FINANCIAL ACCOUNTING FOUNDATION Summarized Budget Information

FOR THE YEAR ENDING DECEMBER 31, 2013

FINANCIAL ACCOUNTING FOUNDATION 2013 Budget Index

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FINANCIAL ACCOUNTING FOUNDATION Budget for the Year Ending December 31, 2013 Overview

The Financial Accounting Foundation ("FAF") is responsible for the oversight, administration, finances and selection of the members of the Financial Accounting Standards Board ("FASB") and the Governmental Accounting Standards Board ("GASB") and their advisory groups. FASB establishes standards of financial accounting and reporting for nongovernmental entities, including business and not-for-profit organizations. The GASB establishes standards of financial accounting and reporting for state and local governmental entities. The FAF presently 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");
- Beginning in 2012, 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"); and
- Sales and licensing of copyrighted FASB- and GASB-related materials.

The 2013 budget is arranged to reflect FAF's organizational structure and includes the following distinct components:

- FAF Expenses –include all the management and administrative costs (e.g., executive, human resources, accounting, legal, communications, and post-implementation review) of the FAF. FAF expenses are 100 percent allocated to the FASB and the GASB. Costs incurred by the FAF specifically for the FASB or GASB are directly charged to the applicable Board. FAF expenses not directly attributable to either Board (common costs) are allocated between FASB and GASB based on allocation methodologies approved by the FAF Board of Trustees.
- FAF Trustee and Oversight Expenses –include FAF Board of Trustees compensation, travel and other related oversight costs. The FAF Board of Trustees believes that as the independent oversight body of the FASB and the GASB, its oversight costs should not be included in accounting support fees, and therefore are not included in recoverable expenses.
- FAF Net Subscription and Publication Revenue —include the revenues and related expenses of the sales and licensing of FASB and GASB materials. Net subscription and publication revenue is retained by the FAF for use in its activities, including funding the oversight related expenses of the FAF Board and the FAF Reserve Fund and short-term investments.
- FASB Expenses –include salaries, benefits, travel and other expenses for FASB Members, FASB research and technical staff, FASB advisory groups, the Private Company Council (PCC), ongoing development and maintenance responsibilities for the US GAAP Financial Reporting Taxonomy (XBRL), and FAF allocated expenses.

FINANCIAL ACCOUNTING FOUNDATION Budget for the Year Ending December 31, 2013 Overview

- GASB Expenses include salaries, benefits, travel and other expenses for GASB Members, GASB research and technical staff, the GASB advisory council, and FAF allocated expenses.
- Accounting Support Fees Sarbanes-Oxley provides that the FAF may collect as accounting support fees the full amount of FASB's Recoverable Expenses, which include FASB expenses adjusted to exclude non-cash 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 historically seeks accounting support fees that are less than Recoverable Expenses because the FAF funds a portion of Recoverable Expenses with reserve funds forecasted to be in excess of the FAF target reserve fund (one year of budgeted expenses plus a working capital reserve equal to one quarter of net operating expenses) as of the budget year-end.

We have provided in the following pages summarized budget information for 2013, and a comparison to the 2012 Budget and 2012 actual results for the entire organization, as well as for the separate components of FASB, GASB, FAF expenses, and FAF net subscription publication revenue. In addition, we have provided budget notes for selected key line items to assist in understanding the key drivers of our budget.

Total Budget Summary

for the Year Ending December 31, 2013

(Compared to the Actual and Budget for the Year Ending December 31, 2012)

