

FINANCIAL ACCOUNTING STANDARDS BOARD

Financial Statements for the Years Ended

December 31, 2025 and 2024

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Financial Statements

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Independent Auditor's Report

Financial Accounting Foundation Board of Trustees
and the Financial Accounting Standards Board Members
801 Main Avenue
Norwalk, CT 06856

Opinion

We have audited the financial statements of the Financial Accounting Standards Board (FASB), an independent standard setting body of the Financial Accounting Foundation (FAF), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the FASB as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the FASB and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements have been prepared pursuant to Section 108 of the Sarbanes-Oxley Act of 2002 and present certain revenues, expenses, assets and liabilities of the FAF that are directly attributable to the standard-setting activities of the FASB of the FAF, and do not include all of the assets, liabilities, net assets, activities or cash flows of the FAF. Our opinion is not modified with respect to this matter.

We have also audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the FAF and issued our unmodified report thereon dated March 3, 2026. Such financial statements are the general-purpose financial statements of the FAF, and the financial statements of the FASB presented herein are not a valid substitute for, and should be read in conjunction with, those financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the FASB's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 FASB's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the FASB's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

McLean, Virginia
March 3, 2026

Statements of Financial Position as of December 31, 2025 and 2024

(Dollars in thousands)

	<u>2025</u>	<u>2024</u>
Current Assets:		
Accounting support fees and other receivables (net of allowance for doubtful accounts of \$67 and \$102)	\$ 64	\$ 162
Prepaid expenses and other current assets	<u>777</u>	<u>448</u>
Total current assets	841	610
Noncurrent Assets:		
Software, at cost	558	562
Less: Accumulated depreciation and amortization (Note 5)	<u>(478)</u>	<u>(411)</u>
Total noncurrent assets	80	151
Total assets	<u>\$ 921</u>	<u>\$ 761</u>
Current Liabilities:		
Accounts payable and accrued expenses	\$ 420	\$ 1,152
Accrued payroll and related benefits	<u>2,838</u>	<u>2,178</u>
Total current liabilities	3,258	3,330
Net Assets—without donor restrictions		
Net assets allocated by FAF	138,609	122,564
Accumulated excess of allocable expenses over accounting support fees	<u>(140,946)</u>	<u>(125,133)</u>
Total net deficit without donor restrictions	(2,337)	(2,569)
Total liabilities and net assets	<u>\$ 921</u>	<u>\$ 761</u>

See accompanying notes to these financial statements.

Statements of Activities for the Years Ended December 31, 2025 and 2024

(Dollars in thousands)

	2025	2024
Operating:		
Revenue:		
Accounting support fees (Note 2)	\$ 32,829	\$ 42,934
Total revenue	32,829	42,934
Program expenses:		
Salaries and wages	25,021	24,376
Employee benefits (Note 4)	5,932	5,576
Occupancy and equipment expenses (Note 5)	1,352	1,135
Depreciation and amortization (Note 5)	2,197	2,217
Information technology fees	1,834	1,557
Professional fees	742	436
Other operating expenses	1,198	1,093
Total program expenses	38,276	36,390
Support expenses:		
Salaries and wages	5,294	4,907
Employee benefits (Note 4)	1,313	1,252
Occupancy and equipment expenses (Note 5)	754	631
Depreciation and amortization (Note 5)	910	900
Information technology fees	474	298
Professional fees	1,221	1,162
Other operating expenses	508	532
Total support expenses	10,474	9,682
Total program and support expenses	48,750	46,072
Operating revenue less than operating expenses	(15,921)	(3,138)
Nonoperating:		
Pension and postretirement plan changes (Note 4)	94	63
Net investment income (Note 3)	14	96
Decrease in net assets before allocation	(15,813)	(2,979)
Change in net assets allocated by FAF	16,045	(229)
Increase (decrease) in net assets without donor restrictions	232	(3,208)
Net (deficit) assets at beginning of year	(2,569)	639
Net deficit at end of year	\$ (2,337)	\$ (2,569)

See accompanying notes to these financial statements.

