like to thank those members of the FAF Board who completed their service terms, Gary H. Bruebaker, Myra R. Drucker, Ann M. Spruill, and John B. Veihmeyer and welcome our five new Trustees—Bruce Herring, Michael T. Rollings, Timothy F. Ryan, Lawrence Salva, and Shundrawn Thomas. There is also a special thank you to extend to Charles H. Noski for his unwavering dedication as FAF's Board chairman from 2016 to 2019 and to our current Trustees for their continued diligence.

As we look to the future, there is much that we cannot predict. What I do know is that the FASB, the GASB, and the FAF Board of Trustees will strive to provide the highest level of support and commitment to all our stakeholders during these challenging and uncertain times.

Sincerely,

Kathleen L. Casey, Chair

FAF BOARD OF TRUSTEES

Pictured from left to right:

Kathleen L. Casey[1]
Senior Advisor,
Patomak Global
Partners LLC

Shundrawn A. Thomas[3]
President, Northern Trust
Asset Management

Diane M. Rubin[1,2,5]
Retired Audit Partner and
Quality Control Partner,
Novogradac &
Company LLP

Charles M. Allen[1,2,5]
Retired CEO and Partner,
Crowe LLP; Co-Chairman,
Crowe Global

Lawrence Salva[3,5]
Retired Executive Vice
President and Chief
Accounting Officer,
Comcast Corporation

David C. Villa[3,4]
Executive Director and
Chief Investment Officer,
State of Wisconsin
Investment Board

David H. Lillard, Jr.[5,2*]
State Treasurer,
Tennessee Department
of the Treasury

T. Eloise Foster[1,2,5]
Chair, Maryland
Supplemental
Retirement Plans

Bruce T. Herring[2,4]
Former President,
Strategic Advisers, Inc.,
Fidelity Investments

Jeffrey L. Esser[3,4,2*]
Executive Director
Emeritus, Government
Finance Officers
Association

Officers
Chair, Kathleen L. Casey
Vice Chair, Diane M. Rubin
Secretary and Treasurer, Christine M. Cumming
Executive Director and Assistant Secretary, John W. Auchincloss
Chief Operating Officer, Mary P. Crotty

37+
Average Number of Years of Professional Experience of a FAF Trustee

Participated in
30+
Visits with Representatives in Washington DC

13
New Leadership Appointments

Trustee Committees
1 Executive Committee, Kathleen L. Casey, Chair, Diane M. Rubin, Vice Chair
2 Appointments Committee*, Anthony J. Dowd, Chair
3 Audit and Finance Committee, Kenneth B. Robinson, Chair
4 Compensation Committee, Susan J. Carter, Chair
5 Standard-Setting Process Oversight Committee, Charles M. Allen, Co-Chair, T. Eloise Foster, Co-Chair

* Non-committee member governmental Trustees (Jeffrey Esser and David Lillard) serve ex officio on the Appointments Committee when a GASB member appointment is under consideration.

MESSAGE FROM THE FASB CHAIRMAN

It takes more than seven people in a board room to create standards that work. It takes an experienced, committed staff, collaborative capital market leaders, and, most of all, engaged stakeholders like you. As my term as chairman draws to a close in June 2020, I'm deeply grateful for the experience, knowledge, and passion so many of you have generously shared with the Board.

When I became chairman in 2013, the Private Company Council (PCC) was in its infancy, major new standards were about to drop, and our role on the international stage was in transition. The Board transformed these challenges into opportunities to improve how we develop and deliver more relevant, more useful information to investors and other financial statement users.

First, we launched a "cultural evolution" to better serve all stakeholders, not just some. Inspired by our work with the PCC, we improved how we engage with private companies, public companies, not-for-profit organizations, and employee benefit plans.

We increased our outreach to understand the impact of our standards on a wider range of capital market stakeholders. In addition to our public decision-making meetings, FASB members and staff spoke at hundreds of professional conferences and events, hosted dozens of stakeholder roundtables on wide-ranging issues, and participated in countless stakeholder calls and small group meetings.

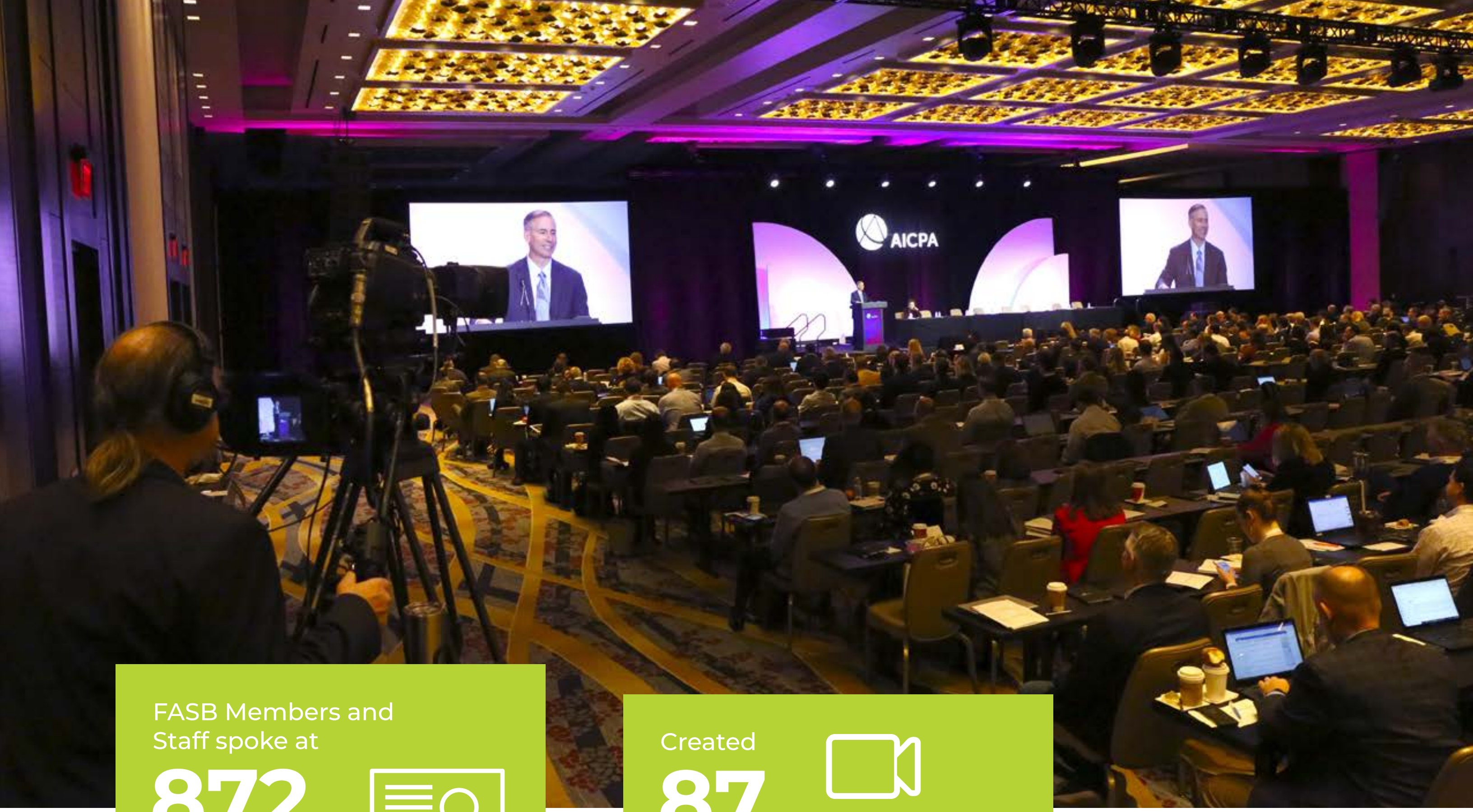
Next, we used what we learned to create new resources—including investor education videos and an implementation web portal—to support your transition to major standards such as revenue recognition, leases, and credit losses. Based on what you identified as priority issues, we added agenda projects to improve distinguishing liabilities from equity, segment reporting, and intangibles and goodwill.

Finally, we attacked areas you identified as opaque or unnecessarily complex, including goodwill impairment, inventory, and cloud computing. We made wholesale improvements to hedging. And we continue to consider whether the cost of providing information is worth its value to investors and other users throughout every stage of the standard-setting process.

We did our part on the global stage, too. I believe our collaboration with the International Accounting Standards Board has contributed to higher quality, more

"To create standards that work, it takes an experienced, committed staff, collaborative capital market leaders, and, most of all, engaged stakeholders like you."