		2013 Budget	2012 Actual	2012 Budget
Revenues:				
Accounting Support Fees - FASB	(page 4)	\$ 25,529,900	\$ 29,768,600	\$ 29,783,500
Accounting Support Fees - GASB	(page 7)	7,390,400	8,451,200	6,338,500
Contributed Services		110,000	110,000	110,000
Subscriptions and Publications	(page 12)	18,005,700	17,766,900	17,809,400
Other	(page 7)	-	33,500	9,000
		51,036,000	56,130,200	54,050,400
Expenses:				
Subscriptions and Publications	(page 12)	4,490,400	4,600,000	4,426,400
FASB and Advisory Groups	(page 4)	38,666,400	36,380,000	39,080,000
GASB and Advisory Council	(page 7)	9,137,500	7,441,000	8,354,200
FAF Trustee and Oversight	(note 1)	1,525,900	1,396,500	1,508,500
		53,820,200	49,817,500	53,369,100
Investment Income		876,200	1,667,000	1,218,000
Revenues (Less) Greater Than Expen	ses	\$ (1,908,000)	\$ 7,979,700	\$ 1,899,300
Capital Expenditures	(note 2)	\$ 3,129,600	\$ 456,300	\$ 1,457,600

- note 1 Consists primarily of Board of Trustee compensation and travel expenses. These are excluded from recoverable expenses of the FASB and the GASB.
- note 2 Capital expenditures includes \$2.1 million for the renovation of our current office space. The FAF renewed the lease on this space in 2012. As part of the lease, the FAF received approximately \$1.7 million in a construction allowance that will be used to offset these costs.

FINANCIAL ACCOUNTING STANDARDS BOARD

Statement of Budgeted Revenue and Expenses for the Year Ending December 31, 2013

(Compared to the Actual and Budget for the Year Ending December 31, 2012)

	2013	2012	2012
	Budget	Actual	Budget
Revenues:	4. 45 54 0 000		
Accounting support fees	\$ 25,529,900	\$ 29,768,600 \$	29,783,500
Operating fund investment income	18,800	23,300	11,300
Total revenue	25,548,700	29,791,900	29,794,800
Direct Expenses:			
Standards Board and Research Staff:			
Salaries and wages	16,516,600	15,999,800	16,744,300
Employee benefits	4,524,900	4,444,600	4,488,600
	21,041,500	20,444,400	21,232,900
Other operating expenses	1,120,600	1,275,000	1,862,700
Total Standards Board and Research Staff	22,162,100	21,719,400	23,095,600
XBRL:			
Salaries and wages	1,345,400	1,244,000	1,168,700
Employee benefits	381,000	335,000	307,600
Other operating expenses	567,600	570,700	179,300
Total XBRL	2,294,000	2,149,700	1,655,600
Private Company Council:			
Salaries and wages	566,000	44,000	_
Employee benefits	151,000	12,700	_
Other operating expenses	182,000	14,400	_
Total Private Company Council	899,000	71,100	-
Advisory Groups:			
Salaries and wages	313,100	298,000	420,400
Employee benefits	115,000	111,500	116,700
Other operating expenses	216,000	181,100	165,400
Total Advisory Groups	644,100	590,600	702,500
FAF expenses:			
Direct Charges	3,779,900	3,458,400	4,908,100
Allocation of FAF common costs	8,887,300	8,390,800	8,718,200
Total FAF Expenses	12,667,200	11,849,200	13,626,300
Total PAP Expenses	12,007,200	11,047,200	13,020,300
Total FASB expenses	38,666,400	36,380,000	39,080,000
Operating Revenues Less Than Expenses	\$ (13,117,700)	\$ (6,588,100) \$	(9,285,200)

FINANCIAL ACCOUNTING STANDARDS BOARD Budget Notes for the Year Ending December 31, 2013

Accounting Support Fees - FASB

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

The accounting support fees included in the 2013 budget are calculated as follows:

Total FASB expenses as budgeted for 2013	\$ 38,666,500
Adjustments for non-cash expenses:	
Depreciation and amortization	(871,300)
Provision for doubtful accounts	(32,000)
Pension cost for Supplemental Executive Retirement Plan	(106,300)
Other cash requirements:	
Capital expenditures	2,545,300
Rental payments less than amortized rent expense	(12,100)
Total FASB recoverable expenses	40,190,100
Amount available from FAF's excess reserve funds to offset FASB	
recoverable expenses	14,660,200*
FASB Accounting Support Fees budgeted for 2013	\$ 25,529,900**

^{*} For the 2013 budget, the FAF will make its excess reserves available to fund the FASB and the GASB, which will thereby reduce the amount the FAF will seek to obtain from the FASB and the GASB accounting support fees. The \$14,660,200 excess reserves allocated to the FASB is based upon a two-part formula that reflects the average of the percentage of (1) the budgeted share of net publication revenues associated with FASB and GASB products and (2) the budgeted share of total recoverable budget expenses for each Board.