Statements of Cash Flows for the Years Ended December 31, 2025 and 2024

(Dollars in thousands)

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash received from accounting support fees	\$ 32,997	\$ 43,025
Cash received from interest and dividends	14	96
Cash paid to vendors and employees	<u>(49,051)</u>	<u>(45,077)</u>
Net cash used in operating activities	<u>(16,040)</u>	<u>(1,956)</u>
Cash flows from financing activities:		
Change in net assets allocated by FAF	<u>16,045</u>	<u>(229)</u>
Net cash provided by (used in) financing activities	<u>16,045</u>	<u>(229)</u>
Cash flows from investing activities:		
Purchases of software	<u>(5)</u>	<u>(135)</u>
Net cash used in investing activities	<u>(5)</u>	<u>(135)</u>
Net decrease in cash and equivalents	-	(2,320)
Cash and cash equivalents at beginning of year	<u>-</u>	<u>2,320</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to these financial statements.

Notes to Financial Statements

December 31, 2025 and 2024

1. Nature of Activities and Summary of Significant Accounting Policies

Activities

The Financial Accounting Standards Board (FASB), organized in 1973, is an independent standard-setting body created by the Financial Accounting Foundation (FAF). The FASB is the designated body in the private sector responsible for establishing standards of financial accounting and reporting in the United States for nongovernmental entities. Those standards govern the preparation of financial reports and are provided for the guidance and education of the public, including issuers, auditors, and users of financial information.

The FAF is an independent, private-sector not-for-profit, non-stock corporation which operates exclusively for charitable, educational, scientific and literary purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code (the Code), as amended. The FAF is responsible for the oversight, administration, finances, and appointment of the FASB, the Financial Accounting Standards Advisory Council (FASAC), and the Private Company Council (PCC), in addition to the Governmental Accounting Standards Board (GASB), the body which establishes standards of financial accounting and reporting for state and local governmental entities, and the Governmental Accounting Standards Advisory Council.

The FAF presently obtains funding for the FASB from accounting support fees provided under Section 109 of the Sarbanes-Oxley Act of 2002 (the Act).

Summary of Significant Accounting Policies

Purpose of Financial Statements

The accompanying financial statements are furnished to comply with Section 108 of the Act, requiring reporting of financial results of the FASB's standard-setting activities, and have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). For purposes of these financial statements only, the FAF has presented certain revenues, expenses, assets, and liabilities that are directly attributable to the FASB, which represent allocations from the FAF. As such, certain assets, liabilities, and activities of the FAF, that are not solely related to the standard-setting activities of the FASB, including publishing and licensing expenses and the related licensing revenue, are excluded from these financial statements. The 2025 FAF audited financial statements, available at the FAF's website at accountingfoundation.org, provide comprehensive information related to the assets, liabilities, and activities of the FAF, including those of the FASB.

Basis of Presentation

All of the net assets attributable to the FASB are classified as without donor restrictions. The net assets without donor restrictions attributable to the FASB are delineated as follows:

- *Net assets allocated by FAF*—Represents the amount of net assets the FAF has allocated to the FASB to fund its accumulated *excess of allocable expenses over accounting support fees* in addition to the net effect of other transactions and allocated assets and liabilities from the FAF to the FASB since the date separate FASB financial statements have been prepared to comply with the Act.
- *Accumulated excess of allocable expenses over accounting support fees*—Represents the cumulative amount of allocable expenses in excess of accounting support fees that have been incurred carrying out the activities of the FASB since financial statements have been prepared to comply with the Act.

The Act provides funding for the expenses and other cash requirements of the FASB's standard-setting activities that are included in the FAF's operating and capital budget for each year (the recoverable expenses). Funding for the recoverable expenses is provided through fees assessed against and collected from certain issuers of securities (accounting support fees) pursuant to the Act. However, on a voluntary basis, the FAF has applied 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 as prescribed under the Act. See Note 2 for further information on accounting support fees and recoverable expenses.