RUSSELL G. GOLDEN, FASB CHAIRMAN



FASB Members and Staff spoke at

872

Engagements since 2013

Created

87

Educational Videos since 2013

comparable standards across the globe—as have our ongoing meetings with fellow national standard setters around the world.

These achievements were driven by my fellow Board members and the FASB staff. I want to thank my outstanding colleagues on the Board, both past and present, for their expertise and insights, as well as the consistently top-notch FASB staff. When I hand over the FASB reins to your next FASB chair, Rich Jones, I'm confident they will continue to provide him with the same high level of support.

I also want to acknowledge the members of our advisory groups for their innumerable contributions to our mission; the SEC chief accountants and staff for their advocacy and counsel; our government and regulatory partners for their pursuit of more transparent capital markets—and, of course, the Trustees and staff of the Financial Accounting Foundation for their unwavering support of independent standard setting and our work in general.

Most of all, I thank you for a great seven-year run as FASB chairman. Please continue to share your views with the Board in their mission to set standards that work.

Sincerely,

Russell G. Golden, Chairman

As this annual report went to press, America had been dealing with the major consequences of the coronavirus pandemic since mid-March. Even as our employees transitioned to remote work, we maintained an unwavering focus on supporting our stakeholders, who were going through challenges of their own. That work continues, and we are here to answer your questions and support your efforts to apply our standards during these difficult times.

2019 FASB HIGHLIGHTS

Key Standards Issued in 2019

- Income Taxes: Simplifying the Accounting for Income Taxes
- Codification Improvements to Topic 326, Financial Instruments—Credit Losses
- Financial Instruments—Credit Losses, Derivatives and Hedging, and Leases: Effective Dates
- Financial Services—Insurance: Effective Date
- Compensation—Stock Compensation and Revenue from Contracts with Customers: Codification Improvements—Share-Based Consideration Payable to a Customer
- Intangibles—Goodwill and Other, Business Combinations, and Not-for-Profit Entities: Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities
- Financial Instruments—Credit Losses: Targeted Transition Relief
- Codification Improvements to Financial Instruments—Credit Losses, Derivatives and Hedging, and Financial Instruments
- Not-for-Profit Entities: Updating the Definition of Collections
- Entertainment—Films—Other Assets—Film Costs and Entertainment—Broadcasters—Intangibles—Goodwill and Other: Improvements to Accounting for Costs of Films and License Agreements for Program Materials (a consensus of the FASB Emerging Issues Task Force)
- Leases: Codification Improvements

Advisory Groups

Advisory and other groups provide important input to the FASB on projects, standards, and implementation efforts. More information about each group—including complete membership rosters—is available in the online version of the annual report (www.accountingstandards.org) and at www.fasb.org.

MEMBERS OF THE FASB

Issued
18
Educational Videos

37,974
Implementation Web Portal Visits

Presented at
145
Speaking Engagements

James L. Kroeker
Vice Chairman

Susan M. Cosper
Board Member

R. Harold Schroeder
Board Member

Russell G. Golden
Chairman

Marsha L. Hunt
Board Member

Shayne Kuhaneck
Acting Technical Director

Gary R. Buesser
Board Member

Christine Ann Botosan
Board Member

The seven members of the FASB serve full time and, to foster their independence, are required to sever connections with the firms or institutions they served before joining the Board. While they individually have diverse backgrounds, each has a concern for investors, other users, and the public interest in matters of accounting and financial reporting and they collectively have knowledge of accounting, finance, business, accounting education, and research. Board members are appointed for five-year terms and are eligible for reappointment to one additional five-year term.

"I want to thank all of you who support the open, independent standard-setting process—it allows us to make objective decisions based on the best interests of the capital markets. Sharing your time and your views helps us improve U.S. GAAP."

RUSSELL G. GOLDEN, FASB CHAIRMAN

MESSAGE FROM THE GASB CHAIRMAN

When the FAF Board of Trustees selected me to serve as GASB Chair, I knew I had been given a special opportunity to make an important difference in governmental accounting. But what specifically was that opportunity going to be?

Before my official start in July 2013, I worked alongside former GASB Chair Bob Attmore to get oriented to the role and begin meeting stakeholders. I quickly realized that the best way to understand a particular stakeholder's perspective was to take the step of visiting them at their office. Through those meetings in my first year, the nature of the opportunity before me became clear.

Providing Accounting Solutions

Ultimately, as a board, we decided step back, take stock of where governmental accounting and financial reporting stood overall—and identify key opportunities for improvement.

At the beginning of my tenure, we focused on the financial reporting model. We began with a clean-sheet approach in our pre-agenda agenda research. Based on the feedback that we received from stakeholders during that research, we determined that working toward targeted improvements would really benefit stakeholders the most.

In addition to those targeted improvements to the financial reporting model, the Board also is working toward introducing a new approach for how revenue and expense would be recognized to provide clearer, more consistent information. This project is expected to have a profound effect on how we view the classification, recognition and measurement of revenue and expense transactions within the scope of that project. Earlier in 2020, the GASB also asked stakeholders for their input on the Board's proposals primarily related to what disclosures are essential from their perspective.

While it's crucial to take that big picture look, it's even more urgent to identify the issues where there is an immediate need for practical standards-setting solutions. The comprehensive and conceptual projects I've mentioned can take a number of years to finish. Separately, we've placed a special emphasis on practice issues. For example, in reaction to challenges that governmental entities face on the front lines in addressing the COVID-19 pandemic—providing fast-tracked guidance on the delay of effective dates of GASB pronouncements. Also during my tenure, the GASB has fast-tracked needed guidance on debt extinguishment issues, external investment pools, tax abatement disclosures, and fiduciary activities issues.

"I've squarely focused on regularly meeting with stakeholders to listen and understand their perspective on the most important issues they're facing, keeping them informed about the key issues we're working on, and finding ways for us to work together on solutions."

DAVID A. VAUDT, GASB CHAIRMAN

The GASB Chairman Conducted over

150+

Stakeholder Outreach Meetings

GASB Members and Staff had

800+

Speaking Engagements

Engaging Our Stakeholders

Improving communications and relations with our stakeholders is one of the GASB's central goals. I've squarely focused on regularly meeting with stakeholders to listen and understand their perspective on the most important issues they're facing, keeping them informed about the key issues we're working on, and finding ways for us to work together on solutions.

While we're not going to agree on every issue, we should always be able to talk and understand each other's perspective—and appreciate why we have the position we do at the GASB, what the alternatives were, and why we reached the decision we did.

I am very proud of the work the Board and staff have done over the past seven years. During that time thousands of you have commented on GASB proposals; attended our Board meetings in person or virtually; served on our advisory council, task forces, and other advisory groups; worked through technical inquiries with us; and implemented new standards. Your time, ideas, and perspectives are the most important elements in creating standards that work.

As previously noted, governmental entities are facing significant challenges as a result of the COVID-19 crisis. As we continue to navigate through these uncertain times, the GASB is here to offer help and support with any accounting and financial reporting questions or issues you may have.

While my focus remains on standards setting, I also am helping incoming Chair Joel Black get acclimated as he prepares to assume his new role in July. On behalf of all of us at the GASB I'd like to thank everyone who took the time to share their ideas and input with the Board during my time as GASB Chairman. We appreciate your support and look forward to your continued engagement.

Sincerely,

David A. Vaudt

David A. Vaudt, Chairman

2019 GASB HIGHLIGHTS

Final Statements (and Implementation Guides)

- Conduit Debt Obligations
- Implementation Guide, Leases
- Implementation Guide, Fiduciary Activities
- Implementation Guidance Update—2019

Exposure Drafts

- Implementation Guidance Update—2020
- Replacement of Interbank Offered Rates
- Omnibus 20XX
- Internal Revenue Code Section 457 Deferred Compensation Plans That Meet the Definition of a Pension Plan and Supersession of GASB Statement 32
- Public-Private and Public-Public Partnerships and Availability Payment Arrangements
- Subscription-Based Information Technology Arrangements
- Implementation Guide—Leases

Advisory Groups

Advisory groups, consultative groups, and task forces provide additional issue-specific input and feedback to the GASB. More information about the GASAC, GASB consultative groups, and GASB task forces is available in the online version of the annual report (www.accountingstandards.org) and at www.gasb.org.

GASAC

THE GOVERNMENTAL ACCOUNTING STANDARDS ADVISORY COUNCIL is responsible for consulting with the GASB on technical issues on the Board's agenda, project priorities, selection/organization of task forces, and other matters.

GASB

GASB CONSULTATIVE GROUPS are assembled at the discretion of the GASB chairman for pre-agenda research that is expected to be extensive and to address a broad or fundamental portion of the accounting and financial reporting standards and certain practice issue projects.

