FINANCIAL ACCOUNTING FOUNDATION

SUMMARIZED BUDGET INFORMATION

FOR THE YEAR ENDING DECEMBER 31, 2026

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OVERVIEW

2026 budgeted operating expenses and capital expenditures, as approved by the Financial Accounting Foundation's (FAF) Board of Trustees, total $78.6 million, a decrease of 1 percent from the 2025 budget. The FASB and GASB accounting support fees (ASF) that support the 2026 budget have decreased 11 percent and 9 percent, respectively, compared to the 2025 budget.

The budget is developed using a bottom-up approach based on planned initiatives, standard-setting technical agendas, and strategic and operational goals. To that end, the most significant business drivers in the 2026 budget include headcount with salaries and benefits comprising 67% of the total 2026 operating and capital budget. Total headcount decreased by two positions from the 2025 budget (FASB down two positions).

The decrease in ASF is driven by an increase in the amounts available from Reserve Funds to offset FASB and GASB's recoverable expenses that the FAF Board voluntarily makes (Voluntary Reserve Fund Contribution or "VRFC"). The increase in the VRFC was primarily due to favorable variances between the 2025 budget and 2025 actuals.

How the FAF Budget Is Organized

The FAF is responsible for the oversight, administration, financing, and appointment of the members of the FASB and the GASB and their advisory councils. The FASB establishes and improves financial accounting and reporting standards for public and private companies, not-for-profit organizations, and employee benefit plans. The GASB establishes and improves financial accounting and reporting standards for state and local governments. The FAF presently obtains funding from FASB ASF under Section 109 of the *Sarbanes-Oxley Act of 2002* (Sarbanes Oxley) to fund the annual recoverable expenses of the FASB, from GASB ASF under Section 978 of the *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010* (Dodd-Frank) to fund the annual recoverable expenses of the GASB, and from licensing revenues.

The 2026 budget is arranged to reflect the FAF's organizational structure and includes the following distinct components:

- *FASB Expenses*. These expenses include salaries, benefits, travel, and other expenses for FASB members, the FASB research and technical staff, the Financial Accounting Standards Advisory Council (FASAC) and other FASB advisory groups, the Private Company Council (PCC), ongoing development and maintenance responsibilities for the GAAP Financial Reporting Taxonomy (XBRL), and FAF-allocated expenses.

- *GASB Expenses*. These expenses include salaries, benefits, travel, and other expenses for GASB members, the GASB research and technical staff, the Governmental Accounting Standards Advisory Council (GASAC), and FAF-allocated expenses.

- *FAF Expenses*. These expenses include the management and administrative costs (e.g., office services, human resources, accounting, legal, communications, government affairs and external relations, and overhead). The FAF expenses that are incurred specifically for the FASB or the GASB are directly charged to the applicable Board. The FAF expenses that are not directly attributable to either Board are allocated between the FASB and the GASB based on respective share of headcount.

- *FAF Board of Trustees and Oversight Expenses*. These expenses relate to the FAF Board of Trustees' (FAF Board) compensation, placement fees, travel, meeting expenses, and other related FAF Board and oversight costs. These costs are allocated to FASB and GASB for the purpose of determining recoverable expenses.

- *Licensing and Content Operations*. Revenues include the licensing of FASB and GASB content and are retained by the FAF for use in its activities, funding the Reserve Fund. Content operations expenses primarily include content operations department salaries and benefits and publishing platform expenses. These costs are allocated to FASB and GASB for the purpose of determining recoverable expenses.

- *Reserve Funds/ASF*. Sarbanes-Oxley provides that the FAF may collect as FASB ASF the full amount of FASB recoverable expenses, which include the FASB expenses adjusted to exclude noncash expenses and adjusted for other cash requirements (primarily capital expenditures). Similarly, Dodd-Frank allows the FAF to collect the full amount of GASB recoverable expenses calculated in a similar manner. The FAF typically seeks ASF that are less than recoverable expenses because the FAF voluntarily funds a portion of recoverable expenses with reserve funds forecasted to be more than the targeted reserve balance (see description of VFRC above).