**The FASB Accounting Support Fees were listed in the "OMB Report to Congress on the Joint Committee Sequestration for Fiscal Year 2013", dated March 1, 2013, which was issued pursuant to the Balanced Budget and Emergency Deficit Control Act, as amended. According to the Report, 5.1% or \$1.3 million, of FASB Accounting Support Fees will be subject to sequestration, and restricted from spending in 2013. The sequestration will have no impact on the FASB's overall operating and capital expenditure budget in 2013, because excess reserves will be made available by the FAF to fund the shortfall.

Standards Board and Research Staff Salaries and Employee Benefits

Salaries and employee benefits expenses for the FASB Board and research staff comprise approximately 54 percent of the FASB's total budgeted expenses. The budget reflects the staffing necessary to support the FASB's technical activities including research, stakeholder outreach, private entity considerations, and international convergence. The FASB Board salaries reflect a start date for the new FASB Chairman of April 1, 2013, and include three months of transition and related salary and benefit costs (the current FASB Chairman's term expires June 30, 2013.

FINANCIAL ACCOUNTING STANDARDS BOARD Budget Notes for the Year Ending December 31, 2013

Standards Board and Research Staff Other Operating Expenses

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

US GAAP Taxonomy (XBRL)

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

Private Company Council

The Private Company Council (PCC) was established in 2012 to improve the process of setting accounting standards for private companies. The PCC consists of ten members, including a Chairman, all of whom serve without compensation. The PCC began its operations in the 4th quarter of 2012 with an inaugural meeting in December and has been fully operational as of the first quarter of 2013. Staff salaries include only FASB staff fully dedicated to PCC activities. Other FASB staff, such as senior technical and administrative staff, also support the PCC on a part-time basis as needed. Those staff costs are included in the FASB's RTA budget.

Advisory Groups

The 2013 budget includes staffing, meeting and related costs for FASB's advisory groups including the Financial Accounting Standards Advisory Council, Investors Advisory Committee, Not-For-Profit Advisory Committee, and Small Business Advisory Committee.

Direct Charges

The allocation of the FAF direct expenses include the FASB's direct share of occupancy costs, relocation and placement costs, and other office related expenditures. In addition, direct charges include an allocation of staffing and resources for FAF's development, implementation, and management of the post-implementation review (PIR) of standards and other authoritative pronouncements issued by the FASB. A total of \$1,169,100 was allocated for these costs in the 2013 Budget, which compares with \$1,067,800 representing the actual results in 2012 and \$1,389,500 reflected in the 2012 Budget.

Allocation of FAF Common Costs

The allocation of FAF common costs is the FASB's share of support services that are provided by the FAF staff to both the FASB and the GASB.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD

Statement of Budgeted Revenues and Expenses for the Year Ending December 31, 2013

(Compared to the Actual and Budget for the Year Ending December 31, 2012)

	2013 Budget	2012 Actual	2012 Budget
Revenues:			
GASB Accounting Support Fees	7,390,400	8,451,300	6,338,500
Operating fund investment income	1,000	800	2,500
Honorariums	-	-	9,000
Total revenues	7,391,400	8,452,100	6,350,000
Direct Expenses			
Standards Board and Research Staff:			
Salaries and wages	4,290,900	3,667,000	4,012,300
Employee benefits	1,277,500	1,133,500	1,205,600
	5,568,400	4,800,500	5,217,900
Other operating expenses	242,300	218,400	241,200
Total Standards Board and Research Staff	5,810,700	5,018,900	5,459,100
Advisory Council	20,500	27,500	17,700
FAF Expenses:			
Direct charges	1,279,800	631,600	947,600
Allocation of FAF common costs	2,026,500	1,763,000	1,929,800
Total FAF Expenses	3,306,300	2,394,600	2,877,400
Total GASB Expenses	9,137,500	7,441,000	8,354,200
Revenues (Less) Greater Than Expenses	(\$1,746,100)	\$1,011,100	(\$2,004,200)