GASB

GASB TASK FORCES are assembled for most major projects and serve as a sounding board as a project progresses.

MEMBERS OF THE GASB

Received
2,000+
Comments from Stakeholders since 2013

Facilitated
20+
Advisory Council Meetings since 2013

Conducted
25
Public Hearings/ User Forums since 2013

David A. Vaudt
Chairman

Carolyn Smith
Board Member

James E. Brown
Board Member

David R. Bean
Director of Research and Technical Activities

Jeffrey J. Previdi
Vice Chairman

Michael H. Granof
Board Member

Brian W. Caputo
Board Member

Kristopher E. Knight
Board Member

Board members are appointed by the Trustees of the FAF for a five-year term and may serve up to ten years. The chairman serves full time and the six other members serve on a part-time basis. The members of the GASB are required to have knowledge of governmental accounting and finance and a concern for the public interest in matters of accounting and financial reporting.

"On behalf of all of us at the GASB I'd like to thank everyone who took the time to share their ideas and input with the Board during my time as GASB Chair. We appreciate your support and look forward to your continued engagement."

DAVID A. VAUDT, GASB CHAIRMAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Financial Accounting Foundation (FAF), the Financial Accounting Standards Board (FASB), and the Governmental Accounting Standards Board (GASB) are committed to the development of high-quality financial accounting and reporting standards through an independent and open process that results in useful financial information, considers all stakeholder views, and ensures public accountability.

The FAF is responsible for the oversight, administration, financing, and appointment of the FASB and the GASB, and their respective advisory councils, the Financial Accounting Standards Advisory Council (FASAC), and the Governmental Accounting Standards Advisory Council (GASAC). The FAF obtains its funding from three sources:

- Accounting support fees that finance FASB operating and capital expenses pursuant to Section 109 of the Sarbanes-Oxley Act of 2002 (Sarbanes-Oxley Act);
- Accounting support fees that finance GASB operating and capital expenses pursuant to Section 978 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act); and
- Sales and licensing of copyrighted FASB and GASB content.

Program and support expenses are funded by accounting support fees and by voluntary Reserve Fund contributions, which are determined during our annual budgeting process.

The FAF established the Reserve Fund to: (1) provide the FAF with sufficient reserves to fund budgeted current expenditures that are not otherwise funded by operating revenue (principally, accounting support fees or publishing revenues); (2) fund the operations of the FASB, the GASB, and the FAF during any temporary or permanent funding transitions; (3) fund unforeseen contingencies; and (4) provide temporary funding of operations resulting from cash flow deficiencies (primarily related to timing of accounting support fees collections, provided that the Reserve Fund will be replenished within a reasonably short period of time).

Contents

FAF's current policy is to maintain a target Reserve Fund balance equal to one year of budgeted gross expenses for the entire organization. If the projected year-end Reserve Fund balance, which is net of short-term investments, exceeds the year-end target Reserve Fund, the FAF has historically voluntarily contributed this amount to fund the FASB and GASB's budgeted recoverable expenses that otherwise would have been funded by accounting support fees.
The next sections provide certain 2019 financial highlights and management's discussion and should be read in conjunction with the FAF's audited financial statements that follow.

2019 Summary

The FAF's net assets increased by $3.3 million in 2019 largely due to nonoperating investment income of $2.5 million. Operating revenues exceeded total program and support expenses by $630,000.

Standard-setting activities in 2019 related to the FASB's and the GASB's primary mission of improving financial accounting and reporting standards. These efforts included making improvements to U.S. GAAP while maintaining or increasing comparability with international accounting standards where possible, working with the Private Company Council (PCC) to improve the standard-setting process for private companies, and continuing the development of the GAAP Financial Reporting Taxonomy (Taxonomy) for eXtensible Business Reporting Language (XBRL) in the private sector.

Program expenses also include publishing and delivering FASB and GASB standard-setting content. In 2019 and 2018, these included costs associated with the Content, Vision, & Enablement (CVE) Initiative. The CVE Initiative began with the objective of modernizing the production and distribution of FASB and GASB standards. The project has three components:

1) Finalize and operationalize the organization's content strategy,
2) Implement a new publishing platform, and
3) Redesign the business processes underpinning our content creation, production, and distribution.

The initial discovery and solution selection phase of the CVE Initiative was completed during 2019. The implementation phase began in late 2019 and completion is tentatively targeted for 2021. The total CVE Initiative budget spanning 2018-2021 is currently $11.6 million, of which $4.0 million and $425,000 were expended in 2019 and 2018, respectively, including both operating expense and capital, and the remainder is expected to be spent in 2020-2021.

Total program and support expenses increased $3.8 million, or 7%, from 2018 to 2019, due to a combination of increases in CVE Initiative costs, salary and benefits, placement fees, and other professional fees.

2019 Financial Results

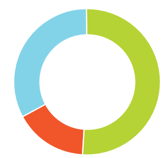
The FAF's financial statements are presented in accordance with GAAP and reflect the specific reporting requirements of not-for-profit organizations.

Statements of Activities

The following charts display the sources of revenues and the program and support expenses for 2019 and 2018:

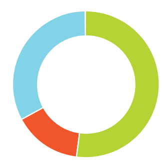
2019 Sources of Revenues

- FASB Accounting Support Fees 51%
- GASB Accounting Support Fees 16%
- Publishing 33%



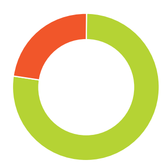
2018 Sources of Revenues

- FASB Accounting Support Fees 52%
- GASB Accounting Support Fees 15%
- Publishing 33%



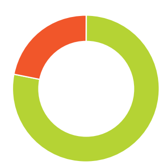
2019 Expenses

- Program—Standard Setting and Publishing 77%
- Support 23%



2018 Expenses

- Program—Standard Setting and Publishing 78%
- Support 22%



FASB Accounting Support Fees
FASB accounting support fees are assessed upon issuers, as defined by the Sarbanes-Oxley Act, to fund the expenses and other cash requirements of the FASB's standard-setting activities, as reflected in the FAF's annual operating and capital budget—the FASB recoverable expenses.

Equity issuers and investment company issuers are assessed a share of the accounting support fees based upon their relative average monthly market capitalization, subject to minimum capitalization thresholds. The FAF has retained the Public Company Accounting Oversight Board (PCAOB) as its agent for invoicing and collecting FASB accounting support fees, which were $29.3 million in 2019 and $29.1 million in 2018. As previously noted, the FAF voluntarily contributes a formula-based amount from the Reserve Fund to offset FASB recoverable expenses that would otherwise be funded by accounting support fees. The FAF paid the PCAOB approximately $209,000 per year for collection services, which is included as part of operating support expenses, in 2019 and 2018.

The Office of Management and Budget (OMB) has determined that the FASB accounting support fee is subject to sequestration pursuant to the Budget Control Act of 2011 (BCA). Sequestration amounts are based on the federal government's fiscal year, which, for the 2019 sequestration, began on October 1, 2018, and ended on September 30, 2019. During 2019, approximately $1.8 million was sequestered with respect to the FASB accounting support fee. The OMB notified the FAF that the 2019 sequestered funds were available for spending for the 2020 federal fiscal year, which began October 1, 2019. The FAF understands that the FASB accounting support fee for federal fiscal year 2020 will be subject to sequestration in a similar manner.

GASB Accounting Support Fees

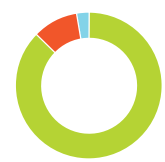
Pursuant to the Dodd-Frank Act, in 2012, the SEC issued an order approving a proposed rule change to the by-laws of the Financial Industry Regulatory Authority (FINRA) to establish an accounting support fee to fund the annual budget of the GASB, including rules and procedures to provide for the equitable allocation, assessment, and collection of the GASB accounting support fee from FINRA members. As previously noted, the FAF voluntarily contributes a formula-based amount from the Reserve Fund to offset GASB recoverable expenses that would otherwise be funded by accounting support fees. FINRA collects the GASB accounting support fee quarterly from member firms that report trades to the Municipal Securities Rulemaking Board (MSRB). Each member firm's assessment is based on the member firm's portion of the total par value of municipal securities transactions reported by FINRA member firms to the MSRB during the previous quarter. GASB accounting support fees were $8.9 million in 2019 and $8.3 million in 2018. The FAF paid FINRA $30,000 per year for collection services, which is included as part of operating support expenses, in 2019 and 2018.