Program expenses include salaries, benefits, and other operating expenses for the members and staff of the FASB, FASAC and PCC, as well as costs for the ongoing development of the GAAP Financial Reporting Taxonomy. Program expenses also include costs for government relations and external affairs, communications activities, and for the information and technology services related to the standard-setting activities of the FASB. FAF services are provided for the common benefit of the FASB and the GASB. FASB's share of FAF services for accounting and finance, human resources, facilities management, information and technology and services, legal, and general administrative operating assistance have been reflected as support expenses in the accompanying statements of activities. FAF expenses are allocated between the FASB and the GASB based on headcount percentage.

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 such statements and revenue and expenses for the reporting periods. Actual results could differ from those estimates.

Accounting Support Fees

FASB accounting support fees are recognized as revenue in the year for which those accounting support fees have been assessed to issuers as prescribed by the Act. See Note 2 for further information regarding accounting support fees.

Contributions

Many individuals contribute significant amounts of time to the activities of the FASB without compensation. Those activities include participating as members of FASAC; the PCC; the Emerging Issues Task Force; and various other FASB committees, task forces, and working groups on technical projects. Many others participate by sending comment letters, appearing at roundtable meetings, and taking part in field visits. These services do not meet the criteria to be recognized as contributed services.

Licensing

Licensing of FASB content has been retained by the FAF through its ownership of the copyrights of those materials. Accordingly, such revenue and related expenses are not reflected in the accompanying statements of activities. Additional information about FAF licensing revenue and expenses can be found in the FAF's 2025 audited financial statements.

Furniture, Equipment, Software and Leasehold Improvements

The FAF holds the title of all furniture, equipment, software and leasehold improvements used in the FASB's operations. As such, these assets are not included in the accompanying statements of financial position, with the exception of software costs, including certain costs to develop, obtain, and implement internal use software used exclusively for the benefit of the FASB's operations. These software costs have been reported at cost, with depreciation and amortization computed using the straight-line method over their estimated useful lives of 3 years. Depreciation and amortization on FAF assets are allocated to FASB program and support expenses in the accompanying statements of activities. Furniture, equipment, and software costs are depreciated over their estimated useful lives, ranging from 3 to 10 years. Leasehold improvements are amortized over the shorter of useful life of those leasehold improvements and the remaining lease term. FAF reviews the valuation of its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. No indicators of impairment were identified as of December 31, 2025 and 2024, respectively.

Subsequent Events

The FAF has evaluated subsequent events through March 3, 2026, the date through which the financial statements were available to be issued. There were no events that required adjustment or disclosure in the financial statements.

2. Accounting Support Fees

The Act provides for funding of FASB's recoverable expenses through accounting support fees (ASFs) assessed against issuers of securities, as defined in the Act. The ASFs provide funding for recoverable expenses associated with FASB's standard-setting activities as identified in the FAF's operating and capital budget for each calendar year.

Any differences between the FASB's program and support expenses (adjusted for noncash expenses and certain cash requirements) and the amount of ASFs recognized as revenue for an applicable calendar year (to the extent that the differences are not financed from excess FAF Reserve Funds) would be incorporated into the calculation of accounting support fees in subsequent years. The FAF's budgeted recoverable expenses for the FASB are statutorily eligible for funding by accounting support fees. However, on a voluntary basis, the FAF has applied Reserve Funds in excess of a formula-based target amount to reduce what the FASB would otherwise be entitled to collect in accounting support fees. The accounting support fees are also subject to review by the U.S. Securities and Exchange Commission each year.

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 2025 sequestration began on October 1, 2024 and ended on September 30, 2025. During 2025, \$1,860,000 was sequestered with respect to the FASB ASFs. The OMB notified the FAF that the 2025 sequestered funds were available for spending for the 2026 federal fiscal year, which began October 1, 2025, and as a result no restrictions existed at December 31, 2025. The FAF understands that the FASB ASFs for federal fiscal year 2026 will be subject to sequestration in a similar manner.

During 2025 and 2024, \$32,939,000 and \$43,127,000, respectively, accounting support fees were collected and approximately \$108,000 and \$218,000 of fees remained in receivables and \$67,000 and \$102,000 were reflected as allowance for doubtful accounts at December 31, 2025 and 2024, respectively. In each of 2025 and 2024, the FAF paid a fee of approximately \$209,000 to the Public Company Accounting Oversight Board for services as the FAF's agent under an agreement to invoice and collect the accounting support fees which is included in Support-Other operating expenses in the accompanying statement of activities.