See accompanying budget notes for GASB on pages 8-9

GOVERNMENTAL ACCOUNTING STANDARDS BOARD

Budget Notes for the Year Ending December 31, 2013

GASB Accounting Support Fees

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 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 Accounting Support Fee) 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 Accounting Support Fee from FINRA's members The table below calculates total GASB recoverable expenses under Dodd-Frank Section 978(a), reduced by the expected use of excess Reserve Funds in determining the annual GASB's accounting support fees:

Total GASB expenses as budgeted for 2013	\$ 9,137,500
Adjustments for non-cash expenses:	
Depreciation and amortization	(119,700)
Pension cost for Supplemental Executive Retirement Plan	(20,300)
Other cash requirements:	
Capital expenditures	606,900
Rental payments less than amortized	
amortized rent expense	 (4,000)
Total GASB recoverable expenses	9,600,400
Less:	
Amount available from FAF's excess reserve funds to	
offset FASB recoverable expenses	2,210,000 *
GASB Accounting support fees budgeted for 2013	\$ 7,390,400

^{*} For the 2013 budget, the FAF will make its excess reserves available to fund the FASB and the GASB, which will thereby reduce the amount the FAF will seek to obtain in the FASB and the GASB accounting support fees. The amount of \$2,210,000 excess reserves allocated to the GASB is based upon a two-part formula that reflects the average of the percentage of (1) the budgeted share of net publication revenues associated with FASB and the GASB products and (2) the budgeted share of total recoverable budget expenses for each Board.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD

Budget Notes for the Year Ending December 31, 2013

Honorariums

The GASB's 2013 budget reflects the GASB's policy to no longer accept honorariums, in view of the authorization for FINRA to collect accounting support fees from its members to support the GASB.

Salaries and Employee Benefits

Salaries and employee benefits expenses comprise approximately 61 percent of the GASB's total budgeted expenses. The GASB salaries for 2013 reflect a start date for the new GASB Chairman of April 1, 2013, and include three months of transition and related salary and benefit costs (the current GASB Chairman is retiring June 30, 2013). The number of budgeted positions for the research staff increased by one from the 2012 budget, reflecting one additional fellow to focus on the GAAP hierarchy project and the pension implementation guide project.

Other Operating Expenses

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

Advisory Council

The 2013 and 2012 budgets reflect the estimated costs of three GASAC meetings, including meeting and travel expenses for the Council members.

Direct Charges -FAF

The allocation of FAF direct expenses includes GASB's direct share of occupancy costs, relocation and placement costs, and other office related expenditures. Direct charges also include an allocation of staffing and resources for FAF's development, implementation, and management of the post-implementation review (PIR) of standards and other authoritative pronouncements issued by the GASB. A total of \$506,500 was allocated for these costs in the 2013 Budget, which compares with \$324,800 representing the actual results in 2012 and \$491,200 reflected in the 2012 Budget.

Allocation of FAF Common Costs

The allocation of FAF common costs is the GASB's share of support services that are provided by the FAF staff to both the FASB and the GASB.