Publishing Revenue

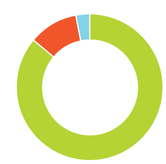
Publishing revenue for FASB and GASB product offerings are presented in the statements of activities on a combined basis. As noted below, gross revenues year to year have been positively impacted by price increases for FASB and GASB products but offset somewhat by a decreasing number of commercial sublicensees and direct subscribers to online and print subscriptions. Gross revenues for FASB and GASB product offerings are separately displayed in the charts below for 2019 and 2018.

FASB Publishing (dollars in thousands)

2019		
License Fees	87%	$14,819
Codification Online Subscriptions	10%	$1,721
Print subscriptions, hard copy and other	3%	$434
Total	**100%**	**$16,974**



2018		
License Fees	86%	$14,184
Codification Online Subscriptions	11%	$1,730
Print subscriptions, hard copy and other	3%	$488
Total	**100%**	**$16,402**



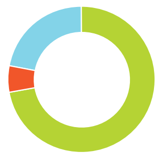
The FAF licenses the content of the *FASB Accounting Standards Codification*® (FASB Codification) to commercial publishers and others for inclusion in their proprietary, comprehensive, online research systems. The FASB Codification also is directly accessible through an online platform and can be viewed either through a free Basic View or as an annual paid subscription to the Professional View that provides advanced functionality and navigation. The FAF also sells a bound edition of the FASB Codification and provides The FASB Subscription, an annual paid service that includes the distribution of printed copies of FASB Accounting Standards Updates (ASUs) when issued.

FASB publishing revenues totaled $17.0 million in 2019, up 3% from 2018. This net change reflects the 5% increase in product prices, offset by a decrease in the number of FASB Codification subscribers, commercial publishers sublicensees, and demand for print products.

GASB Publishing (dollars in thousands)

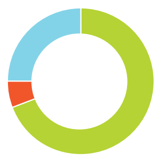
2019

License Fees	72%	$1,221
GARS Online Subscriptions	6%	$97
Print subscriptions, hard copy and other	22%	$386
Total	**100%**	**$1,704**



2018

License Fees	69%	$1,193
GARS Online Subscriptions	6%	$97
Print subscriptions, hard copy and other	25%	$428
Total	**100%**	**$1,718**



The FAF licenses GASB materials to commercial publishers and others for inclusion in their proprietary comprehensive online research systems. GASB materials are also directly accessible online through the Governmental Accounting Research System (GARS). GARS Online can be viewed either through a free Basic View or as an annual paid subscription to the Professional View that provides advanced functionality and navigation. GASB materials also are available through various subscription plans sold directly by the FAF, including The GASB Subscription (consisting of final documents as they are issued) and the GASB Board Packages. In addition, the FAF sells bound editions of the GASB Codification, GASB Original Pronouncements, and the GASB Comprehensive Implementation Guide, as well as hard copies of individual Pronouncements, User Guides, Research Reports, and other documents.

GASB publishing revenues totaled $1.7 million in 2019, consistent with 2018. This net change reflects the 5% increase in product prices, offset by a decrease in the number of commercial publishers sublicensees and subscribers to print subscriptions.

Program and Support Expenses

The FAF's operating program expenses, which comprise the standard-setting activities of the FASB and the GASB and FAF publishing activities, totaled $43.5 million in 2019, representing a 6% increase over 2018 and comprise the following:

- Program salaries and benefits, which comprised approximately 76% of the FAF's program expenses in 2019, increased $360,000 primarily related to annual salary rate increases.
- CVE Initiative operating expenses, included as part of publishing information technology fees, increased $1.7 million.
- Professional fees increased $514,000. The largest component of this increase relates to timing of various placement and search fees for FASB and GASB members and technical staff.
- Other standard-setting program expenses included domestic and international travel for the FASB and the GASB members and staff, costs for holding advisory group and other meetings, library subscriptions and other reference materials, and other miscellaneous expenses.

The FAF's operating support expenses totaled $12.9 million in 2019, an increase of 13% from 2018. This is primarily driven by a $1.5 million increase in professional fees, including Trustee placement fees and compensation, audit, legal, human resources, and other fees to address various initiatives.

Investment Income

The FAF's Reserve Fund, held primarily in money market and fixed income mutual funds, experienced net investment gains of $2.3 million in 2019, compared to $777,000 in 2018, resulting from positive investment market conditions.

Other Components of Net Period Pension Cost and Other Pension-Related Changes Not Reflected in Operating Expenses

Other components of net period pension cost include all components of net periodic benefit costs other than service costs, which are included in operating expenses. The FAF recorded nonoperating decreases in net assets of $330,000 and $756,000 in 2019 and 2018, respectively. In 2018, the amount included $646,000 of additional settlement charges due to the payout of $1.8 million in lump sums.

Other pension-related changes are nonoperating adjustments to record the change in the funded status of the Employees' Pension Plan and the Postretirement Plan. Pension-related changes are determined by comparing the fair value of plan assets against the actuarially determined amount of benefit obligations. The FAF recorded nonoperating increases in net assets of $496,000 and $909,000 for 2019 and 2018, respectively. Factors impacting the amount of pension-related changes include actuarial gains or losses resulting from actual investment return compared to actuarially expected return offset by the impact of the decrease in the discount rate in 2019.

Statements of Financial Position

Reserve Fund Investments

Reserve Fund investments totaled $60.9 million and $61.1 million as of December 31, 2019 and 2018, respectively. The Reserve Fund's assets were invested in approximately equal proportions in a money market mutual fund and a short-term, high-credit quality, fixed income mutual fund. An amount equal to the Reserve Fund balance is reflected as a separate Board-designated component of net assets without donor restrictions.

Accounting support fee assessments in 2019 and 2018 were offset by voluntary Reserve Fund contributions of $11.2 million and $11.1 million, respectively. These amounts are primarily derived from net publishing revenues but also benefited from favorable variances in revenues and expenses between budget and actual that carry over from the prior year and other items that affect the balance of the Reserve Fund.

Accounting Support Fees, Publishing, and Other Receivables

Receivables as of December 31, 2019 and 2018 primarily included $2.8 million and $2.4 million of GASB accounting support fees, respectively, and $3.3 million of license fees in each year. The remaining balance primarily related to other publishing revenues.

Operating Lease Right-of-Use (ROU) Assets and Operating Lease Liabilities

Operating lease ROU assets and liabilities include the recognition of operating leases for office space in Norwalk (main office) and Washington D.C. and for equipment as detailed in Note 8 to the financial statements.

Accrued Postretirement Health Care Costs and Accrued Pension Costs

The funded status of the Postretirement Plan amounted to a $1.1 million net liability in 2019, compared to a net liability of $758,000 in 2018. The funded status of the Employees' Pension Plan amounted to a $646,000 net liability in 2019, compared to a net liability of $652,000 in 2018. The change in funded status reflects an increase in the benefit obligation for both plans primarily resulting from the impact of a decrease in discount rate partially offset by an increase in plan assets primarily due to investment gains.

2020 Outlook

The FAF will continue to manage resources prudently, while appropriately investing in technology and other initiatives in fulfilling the important mission of the FASB and the GASB. We anticipate total operating and capital expenses to increase in 2020 related to the FAF's comprehensive Content, Vision, and Enablement (CVE) Initiative and for transitional costs for the FASB chair and GASB chair, whose terms expire June 30, 2020. Overall headcount is expected to remain consistent with 2019.

As previously noted, the CVE Initiative solution implementation will continue through 2020 and will also include adjacent work to refresh the FAF, FASB, and GASB websites, restructure our content, and upgrade our fulfilment and distribution system. The new publishing and distribution systems will replace technology that is increasingly obsolete and expensive to maintain and allow the organization to continue to fulfill its standard-setting mission.

The COVID-19 pandemic has significantly impacted economic conditions in the Unites States and globally. Mandates from federal, state and local governments have included travel restrictions and temporary business closures. The FASB, the GASB and FAF have continued to work remotely. Although it is difficult to predict how long these restrictions will be in place, a reduction in planned travel and meeting costs in 2020 is expected. At this time, we do not anticipate a significant impact to our operating revenues or other financial operations.

STATEMENTS OF ACTIVITIES

For the years ended December 31 (dollars in thousands)	2019	2018
Operating:		
Revenues:		
Accounting support fees:		
FASB	$29,294	$29,081
GASB	8,936	8,346
Total accounting support fees	38,230	37,427
Publishing (Note 2)	18,678	18,120
Contributions—FAF contributed services	130	184
Total revenues	57,038	55,731
Program expenses (Note 4):		
Standard setting:		
FASB	29,178	28,600
GASB	8,165	7,912
Total standard setting	37,343	36,512
Publishing	6,130	4,592
Total program expenses	43,473	41,104
Support expenses (Note 4)	12,935	11,455
Total program and support expenses	56,408	52,559
Operating revenues greater than operating expenses	630	3,172
Nonoperating:		
Net investment income — short-term investments (Note 5)	155	150
Net investment income — Reserve Fund (Note 5)	2,343	777
Other components of net periodic pension cost (Note 6)	(330)	(756)
Other pension-related changes not reflected in operating expenses (Note 6)	496	909
Change in net assets without donor restrictions	3,294	4,252
Net assets at beginning of year	70,129	65,877
Net assets at end of year	$73,423	$70,129

See accompanying notes to these financial statements.