3. Net Investment Income

Net investment income consists of interest income collected on overdue accounting support fees and cash accounts.

4. Employee Benefits

Employee benefits expense consists principally of employer payroll taxes, health care benefits for active and retired employees, and pension costs. FASB members and staff are participants in the pension and other postretirement benefit plans applicable to all FAF employees. The 2025 FAF audited financial statements include further information about these FAF-sponsored benefit plans and about the following aspects of related employee benefit matters:

- The Financial Accounting Foundation Employees' Tax Sheltered Annuity Plan, a defined contribution plan.
- The Financial Accounting Foundation Employees' Pension Plan (the Employees' Pension Plan), a defined benefit pension plan, and a postretirement health coverage plan, including eligibility requirements and vesting provisions applicable to those plans. 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. The FAF approved termination of the Employees' Pension Plan effective April 30, 2024. During 2025 the liability was settled through a combination of lump sum payments and transfer to an insurance company as part of a group annuity contract. As of December 31, 2025, the projected benefit obligation has been settled, and no participants remain in the Employee's Pension Plan.
- 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 postretirement health coverage plan was amended effective January 1, 2014, to limit the level of benefits that will be paid to current employees and new hires and was amended effective January 1, 2020, to close the plan to new hires.
- The principal actuarial assumptions used to determine costs and benefit obligations for the plans.
- The components of net periodic benefit expense under the Employees' Pension Plan and the postretirement health coverage plan.
- The changes in plan assets and benefit obligations, funded status, and applicable reconciliations to amounts recognized in the FAF's financial statements for the Employees' Pension Plan and the postretirement health coverage plan.
- The accumulated and projected benefit obligations for the FAF's Employees' Pension Plan and the accumulated postretirement benefit obligation for its postretirement health coverage plan.

The accompanying statements of activities include postretirement health coverage periodic service costs of \$187,000 and \$260,000, included in program and support expenses. Non-service components of net periodic benefit cost for the Employees' Pension Plan and Postretirement Plan are reported as nonoperating items, totaling \$360,000 and (\$454,000) for 2025, and \$347,000 and (\$410,000) for 2024, respectively, in the statements of activities. The accompanying statements of activities include \$3,314,000 and \$3,091,000 in 2025 and 2024, respectively, related to the defined contribution plans.

5. Facilities

The FASB conducts substantially all of its business in offices for which the FAF is the lessee pursuant to an operating lease. The FAF entered into a lease contract for office space in Norwalk commencing in March 2022 and ending in July 2038. The FAF also entered into a lease contract for office space in Washington, D.C. commencing in July 2024 and ending March 2032. The FASB is allocated a share of the total rental expense for office space and certain equipment based upon a proportionate share of headcount. Occupancy and equipment expenses presented in the accompanying statements of activities consist principally of rental expense for office space, including related operating expenses, and equipment attributable to the FASB of \$2,106,800 and \$1,766,000 for the years ended December 31, 2025 and 2024, respectively. Depreciation and amortization expense presented in the accompanying statements of activities includes costs for assets purchased exclusively for the benefit of the FASB's operations of \$67,000 and \$104,000 for the years ended December 31, 2025 and 2024, respectively. The balance of depreciation and amortization expense in each period consists of an allocation of costs for assets purchased for the FAF's operations.

6. Liquidity and Availability of Financial Assets

The primary source of funding of general expenditures of the FASB is derived from the assessment and collection of accounting support fees. Accounting support fees for the FASB are billed on an annual basis in April of each year. FASB recoverable expenses not funded through FASB accounting support fees are subsidized by the FAF's excess Reserve Funds and reflected as part of net assets allocated by FAF. Financial assets available to meet the general expenditures for one year include accounting support fees and other receivables, net of allowance of doubtful accounts, of \$64,000 and \$162,000 as of December 31, 2025 and 2024, respectively.