- **Provided in the following pages are summarized budget information for 2026 and a comparison to the 2025 budget and 2025 actual results for the entire organization. Also provided are the separate components of FASB, GASB, and FAF expenses; FAF net publishing revenue; capital; and budget notes for selected key line items to assist in understanding the key drivers of the budget.**

TOTAL BUDGET SUMMARY

For the Year Ending December 31, 2026
(Compared to the Actual and Budget for the Year Ending December 31, 2025)

(Dollars in thousands)		2026 Budget	2025 Actual	2025 Budget
Operating Expenses and Capital Expenditures:				
FASB and GASB Direct Expenses:				
FASB and advisory groups	(page 5)	$ 30,959	$ 29,965	$ 30,443
GASB and Advisory Council	(page 8)	10,811	9,452	10,405
		41,770	39,417	40,848
FAF Expenses:				
FAF management and administrative		26,157	25,483	25,466
Content Operations	(page 13)	5,583	7,845	7,956
FAF Trustee and oversight (Note 1)		2,196	2,456	2,644
		33,936	35,784	36,066
Total operating expenses		75,706	75,201	76,914
Capital Expenditures (Note 2)		2,850	1,928	2,620
Total operating expenses and capital expenditures		$ 78,556	$ 77,129	$ 79,534
Revenues and funding:				
FASB accounting support fees	(page 5)	$ 29,366	$ 32,829	$ 32,852
GASB accounting support fees	(page 8)	15,755	17,298	17,298
Total Accounting Support Fees		45,121	50,127	50,150
Other Revenues:				
Contributed services		120	210	142
Licensing	(page 13)	19,799	20,609	19,376
Investment income (Note 3)		3,017	4,941	1,516
Total Other Revenues		22,936	25,760	21,034
Funding from Reserves		10,499	1,242	8,350
Total funding from other revenues and Reserve		33,435	27,002	29,384
Total funding of operating and capital expenditures		$ 78,556	$ 77,129	$ 79,534

Note 1 – Consists primarily of FAF Board compensation, travel expenses, and Trustee search and placement fees.

Note 2 – Primarily comprises IT initiatives, such as expenditures related to Artificial Intelligence projects, enhancements to business continuity and disaster recovery, ongoing upgrades to the publishing platform, and improvements to the SharePoint system, among other projects.

Note 3 – Consists of income on Reserve Fund investments, which are currently invested in a money market fund and a short-term fixed income fund.

FINANCIAL ACCOUNTING STANDARDS BOARD
STATEMENT OF BUDGETED REVENUE AND EXPENSES

For the Year Ending December 31, 2026
(Compared to the Actual and Budget for the Year Ending December 31, 2025)

(Dollars in thousands)	2026 Budget	2025 Actual	2025 Budget
Revenues:			
FASB accounting support fees	$ 29,366	$ 32,829	$ 32,852
Contributed services	66	144	84
Operating fund investment income	17	25	16
Total revenues	29,449	32,998	32,952
Direct expenses:			
Standards Board and research staff:			
Salaries and wages	21,283	20,801	20,813
Employee benefits	4,935	4,810	4,774
	26,218	25,611	25,587
Other operating expenses	503	292	626
Total Standards Board and research staff	26,721	25,903	26,213
XBRL:			
Salaries and wages	2,682	2,632	2,657
Employee benefits	684	665	699
Other operating expenses	593	559	608
Total XBRL	3,959	3,856	3,964
Private Company Council & Advisory groups	279	206	266
Subtotal	30,959	29,965	30,443
FAF expenses allocated to FASB	24,374	26,351	26,358
Total FASB expenses	55,333	56,316	56,801
Operating revenues less than expenses	$ (25,884)	$ (23,318)	$ (23,849)

See accompanying budget notes for FASB on pages 6 and 7.

FASB BUDGET NOTES

Accounting Support Fees—FASB

The Sarbanes-Oxley Act provides for federally mandated funding for the FASB through annual accounting support fees (FASB ASF) assessed against issuers (as defined in the Sarbanes-Oxley Act). The ASF may not exceed the recoverable budgeted expenses of the FASB as provided for in the Board's annual budget.

The ASF included in the 2026 budget are calculated as follows (dollars in thousands):

Total FASB expenses as budgeted for 2026, net of contributions	$ 55,333
Adjustments for noncash expenses or other cash requirements:	
Depreciation and amortization	(3,609)
Adjustment to pension cost	(162)
Capital expenditures	1,789
Rental payments greater than amortized rent expense	407
Total FASB recoverable expenses	53,758
Voluntary Reserve Fund Contribution (VRFC)	24,392[1]
FASB ASF budgeted for 2026	**$29,366**

Board and Research Staff Salaries and Employee Benefits

The 2026 budget includes the effect of an average 3 percent salary increase for the FASB Board and staff. The 2026 year-end budgeted headcount reflects a reduction of three permanent technical staff, the addition of two fellows, and a reduction of one PTA, compared to the 2025 budget.