STATEMENTS OF FINANCIAL POSITION

For the years ended December 31 (dollars in thousands)	2019	2018
Current assets:		
Cash and cash equivalents	$ 4,605	$ 4,107
Short-term investments (Note 5)	9,250	9,114
Accounting support fee, publishing, and other receivables (net of allowance for doubtful accounts of $56 and $72)	6,273	5,806
Prepaid expenses and all other current assets	1,278	958
Total current assets	21,406	19,985
Noncurrent assets:		
Reserve Fund investments (Note 5)	60,925	61,082
Assets held in trust (Note 6)	2,517	1,896
Operating lease right-of-use assets (Note 8)	2,994	4,060
Furniture, equipment, software, and leasehold improvements, net (Note 7)	3,824	2,032
Total noncurrent assets	70,260	69,070
Total assets	$91,666	$89,055
Current liabilities:		
Accounts payable and accrued expenses	$ 1,656	$ 1,491
Accrued payroll and related benefits	1,066	1,461
Operating lease liability—current (Note 8)	1,657	1,700
Unearned publication and other deferred revenues	6,766	6,630
Total current liabilities	11,145	11,282
Noncurrent liabilities:		
Accrued pension costs (Note 6)	646	652
Accrued postretirement health care costs (Note 6)	1,138	758
Operating lease liability—long term (Note 8)	2,797	4,338
Other liabilities (Note 6)	2,517	1,896
Total noncurrent liabilities	7,098	7,644
Total liabilities	18,243	18,926
Net assets—without donor restrictions		
Designated by the Board for Reserve Fund (Notes 3 and 5)	60,925	61,082
Undesignated	12,498	9,047
Total net assets without donor restrictions	73,423	70,129
Total liabilities and net assets	$91,666	$89,055

See accompanying notes to these financial statements.

STATEMENTS OF CASH FLOWS

For the years ended December 31 (dollars in thousands)	2019	2018
Cash flows from operating activities:		
Cash received from accounting support fees	$37,877	$37,369
Cash received from publishing sales	18,700	17,772
Interest and dividend income received	1,675	1,436
Cash paid to vendors, employees, and benefit plans	(55,495)	(52,422)
Net cash provided by operating activities	2,757	4,155
Cash flows from investing activities:		
Proceeds from sales of Reserve Fund investments	4,000	3,000
Purchases of Reserve Fund investments	(3,019)	(7,156)
Proceeds from sales of short-term investments	8,000	9,000
Purchases of short-term investments	(8,136)	(8,853)
Purchases of assets held in trust	(621)	(194)
Purchases of furniture, equipment, software, and leasehold improvements, net	(2,483)	(609)
Net cash used in investing activities	(2,259)	(4,812)
Net increase (decrease) in cash and equivalents	498	(657)
Cash and equivalents at beginning of year	4,107	4,764
Cash and equivalents at end of year	$ 4,605	$ 4,107
Supplemental information		
Noncash items included in the Statement of Activities:		
Pension-related changes not reflected in operating expenses	$ 496	$ 909
Component of net periodic pension costs not reflected in operating expenses	$ (330)	$ (756)

See accompanying notes to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies

Activities

The Financial Accounting Foundation (FAF), incorporated in 1972, is the independent, private-sector not-for-profit, non-stock corporation with responsibility for establishing and improving financial accounting and reporting standards, through an independent and open process, and educating stakeholders about those standards. The FAF is responsible for the oversight, administration, finances, and appointment of the members of:

- The Financial Accounting Standards Board (FASB), which establishes standards of financial accounting and reporting for nongovernmental entities, and the Financial Accounting Standards Advisory Council (FASAC) and;
- The Governmental Accounting Standards Board (GASB), which establishes standards of financial accounting and reporting for state and local governmental entities, and the Governmental Accounting Standards Advisory Council (GASAC).

The FAF was incorporated under Delaware General Corporation Law to operate exclusively for charitable, educational, scientific, and literary purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, as amended (Code). The FAF obtains its funding from accounting support fees pursuant to Section 109 of the Sarbanes-Oxley Act of 2002, as amended (Sarbanes-Oxley Act), in support of the FASB; accounting support fees pursuant to Section 978 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) in support of the GASB; and publishing revenues.

Summary of Significant Accounting Policies

Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

These statements include the program activities of standard setting of the FASB and the GASB (Standards Boards) (set forth separately, where appropriate, in recognition of their distinct responsibilities as described in the FAF's Certificate of Incorporation and By-Laws) and publishing. Standard-setting program expenses include salaries, benefits, and other operating expenses for the members and research staffs of the respective Standards Boards and Councils, costs for the ongoing development of the U.S. GAAP Financial Reporting Taxonomy, costs for external relations, government affairs and communications activities, and for the information research and technology related to the standard-setting activities of the FASB and the GASB. Publishing program costs represent the distinct activities of publishing and distributing the FASB and GASB standard-setting materials and include staff salaries and benefits, publishing information technology costs, printing, distribution, and other costs. Additional services for accounting and finance, human resources, facilities management, technology and information systems, legal, and general administrative operating assistance have been reflected as support expenses in the accompanying statements of activities.

All of the net assets of the FAF are classified as without donor restrictions and are segregated into FAF Board of Trustee (FAF Board) designated and undesignated categories (see Note 2).

Use of Estimates

The preparation of financial statements requires management to formulate estimates and assumptions that may affect the reported amounts of assets and liabilities at the dates of those statements and revenues and expenses for the reporting periods. Significant estimates made by management include actuarially determined employee benefit liabilities. Actual results could differ from those estimates.

Revenue Recognition

Publishing

Publishing revenue includes sales of printed content (primarily annual editions of authoritative FASB and GASB GAAP), subscriptions for authoritative print content, subscriptions for digital access to authoritative content, and licensing of content.

The FAF assesses the obligations promised in its contracts with customers and identifies a performance obligation for each promise to transfer goods or services. To identify the performance obligations, the FAF considers all the promises in the contract, whether explicitly stated or implied, based on customary business practices. Revenue is recognized when a performance obligation is satisfied by transferring control of promised goods or services to customers, which can occur over time or at a point in time.

All of the FAF's contracts with customers, including sales- or usage-based royalty agreements, include performance obligations that are short term in nature.

Sales taxes collected on behalf of third parties are excluded from revenue and recorded as a liability until paid. Shipping fees charged to customers are excluded from revenue and netted against shipping expenses. There are no obligations for warranties, returns, or refunds to customers.

Accounting Support Fees

The Sarbanes-Oxley Act provides for funding of FASB through accounting support fees assessed against and collected from issuers of securities, as defined in the Sarbanes-Oxley Act. The FASB accounting support fees are reviewed by the U.S. Securities and Exchange Commission (SEC) each year. The Dodd-Frank Act provides for funding of GASB through an SEC order instructing the Financial Industry Regulatory Authority (FINRA) to establish, assess, and collect accounting support fees from its members.

Accounting support fees are recognized as revenue in the year for which those accounting support fees have been assessed as prescribed by the Sarbanes-Oxley Act and Dodd-Frank Act. Accounting support fees are reflected as without donor restrictions because the restrictions have been met in the same reporting period as the revenue is recognized.

The accounting support fees provide funding for recoverable expenses associated with the FASB and the GASB's standard-setting activities as identified in the FAF's operating and capital budget for each calendar year. Recoverable expenses do not include Trustee and oversight expenses. The FAF's budgeted recoverable expenses for each Standards Board are statutorily eligible for funding by accounting support fees. However, on a voluntary basis, the FAF has applied any Reserve Funds in excess of a formula-based target amount to reduce what the FAF would otherwise be entitled to collect in accounting support fees.

The Office of Management and Budget (OMB) has determined that the FASB is subject to sequestration pursuant to the Budget Control Act of 2011 (BCA). Sequestration amounts are determined on the federal government's fiscal year, which for the 2019 sequestration began on October 1, 2018 and ended on September 30, 2019. During 2019, $1,820,000 was sequestered with respect to the FASB accounting support fees. The OMB notified the FAF that the 2019 sequestered funds were available for spending for the 2020 federal fiscal year, which began October 1, 2019, and as a result no restrictions existed at December 31, 2019. The FAF understands that the FASB accounting support fees for federal fiscal year 2020 will be subject to sequestration in a similar manner.