Management and Administrative Expense Summary For the Year Ending December 31, 2013

(Compared to the Actual and Budget for the Year Ending December 31, 2012)

	 2013 Budget	2012 Actual	2012 Budget
Salaries and Wages	\$ 5,254,100	\$4,776,500	\$ 5,258,300
Employee Benefits	2,169,000	2,145,100	2,331,700
Professional Fees	2,720,600	2,321,500	2,983,100
Relocation and Placement Costs	675,200	511,500	487,400
Software Maintenance and License Fees	112,900	49,300	392,000
Fundraising, Billing and Collection Assistance	260,200	262,300	264,100
Subscription Services and Reference Books	230,400	211,000	232,000
Travel & Meeting Expenses	144,500	109,700	157,800
Media Communications	136,200	112,300	166,000
Professional Development and Membership Fees	111,100	71,600	154,600
Office Expenses	310,900	287,600	278,900
Other Miscellaneous	330,700	224,500	256,700
General Overhead	3,517,700	3,160,900	3,541,100
Total FAF Expenses	\$ 15,973,500	\$ 14,243,800	\$ 16,503,700
FAF Expense Distribution:			
FASB - Direct and Common Costs	12,667,200	11,849,200	13,626,300
GASB - Direct and Common Costs	 3,306,300	2,394,600	2,877,400
Total FAF Expenses	\$ 15,973,500	\$ 14,243,800	\$ 16,503,700

See accompanying budget notes for the FAF on page 11

Budget for the Year Ending December 31, 2013 Notes on Foundation Expenses

Foundation expenses include costs for the following departments and groups:

- Executive Office
- Government Affairs and External Relations
- Communications
- Human Resources
- Legal and Oversight
- Accounting and Finance
- Administration
- Information Systems
- Library
- General Overhead

Foundation expenses directly attributable to either the FASB or the GASB are charged entirely to the applicable Board. Costs associated with the Post Implementation Review (PIR) initiative, which are included in Legal and Oversight, are allocated as a separate direct charge to the FASB and the GASB based on work performed and standards reviewed. The 2012 budget and 2011 actual amounts include certain XBRL costs (primarily IT related) which were entirely allocated to the FASB. To better reflect the operating responsibilities for these costs, they are now included as part of XBRL-FASB for the 2013 budget and the 2012 actual. Common costs not fully associated with either Board are allocated on a departmental basis.

Salaries and Employee Benefits

The 2013 budget reflects general salary increases and the addition of a General Counsel as of April 1, 2013, a budgeted position which has been vacated since late 2011.

Professional Fees

Professional fees include costs for compensation and benefits consulting, audit, tax, legal, external relations, communications, and outsourced administrative services. This represents an increase of \$399,100 over the 2012 budget. Driving this increase are the costs of constituent information surveys, academic research, and other consulting work that will be conducted as part of the PIR project. The 2013 budget also includes costs of perception surveys that are planned in connection with recognition of FASB's 40th Anniversary in 2013.

Overhead

Overhead costs in the 2013 Budget primarily include office rental of \$2,118,700 and depreciation and amortization of \$991,000.

Budgeted Net Subscription and Publication Revenue For the Year Ending December 31, 2013

(Compared to the Actual and Budget for the Year Ending December 31, 2012)

	2013	2012	2012
	Budget	Actual	Budget
Subscription and Publication Revenue:			
For FASB Publications	\$ 16,227,500	\$ 15,846,200	\$ 15,874,100
For GASB Publications	1,778,200	1,920,700	1,935,300
	18,005,700	17,766,900	17,809,400
Direct Costs of Revenues:			
For FASB Publications	1,827,000	1,851,600	1,909,700
For GASB Publications	137,300	171,600	211,400
For FAF Publication Support	2,526,200	2,576,800	2,305,300
	4,490,500	4,600,000	4,426,400
Net Subscription and Publication Revenues:			
For FASB Publications	14,400,500	13,994,600	13,964,400
For GASB Publications	1,640,900	1,749,100	1,723,900
For FAF Publication Support	(2,526,200)	(2,576,800)	(2,305,300)
	\$ 13,515,200	\$ 13,166,900	\$ 13,383,000

Net subscription and publication revenue is retained by the FAF for use in its activities, including funding the oversight related expenses of the FAF Board and the FAF Reserve Fund.