Board and Research Staff Other Operating Expenses

Other operating expenses include both international and domestic travel expenses for Board members and staff to participate in meetings with the International Accounting Standards Board and with other standard setters and regulatory bodies; to attend various roundtables, working group meetings, and conferences; to engage in stakeholder outreach; and to partake in speaking engagements. Other operating expenses include the costs of technical accounting consultants, private company initiatives, memberships, dues, meeting expenses, educational outreach, and other miscellaneous expenses.

GAAP Taxonomy (XBRL)

The FASB is responsible for the development and maintenance of the GAAP Financial Reporting Taxonomy (Taxonomy). These activities are focused on updating the Taxonomy for changes in GAAP, identifying best practices in filer Taxonomy extensions, and other technical enhancements.

[1] If projected year-end reserve funds exceed the FAF's calculated target reserve funds, the FAF voluntarily uses a portion of that amount (VRFC) to fund FASB and GASB recoverable expenses for the budget year that otherwise would be funded by ASF. For 2026, the FAF has projected that $28,659,200 of reserve funds are available to offset recoverable expenses, of which $24,392,000 is allocated to FASB.

Private Company Council & Advisory Groups

The Private Company Council (PCC), which consists of twelve members, is the primary advisory body to the FASB on private company matters. FASB's advisory groups include the Financial Accounting Standards Advisory Council (FASAC), Investors Advisory Committee, Not-for-Profit Advisory Committee, and Small Business Advisory Committee. The 2026 budget includes travel and meeting costs for these meetings and compensation to the PCC chair and FASAC chair.

FAF Expenses Allocated to FASB

These include an allocation of (1) FASB's direct share of occupancy costs, relocation and placement costs, and other office-related expenditures; (2) FASB's share of support services that is provided by the FAF staff to both the FASB and the GASB; (3) FASB's share of FAF Trustee and oversight expenses; and (4) FASB's share of FAF content operations expenses.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD
STATEMENT OF BUDGETED REVENUE AND EXPENSES

For the Year Ending December 31, 2026
(Compared to the Actual and Budget for the Year Ending December 31, 2025)

(Dollars in thousands)	2026 Budget	2025 Actual	2025 Budget
Revenues:			
GASB accounting support fees	$ 15,755	$ 17,298	$ 17,298
Contributions	54	66	58
Total revenues	15,809	17,364	17,356
Direct expenses:			
Standards Board and research staff:			
Salaries and wages	8,199	7,420	7,886
Employee benefits	1,853	1,635	1,804
	10,052	9,055	9,690
Other operating expenses	649	268	609
Total Standards Board and research staff	10,701	9,323	10,299
Advisory Council	110	129	106
Subtotal	10,811	9,452	10,405
FAF expenses allocated to GASB	9,471	9,434	9,708
Total GASB expenses	20,282	18,886	20,113
Operating revenues less than expenses	$ (4,473)	$ (1,522)	$ (2,757)

See accompanying budget notes for GASB on pages 9 and 10.

GASB Budget Notes

Accounting Support Fees—GASB

Pursuant to the provisions of Section 978(a) of the *Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010* (Dodd-Frank Act), the U.S. Securities and Exchange Commission (SEC) issued an order instructing the Financial Industry Regulatory Authority (FINRA) to establish (a) a reasonable annual accounting support fee (GASB ASF) to adequately fund the annual budget of the GASB and (b) rules and procedures to provide for the equitable allocation, assessment, and collection of the GASB ASF from FINRA's members. The table below calculates total GASB recoverable expenses under Dodd-Frank Section 978(a), reduced by the amounts expected to be made available from reserve funds in determining the GASB ASF (dollars in thousands):

Total GASB expenses as budgeted for 2026	$ 20,252
Adjustments for noncash expenses and other cash requirements:	
Depreciation and amortization	(1,383)
Adjustment to pension cost	(60)
Capital expenditures	1,062
Rental payments greater than amortized rent expense	151
Total GASB recoverable expenses	20,022
Amount available from reserve funds to offset GASB recoverable expenses	(4,267)[2]
GASB ASF budgeted for 2026	**$ 15,755**

Board and Research Staff Salaries and Employee Benefits

The 2025 budget includes the effect of a 3 percent budgeted increase in average salaries. The 2026 budgeted headcount for research staff is consistent with the 2025 budget.