Contributions

The FAF reports all contributions as increases in net assets without donor restrictions. Members of the Board of Trustees are eligible for compensation for their services, with each having the right to waive such compensation. The accompanying financial statements reflect the value of waived Trustee compensation, which meets the criteria for recognition as contributed services. Other individuals contribute significant amounts of time to the activities of the FAF, the Standards Boards, and their Advisory Councils without compensation; however, these are not included as contributions in the accompanying financial statements because they do not meet the recognition criteria.

Cash and Cash Equivalents

For financial statement purposes, the FAF considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The carrying value of these investments approximates fair value due to the nature of the investments and the maturity period.

NOTES TO THE FINANCIAL STATEMENTS

Investments

The FAF's investments are recorded at fair value, all of which are measured using Level 1 inputs, which are defined as quoted market prices in active markets for identical investments. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Net appreciation or depreciation includes gains and losses on investments bought and sold as well as held during the year.

Concentration of Credit Risk

Financial instruments that potentially are subject to concentrations of credit risk consist principally of cash and cash equivalents, short-term investments, and Reserve Fund investments. Short-term investments and Reserve Fund investments are held in various money market and fixed income mutual funds with a single high-credit-quality financial institution. The FAF has not experienced, nor does it anticipate, any credit-risk-related losses in such accounts.

Accounting Support Fees, Publishing, and Other Receivables

Receivables are carried at the amount billed or accrued, net of an allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on management's review of historical experience and current economic conditions.

Employee Benefit Plans

The FAF sponsors a postretirement health care plan and a defined benefit pension plan. Information with respect to the funded positions of each of the FAF's pension and other postretirement plans at December 31, 2019 and 2018, is set forth in Note 6.

Furniture, Equipment, Software, and Leasehold Improvements

Furniture, equipment, software, and leasehold improvements are reported in the statements of financial position at cost, less accumulated depreciation and amortization determined using the straight-line method. Furniture, equipment, and software are depreciated over their estimated useful lives, ranging from 3 to 10 years. Leasehold improvements are amortized over periods not extending beyond the termination dates of the leases for office space.

Income Taxes

The FAF is a tax-exempt organization under Section 501(c)(3) of the Code. Management has reviewed tax positions for open tax years and determined that a provision for uncertain tax positions is not required.

Leases

The FAF determines whether an arrangement is a lease at inception of a contract. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities (current and long term) on the statements of financial position. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term. As a practical expedient, FAF used a risk-free rate in determining the present value of future payments. The FAF recognizes ROU assets subject to operating leases in an amount equal to the operating lease liabilities, adjusted for the balances of deferred lease expense and incentives. Lease expense is recognized on a straight-line basis over the lease term. The lease and nonlease components in FAF's lease agreements are accounted for separately.

Subsequent Events

The FAF has evaluated subsequent events through March 4, 2020, the date through which the financial statements are available to be issued, and determined that no events subsequent to year-end have occurred that require adjustment to, or disclosure in, the financial statements.

2. Publishing

All of the FAF's revenue from contracts with customers is recognized within publishing revenue. The following table presents these revenues disaggregated between FASB and GASB products type and by revenue stream (dollars in thousands):

	2019			2018		
Years ended December 31	FASB	GASB	Total	FASB	GASB	Total
Licensing	$14,819	$1,221	$16,040	$14,184	$1,193	$15,377
Online subscriptions	1,721	97	1,818	1,730	97	1,827
Print subscriptions	220	307	527	256	340	596
Hard copy and other	214	79	293	232	88	320
Total	$16,974	$1,704	$18,678	$16,402	$1,718	$18,120

Licensing—FAF has entered into various licensing agreements that provide certain third-parties limited rights to utilize the FAF's intellectual property (IP), consisting of FASB and GASB content. Certain licenses include quarterly upfront payments based on the number of internal users and annual payments for the number of active sublicenses at the beginning of the contract period. The FAF recognizes revenue rateably over the term of the agreements because the obligation to provide the licensees with access to the most current version of the content is a single performance obligation satisfied over time.

Other license agreements also include quarterly payments based on the number of new or renewal sublicensee agreements entered into by the licensee for that quarter. The FAF recognizes the quarterly revenue on a straight-line basis over a 12-month period because the obligation to provide the licensees with access to the content is a single performance obligation satisfied over time. The FAF also recognizes revenue under these agreements for the amounts due and not yet paid pursuant to the terms of the contracts.

Online subscriptions—The FAF sells annual prepaid subscriptions for access to the *FASB Accounting Standards Codification*® and GASB Governmental Accounting Research System (which includes the GASB Codification, Original Pronouncements, and Comprehensive Implementation Guide) through Professional View online platforms. Access to these platforms is determined to be a single performance obligation that is satisfied over the annual subscription period. Subscription revenues are deferred at the time of sale and are recognized rateably over the terms of the subscriptions.

Print subscriptions—The FAF sells annual prepaid subscriptions for a monthly distribution of printed copies of all FASB Accounting Standards Updates released during the previous month (The FASB Subscription) and periodic distribution of printed copies of newly issued GASB Statements, Concepts Statements, and Technical Bulletins (The GASB Subscription). These subscription services are determined to be a single performance obligation that is satisfied over the annual subscription period. Subscription revenues are deferred at the time of sale and are recognized rateably over the terms of the subscriptions.

Revenue from sales of individual hard copy publications are generally recognized upon shipment.

Significant judgments—Determining the number of promised services in a contract requires significant judgment. Licensing agreements provide customers with access to the latest, most current version of the accounting guidance. Revenue is recognized rateably over the contract term.

Contract liabilities (deferred revenues) as reflected in the statement of financial position, include amounts received or due in excess of revenue recognized.

NOTES TO THE FINANCIAL STATEMENTS

3. Liquidity and Availability of Financial Assets

The primary source of funding for the FAF, FASB, and GASB general expenditures are FASB and GASB accounting support fees and publishing revenues. FASB accounting support fees are billed annually and GASB accounting support fees are billed quarterly. Together, these fees accounted for $38.2 million or 67 percent, and $37.4 million or 67 percent, of the funding of the FAF in 2019 and 2018, respectively. The following table reflects the financial assets as of December 31, 2019 and 2018, reduced by the amounts that are not available to meet general expenditures within one year of the statements of financial position because of FAF Board designations (dollars in thousands):

At December 31	2019	2018
Cash and cash equivalents	$ 4,605	$ 4,107
Investments (short-term and Reserve Fund)	70,175	70,196
Accounting support fees, publishing, and other receivables	6,273	5,806
Financial assets available before Board designations	81,053	80,109
Less: Board-designated Reserve Fund	60,925	61,082
Financial assets available to meet cash needs for general expenditures within one year	$ 20,128	$19,027

As part of liquidity management, the FAF maintains both cash and short-term investments. There is also the FAF Board-designated Reserve Fund to: (1) provide the FAF with sufficient reserves to fund budgeted current expenditures that are not otherwise funded by operating revenue (principally, accounting support fees or publishing revenues); (2) fund the operations of the FASB, the GASB, and the FAF during any temporary or permanent funding transitions; (3) fund unforeseen contingencies; and (4) provide temporary funding of operations resulting from cash flow deficiencies (primarily related to timing of accounting support fees collections, provided that the Reserve Fund will be replenished within a reasonable short period of time). Reserve Fund assets are maintained within the investment policies and guidelines for the Reserve Fund established by the Audit and Finance Committee of the Board of Trustees.

