

Financial Accounting Foundation

Resolutions of the Board of Trustees in Support of Full, Stable and Sustainable Funding for the Governmental Accounting Standards Board

November 18, 2008

WHEREAS, the Governmental Accounting Standards Board (“GASB”), under the corporate existence, oversight and financial supervision of the Financial Accounting Foundation, a not-for-profit, non-stock corporation formed under the laws of the State of Delaware (the “Foundation”), is the independent, private sector body vested with the responsibility for establishing and maintaining financial accounting and reporting standards for state and local governmental entities in the United States;

WHEREAS, pronouncements of the GASB are recognized as generally accepted accounting principles in the United States (“US GAAP”) for state and local governments;

WHEREAS, GASB has maintained its existence since 1984 with the endorsement of various governmental organizations including, without limitation, the National Association of State Auditors, Comptrollers and Treasurers, the Government Finance Officers Association, the National Governors’ Association, and the National Conference of State Legislatures (collectively, the “Governmental Organizations”), and with the delegation by the various States of their authority to set financial accounting and reporting standards applicable to their governmental entities;

WHEREAS, notwithstanding its receipt of certain financial support from the Governmental Organizations and from other voluntary contributors, the GASB’s funding has not been sufficient to meet its ongoing expense needs and has resulted in substantial funding shortfalls each year, which to date have been subsidized by the Foundation’s publications revenues;

WHEREAS, over the past several years, in cooperation with the Governmental Organizations, the Board of Trustees of the Foundation (the “Board”) has engaged in numerous, yet unsuccessful, efforts to achieve adequate funding for the GASB through voluntary funding programs;

WHEREAS, the Board has concluded that voluntary funding programs will not provide adequate funding for the GASB and that if the GASB is to continue to serve as the body that establishes and maintains US GAAP for state and local

governmental entities, permanent and sustainable funding for all of the GASB's financing needs must be established without further delay; and

WHEREAS, the Governmental Organizations have expressed to the Board their belief that it is the obligation of state and local governments to fully fund the operations of the GASB and that the Governmental Organizations are committed to facilitating such funding solution.

NOW, THEREFORE, BE IT

RESOLVED, that the Board of Trustees (the "Board") of the Financial Accounting Foundation (the "Foundation") ratifies and affirms the continuation of the Governmental Accounting Standards Board (the "GASB") within the Foundation as the independent body to establish and maintain financial accounting and reporting standards for state and local governmental entities, and acknowledges the mission and important role that the GASB continues to serve for state governments, investors, the public and other users of financial statements of state and local governmental entities; and be it further

RESOLVED, that the Board reaffirms and acknowledges that, in order for the GASB to continue in its mission and responsibilities, immediate solutions must be identified and instituted for the provision of full, stable and sustainable funding for all of the GASB's financing needs; and be it further

RESOLVED, that it is the preference of the Board that full, stable and sustainable funding for the GASB be provided through state government appropriations or other funding mechanisms created by the states if a solution therefor can be achieved in the near term; and be it further

RESOLVED, that in furtherance of the foregoing resolutions, the officers of the Foundation, in conjunction with the Development Committee of the Board, be, and they hereby are, authorized and instructed over the next ninety (90) days to identify and negotiate in good faith with the Governmental Organizations a stable and sustainable funding solution for the state governments to fully fund each year, commencing in the near term, the GASB's net annual operating requirements and reserve fund requirements; provided, that if an acceptable solution for funding by the states is not achievable, the officers of the Foundation are authorized to identify and pursue all other practical solutions for the funding needs of the GASB, including Federal funding solutions.