Board and Research Staff Other Operating Expenses

Other operating expenses consist primarily of travel and meeting expenses related to Board meetings, public hearings, liaison meetings, user forums, and certain other meetings and conferences.

Advisory Council

The 2026 and 2025 budgets reflect the estimated costs of GASAC meetings, including meeting and travel expenses for the Council members.

[2] If projected year-end reserve funds exceed the FAF's calculated target reserve funds, the FAF voluntarily uses a portion of that amount (VRFC) to fund FASB and GASB recoverable expenses for the budget year that otherwise would be funded by ASF. For 2026, the FAF has projected that $28,659,200 of reserve funds are available to offset recoverable expenses, of which $4,267,000 is allocated to GASB.

FAF Expenses Allocated to GASB

These include an allocation of (1) GASB's direct share of occupancy costs, relocation and placement costs, and other office-related expenditures; (2) GASB's share of support services that is provided by the FAF staff to both the FASB and the GASB; (3) GASB's share of FAF Trustee and oversight expenses; and (4) GASB's share of FAF content operations expenses.

FINANCIAL ACCOUNTING FOUNDATION
MANAGEMENT AND ADMINISTRATIVE EXPENSE SUMMARY
For the Year Ending December 31, 2026
(Compared to the Actual and Budget for the Year Ending December 31, 2025)

(Dollars in thousands)	2026 Budget	2025 Actual	2025 Budget
Salaries and wages	$ 8,883	$ 8,895	$ 8,821
Employee benefits	2,247	2,294	2,281
Professional fees	3,256	3,831	2,969
Relocation and placement costs	1,742	907	1,036
Software maintenance and license fees	1,084	989	919
Billing and collection costs	239	239	239
Subscription services and reference books	613	580	538
Office expenses	458	377	468
Travel, meeting and other expenses	463	371	511
Rent, depreciation and insurance	7,172	7,000	7,684
	$ 26,157	$ 25,483	$ 25,466
FAF expense allocation:			
FASB - Direct and allocated costs	$ 18,839	$ 18,765	$ 18,619
GASB - Direct and allocated costs	$ 7,318	$ 6,718	$ 6,847
Total FAF expenses	$ 26,157	$ 25,483	$ 25,466

See accompanying budget notes for the FAF on page 12.

NOTES ON FAF MANAGEMENT AND ADMINISTRATIVE EXPENSES

FAF management and administrative expenses include costs for the following departments and groups:

- Executive Office
- Communications
- Government Relations and External Affairs
- Human Resources
- Legal and Standard-Setting Oversight
- General Overhead
- Chief Operating Office:
  - Office Services
  - Information Technology
  - Accounting and Finance

FAF expenses directly attributable to either the FASB or the GASB are charged entirely to the applicable Board. Common costs not fully associated with either Board are allocated on a departmental basis.

Salaries and Employee Benefits
The 2026 budgeted salaries include the effect of a 3 percent budgeted increase in average salaries. The 2026 headcount is consistent with the 2025 budget.

Professional Fees
Professional fees include costs for compensation and benefits from consulting, audit, tax, legal, government affairs/external relations, communications, information technology, and outsourced administrative services.

Software Maintenance and License Fees
This category includes purchases and licensing of network supporting software, software maintenance and support, internet services, cyber/disaster recovery services, video conferencing, and some related hardware accessories. This category also includes costs related to the publishing platform, which are allocated to publishing costs.

Rent, depreciation and insurance
2026 budget includes office rental of $2,724,300 and depreciation and amortization of $4,152,900. The remaining costs include insurance and other overhead costs.

BUDGETED LICENSING REVENUE AND CONTENT OPERATIONS EXPENSES

For the Year Ending December 31, 2026
(Compared to the Actual and Budget for the Year Ending December 31, 2025)

(Dollars in thousands)	2026 Budget	2025 Actual	2025 Budget
Licensing revenues	$ 19,799	$ 20,609	$ 19,376
Content Operations Expenses:			
Printing, distribution, and storage	-	-	9
Departmental - salaries, benefits, and other	2,310	2,243	2,328
Publishing platform	3,273	5,602	5,619
	5,583	7,845	7,956
Total net licensing revenue	$ 14,216	$ 12,764	$ 11,420
Content operations expense distribution:			
FASB	$ 4,020	$ 5,777	$ 5,808
GASB	1,563	2,068	2,148
Total content operations expenses	$ 5,583	$ 7,845	$ 7,956