4. Program and Support Expenses

The following table presents expenses by both their nature and functions for the years ended December 31, 2019 and 2018 (dollars in thousands):

	Program						
	Standard-Setting				Total		Total
Year ended December 31, 2019	FASB	GASB	Total	Publishing	Program	Support	Expenses
Salaries and wages	$19,347	$5,471	$24,818	$1,617	$26,435	$4,658	$31,093
Employee benefits	4,882	1,241	6,123	448	6,571	1,338	7,909
Occupancy and equipment expenses	1,085	304	1,389	144	1,533	754	2,287
Depreciation and amortization	421	9	430	50	480	211	691
Information technology fees	956	165	1,121	3,536	4,657	322	4,979
Professional fees—other	1,246	539	1,785	3	1,788	3,952	5,740
Printing and shipping	–	–	–	245	245	–	245
Other operating expenses	1,241	436	1,677	87	1,764	1,700	3,464
Total operating program and support expenses	29,178	8,165	37,343	6,130	43,473	12,935	56,408
Net periodic benefit costs other than service cost	170	58	228	–	228	102	330
Total expenses	$29,348	$8,223	$37,571	$6,130	$43,701	$13,037	$56,738
Year ended December 31, 2018							
Salaries and wages	$19,247	$5,367	$24,614	$1,588	$26,202	$4,671	$30,873
Employee benefits	4,750	1,255	6,005	439	6,444	1,513	7,957
Occupancy and equipment expenses	1,118	314	1,432	202	1,634	741	2,375
Depreciation and amortization	404	24	428	51	479	215	694
Information technology fees	801	160	961	1,881	2,842	268	3,110
Professional fees—other	922	351	1,273	1	1,274	2,479	3,753
Printing and shipping	–	–	–	315	315	–	315
Other operating expenses	1,358	441	1,799	115	1,914	1,568	3,482
Total operating program and support expenses	28,600	7,912	36,512	4,592	41,104	11,455	52,559
Net periodic benefit costs other than service cost	336	218	554	–	554	202	756
Total expenses	$28,936	$8,130	$37,066	$4,592	$41,658	$11,657	$53,315

The financial statements report certain categories of expenses that are attributable to the various expense functions. Therefore, these expenses required allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, occupancy and equipment expenses, and information technology, which are allocated based on percentage of headcount or square footage basis, while certain salaries and benefit costs are allocated based on estimated level of effort.

NOTES TO THE FINANCIAL STATEMENTS

5. Investments and Investment Income and Losses

Investments

The following table presents investments measured at fair value, all of which are measured using Level 1 inputs (dollars in thousands):

At December 31	2019	2018
Short-term:		
Money market mutual fund	$ 9,250	$ 9,114
Reserve Fund:		
Fixed income mutual fund	$ 30,430	$ 30,528
Money market mutual fund	30,495	30,554
	$ 60,925	$ 61,082

Net investment income (dollars in thousands):

Years ended December 31	2019	2018
Short-term:		
Interest and dividends	$ 155	$ 150
Reserve Fund:		
Interest and dividends	$ 1,519	$ 1,286
Net realized and unrealized gains (losses)	824	(509)
Total Reserve Fund investment income	$ 2,343	$ 777

Changes in the Reserve Fund balance for the past two years are as follows (dollars in thousands):

Years ended December 31	2019	2018
Fund balance, beginning of year	$ 61,082	$ 57,435
Transfers (to) from operations, net	(2,500)	2,870
Investment income	2,343	777
Fund balance, end of year	$ 60,925	$ 61,082

6. Employee Benefits

Employee benefits expense consists principally of health care benefits for active and retired employees, pension costs, and employer payroll taxes.

Pension Plans

The FAF sponsors a contributory defined contribution plan (the Employees' Tax Sheltered Annuity Plan) and a defined benefit pension plan (the Employees' Pension Plan). Effective January 1, 2008, the Employees' Pension Plan was closed to all new hires, and benefit accruals for participating employees ended as of December 31, 2013.

In 2018, the Employees' Pension Plan paid out $1,826,000 in lump sums, which triggered settlement accounting. This resulted in recognition of $646,000 of periodic benefit expense in 2018 for amounts previously deferred and recognized as pension-related changes not reflected in operating expenses. There was no settlement accounting triggered in 2019.

The FAF maintains a 457(b) deferred compensation plan (457(b) Plan) to provide the ability to make tax-deferred contributions to employees whose annual base compensation exceeds the maximum compensation limit for qualified plan contributions under Code §401(a)(17). Contributions are made into a rabbi trust maintained by the FAF for each participating employee and remain assets of the FAF until distributed to the participant upon termination of their employment. The 457(b) Plan assets and related liabilities of $2,517,000 and $1,896,000 as of December 31, 2019 and 2018, respectively, are included as assets held in trust and other liabilities in the statements of financial position.

Employee benefits expense arising from the defined contribution plans was $2,971,000 and $2,791,000 for 2019 and 2018, respectively. Employer contributions to the plan are based on the employee's earnings level, with incremental increases based on the employee's age, and vest after 1.5 years of service.

Postretirement Health Coverage Plan

The FAF sponsors a postretirement health coverage plan (Postretirement Plan) for all eligible retirees of the FAF with benefits varying based on retirement age and years of service. Effective January 1, 2014, the Postretirement Plan was amended to limit the level of benefits that will be paid to current employees and new hires. Retiree benefits are limited for new hires after December 31, 2013, to the lesser of (1) the year-end 2013 calculated benefit amounts or (2) the calculated benefits offered during the year of retirement. Employees hired before January 1, 2014, are eligible for retiree benefits limited to the lesser of (1) health plan costs at 2013 calculated benefit amounts subject to a cap on potential annual increases not to exceed five percent per year or (2) calculated benefits offered during the year of retirement. Benefits for participants who were retired as of December 31, 2013, are not affected by these amendments. Effective January 1, 2020, the Postretirement Plan was closed to all new hires. The FAF funds retiree health care benefits through a Grantor Trust.

Assumptions

The principal actuarial assumptions used to determine periodic benefit costs and year-end benefit obligations for the Employees' Pension Plan and Postretirement Plan are as follows:

	Employees' Pension Plan		Postretirement Plan	
	2019	2018	2019	2018
Net periodic expense assumptions:				
Discount rate	4.00%	3.40%	4.15%	3.50%
Expected return on plan assets	4.40%	4.00%	6.55%	6.20%
Benefit obligation assumption:				
Discount rate	2.95%	4.00%	3.10%	4.15%

According to the provisions in the Postretirement Plan, benefit amounts for active participants as of December 31, 2013, have been assumed to increase 5.0 percent per year after 2013. No increases are assumed for active participants hired after 2013.

The expected long-term rates of return on plan assets assumptions were based upon a review of historical returns, and expectations and capabilities of future market performance.

In addition to assumptions in the above table, assumed mortality is also a key assumption in determining benefit obligations. The assumed mortality rates reflect the Society of Actuaries (SOA) published mortality table. At December 31, 2019, the assumed mortality rates were updated to reflect the SOA's new mortality base table (Pri-2012) and MP-2019 projection scale. At December 31, 2018, the assumed mortality rates reflect the MP-2018 projection scales using the RP-2006 base table.

NOTES TO THE FINANCIAL STATEMENTS

The following table sets forth the amounts recognized in the statements of financial position, the change in benefit obligations, the change in plan assets, funded status, and other information for the Employees' Pension Plan and Postretirement Plan (dollars in thousands):

	Employees' Pension Plan		Postretirement Plan	
	2019	2018	2019	2018
Change in benefit obligations:				
Benefit obligation, beginning of year	$ 23,819	$ 27,301	$ 16,012	$ 17,263
Service cost	–	–	533	681
Interest cost	901	894	655	596
Actuarial losses (gains)	2,623	(1,443)	2,188	(2,072)
Benefits paid	(1,821)	(1,107)	(567)	(577)
Settlements	–	(1,826)	–	–
Retiree contributions	–	–	86	114
Medicare Part D reimbursement	–	–	6	7
Benefit obligation, end of year	$ 25,522	$ 23,819	$ 18,913	$ 16,012
Change in plan assets:				
Fair value of plan assets, beginning of year	$ 23,167	$ 26,178	$ 15,254	$ 16,511
Employer contributions, net of Medicare Part D reimbursements of $6 and $7 in 2019 and 2018	–	800	–	200
Retiree contributions	–	–	86	113
Actual investment income (loss) on plan assets	3,530	(878)	3,002	(993)
Benefits paid	(1,821)	(1,107)	(567)	(577)
Settlements	–	(1,826)	–	–
Fair value of plan assets, end of year	24,876	23,167	17,775	15,254
Funded status at end of year	$ (646)	$ (652)	$ (1,138)	$ (758)
Amounts recognized in financial statements:				
Noncurrent liabilities	(646)	(652)	(1,138)	(758)
	$ (646)	$ (652)	$ (1,138)	$ (758)
Amounts recognized as pension-related changes not reflected as operating expenses:				
Net actuarial losses (gains)	$ 55	$ 450	$ 170	$ (34)
Amortization of net actuarial losses	(493)	(1,105)	(322)	(359)
Amortization of net prior service costs	–	45	94	94
	$ (438)	$ (610)	$ (58)	$ (299)
Amounts not yet recognized as components of net periodic benefit costs:				
Net actuarial losses	$ 7,984	$ 8,423	$ 3,080	$ 3,233
Net prior service credits	–	–	(411)	(507)
	$ 7,984	$ 8,423	$ 2,669	$ 2,726
Amounts expected to be recognized during the years ended December 31, 2020 and 2019:				
Amortization of net actuarial losses	$ 493	$ 493	$ 319	$ 322
Amortization of net prior service credits	–	–	(95)	(95)
	$ 493	$ 493	$ 224	$ 227

Plan Assets

Investment objectives and policies for the plan assets are established by the Audit and Finance Committee (Committee) of the FAF Board of Trustees. The overall long-term investment strategy for the Employees' Pension Plan and Postretirement Plan is to generate returns sufficient to meet obligations of plan participants and their beneficiaries at acceptable levels of risk by maintaining a high standard of portfolio quality and achieving proper diversification. The Committee has retained a professional investment manager for the assets of the employee benefit plans that maintains discretion over investment decisions, within asset allocation ranges recommended by the Committee.

The asset allocation for the Employees' Pension Plan, which is consistent with the target allocation established by the Committee, was 100 percent in fixed income investments as of December 31, 2019, and is based upon the funded status of the plan, valuation of the liability, and the returns and risks relative to the liability. The asset allocation policy for the Postretirement Plan reflects the target allocation of 50 percent in equity investments (which includes 50 percent of the equity holdings for international stocks) and 50 percent in fixed income investments.

The plan assets of the Employees' Pension Plan and Postretirement Plan were invested in mutual funds at December 31, 2019 and 2018, the majority of which were indexed. The following table presents the fair value of major categories of plan assets, all of which are measured using Level 1 inputs, as defined (dollars in thousands):

	Employees' Pension Plan		Postretirement Plan	
Fair Value of Plan Assets at December 31	2019	2018	2019	2018
Mutual funds (all Level 1):				
U.S. equity funds[a]	$ –	$ –	$ 4,634	$ 3,786
International equity index fund[b]	–	–	4,329	3,563
Fixed income funds[c]	24,781	23,078	8,808	7,905
Cash held by investment manager	95	89	4	–
Total	$24,876	$ 23,167	$ 17,775	$15,254

Descriptions of Funds:

(a) These funds invest in small-, mid-, and large-cap companies from diversified industries using a blend of growth and value strategies and index sampling.

(b) This fund is passively managed and seeks to track the performance of international composite indexes. It has broad exposure across developed and emerging non-U.S. equity markets. Approximately 50% is invested in European companies.

(c) These funds are passively managed using index sampling and consist of intermediate-term and long-term mutual funds.

Net Periodic Benefit Expense

The components of net periodic benefit expense for the past two years are as follows (dollars in thousands):

	Employees' Pension Plan		Postretirement Plan	
	2019	2018	2019	2018
Service cost	$ –	$ –	$ 533	$ 681
Interest cost	901	894	655	596
Expected return on plan assets	(962)	(1,014)	(984)	(1,044)
Amortization of prior period actuarial losses	493	459	322	359
Amortization of prior service credits	–	(45)	(94)	(94)
Net periodic benefit expense	432	294	432	498
Settlements	–	646	–	–
Benefit cost	$ 432	$ 940	$ 432	$ 498

The components of net periodic benefit cost other than the service costs component are reflected separately in the statements of activities.

The following benefit payments, which reflect expected future service, are projected to be paid under the FAF's benefit plans (dollars in thousands):

Years ended December 31	Employees' Pension Plan	Postretirement Plan
2020	$ 2,715	$ 497
2021	1,915	564
2022	2,083	627
2023	1,777	684
2024	1,857	731
2025–2029	7,741	4,405

The FAF does not expect to contribute to the Employees' Pension Plan or Postretirement Plan during 2020.

7. Furniture, Equipment, Software, and Leasehold Improvements

Years ended December 31 (dollars in thousands)	2019	2018
Furniture and equipment	$ 9,115	$ 9,158
Leasehold improvements	5,652	5,647
Software — work in process	2,070	–
	16,837	14,805
Accumulated depreciation and amortization	(13,013)	(12,773)
	$ 3,824	$ 2,032

Software — work in process includes costs associated with developing a new publishing platform.

8. Leases

The FAF has operating leases for office space in Norwalk (main office) and Washington, D.C. and for equipment. The leases have remaining lease terms of one year to less than four years. The Norwalk office space lease includes nonlease components for operating expenses and are accounted for separately and expensed as incurred. Operating right-of-use assets are adjusted for the balance of deferred lease expense and incentives in the amount of $1,460,000 and $1,978,000 at December 31, 2019 and 2018, respectively. Total rental expense for operating leases amounted to $1,250,000 and $1,249,000 in 2019 and 2018, respectively. The rent expense liability is being amortized over the remaining term of the applicable operating lease. Cash paid for amounts of operating leases included in operating cash flows amounted to $1,770,000 and $1,356,000 in 2019 and 2018, respectively. Balances related to operating leases in the statements of financial position, include the following (dollars in thousands):

At December 31	2019	2018
Operating lease right-of-use assets	$ 2,994	$4,060
Operating lease liabilities—current	1,657	1,700
Operating lease liabilities—long term	2,797	4,338
Total lease liabilities	$ 4,454	$ 6,038

The weighted average remaining lease term is 2.8 years and 3.7 years in 2019 and 2018, respectively, and the weighted-average discount rate is 2.4 percent in both 2019 and 2018.

Operating lease maturities (dollars in thousands):

Years ended December 31	Undiscounted	Discounted
2020	$ 1,756	$ 1,657
2021	1,744	1,606
2022	1,317	1,187
2023	4	4
Total operating lease maturities	$ 4,821	$4,454

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Financial Accounting Foundation
Norwalk, Connecticut

Report on the Financial Statements
We have audited the accompanying financial statements of the Financial Accounting Foundation (FAF), which comprise the statements of financial position as of December 31, 2019 and 2018, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the FAF as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

New Haven, Connecticut
March 4, 2020

WELCOME

During the past year, the the FAF Board of Trustees and the GASB welcomed the following leaders.

FAF
Joined
January 2020

Bruce T. Herring
Former President, Strategic Advisers, Inc., Fidelity Investments

FAF
Joined
January 2020

Michael T. Rollings
Chief Financial Officer and Managing Director of Finance, The Vanguard Group

FAF
Joined
January 2020

Tim F. Ryan
U.S. Chairman and Senior Partner, Pricewater-houseCoopers

FAF
Joined
January 2020

Lawrence Salva
Retired Executive Vice President and Chief Accounting Officer, Comcast Corporation

FAF
Joined
January 2020

Shundrawn A. Thomas
President, Northern Trust Asset Management

GASB
Joined
July 2019

Carolyn Smith
Chief Audit Executive, Columbus, OH City Schools

THANK YOU

During the past year, the following FAF Trustees and leaders concluded their work with us.
On behalf of the entire organization, we thank them for their outstanding service.

FAF
Completed service in December 2019

Gary H. Bruebaker
FAF Trustee, Chief Investment Officer, Washington State Investment Board

FAF
Completed service in December 2019

Myra R. Drucker
FAF Trustee, Independent Director, Grantham, Mayo, Van Otterloo & Co. LLC

FAF
Completed service in December 2019

Charles H. Noski
FAF Chairman, Retired Vice Chairman, Bank of America

FAF
Completed service in June 2019

Teresa S. Polley
FAF President and Chief Executive Officer

FAF
Completed service in December 2019

Ann M. Spruill
FAF Trustee, Retired Partner, GMO & Co. LLP

FAF
Completed service in December 2019

John B. Veihmeyer
FAF Trustee, Retired Chairman, KPMG International



OUR MISSION

The collective mission of the FASB, the GASB, and the FAF is to establish and improve financial accounting and reporting standards so they provide useful information to investors and other users of financial reports and to educate stakeholders on how to most effectively understand and implement those standards.

- The FASB and the GASB (the Boards) set standards through a process that is robust, comprehensive, and inclusive.
- The FAF Board of Trustees provides oversight and promotes an independent and effective standard-setting process.
- The FAF management provides strategic counsel and services that support the work of the standard-setting Boards and Board of Trustees.

FASB FINANCIAL ACCOUNTING STANDARDS BOARD®

The FASB establishes financial accounting and reporting standards for public and private companies and not-for-profit organizations.

www.fasb.org

GASB GOVERNMENTAL ACCOUNTING STANDARDS BOARD®

The GASB establishes financial accounting and reporting standards for U.S. state and local governments.

www.gasb.org

FAF FINANCIAL ACCOUNTING FOUNDATION®

The FAF is the independent, private-sector, not-for-profit organization responsible for the oversight, administration, financing, and appointment of the FASB and the GASB.

www.accountingfoundation.org
401 Merritt 7 P.O. Box 5116
Norwalk, CT 06856-5116

Design: RWI www.rwidesign.com