

REPORT OF THE CHAIRMAN OF THE FASB
TO THE FINANCIAL ACCOUNTING STANDARDS ADVISORY COUNCIL

For the quarter ended June 30, 2001

ITEM 1: TECHNICAL ACTIVITIES

A. BOARD ACTIVITIES

- The Board held 20 separate technical sessions on 11 dates to deliberate technical issues for 6 agenda projects or possible agenda projects. The Board also discussed three minor technical issues at the open discussion segment of Board meetings.
- Several Board members participated in one Emerging Issues Task Force meeting.
- The Board met with representatives of the following organizations and discussed matters of mutual interest:
 - AICPA Accounting Standards Executive Committee
 - Principles & Practices Board of the Healthcare Financial Management Association
 - American Accounting Association
 - Association for Investment Management and Research
 - Financial Executives International.

B. INTERNATIONAL ACTIVITIES

- The Board updated the FAF Trustees on its recent international activities and on the status of the International Accounting Standards Board's (IASB) agenda-setting process.
- The third annual European FASB-SEC Financial Reporting Conference was held in Frankfurt, Germany, in April.
- Staff participated in a meeting with the U.S. representative of the IASB's Standing Interpretations Committee to share views on proposed SIC agenda items.
- Staff and Board members discussed international activities with the Financial Accounting Standard Committee of the American Accounting Association.
- A Board member gave a speech on international accounting and standard-setting issues at the Institute of Chartered Accountants of England and Wales' banking conference in London.
- The chairman and a Board member attended the first joint meeting of the IASB and the chairs of those national standard setters that have a formal liaison relationship with the IASB.
- Board and staff members discussed international activities with members of the Association for Investment Management and Research.

- The strategic planning group on international activities continues to make progress on developing plans for undertaking joint projects with the IASB. The Board has tentatively agreed to changes to its agenda-setting process to incorporate international considerations.

C. OTHER ACTIVITIES

- The following professional development sessions were presented to the Board and staff:
 - Halsey Bullen, FASB staff, presented two sessions related to understanding the guidance in FASB Statement No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*.
 - James Leisenring, IASB member and former FASB member and RTA director, addressed the staff about his years at the FASB and about his new role as an IASB member.
 - Gaylen Larson and Gerhard Mueller, departing FASB Board members, addressed the staff about their experiences as Board members.
- The chairman, a Board member, and staff participated in a closed meeting with representatives from Edison Electric Institute.
- The chairman, a Board member, and staff participated in a closed meeting with representatives from PricewaterhouseCoopers to discuss business combinations.
- The chairman, a Board member, and staff participated in a closed meeting with representatives from Dominion to discuss DIG Issue 14-3.
- The chairman, a Board member, and staff participated in a closed meeting with representatives from American Bankers Association to discuss selected projects.
- The chairman, a Board member, and staff participated in a closed meeting with representatives from the American Business Conference to discuss business combinations.
- Two Board members and staff participated in a closed meeting with representatives from BMA, MBAA, CMSA, and RER to discuss CMBS Servicing.
- Two Board members and staff participated in a closed meeting with representatives from Calpine Energy Services to discuss DIG Issue 14-3.
- Various Board members and staff participated in six field visits on the liabilities and equity project to (1) test the understanding of the Exposure Draft, (2) identify problems related to the implementation of the guidance in the Exposure Draft, and (3) identify situations that produce results that raise questions about the representational faithfulness of the transactions.

- An incoming Board member and two staff members visited GE's Corporate Research & Development Center to learn about its application of Six Sigma concepts in managing research and development projects. What they learned will be helpful as we consider how the FASB might implement a more structured project management process that borrows from the body of knowledge developed by GE and others.
- A Board member and staff participated in a meeting with representatives from Deloitte & Touche to discuss concerns with DIG Issue G20.
- Staff attended AcSEC meetings in Connecticut and New York.
- Staff participated in three closed meetings of EITF working groups.

ITEM 2: WASHINGTON ACTIVITIES

- The chairman and a staff member met individually with several Members of Congress and staff to discuss current FASB activities.
- The chairman provided a briefing to the Members and staff of the Committee on Financial Services on current FASB activities.
- A staff member met with representatives of a number of associations, Members of Congress, Congressional Committees, government agencies, and other entities and organizations to discuss current FASB activities.

ITEM 3: SPEECHES DELIVERED

Principal platforms addressed by the Board and staff members during this period included:

- American Accounting Association
- American Gas Association/Edison Electric Institute Conference
- American Group of CPAs Firms
- American Law Institute (American Bar Association, Committee on Continuing Professional Education)
- Conference Board
- CPA America
- Deloitte & Touche
- Eastern Washington University
- Exchequer Club
- IASB/SEC Financial Reporting Conference
- Federal Deposit Insurance Corporation
- Financial Executives International
- Financial Executives International/AICPA
- Financial Managers Society

- Georgia State University Controllers Conference
- Institute of Charter Accountants of England & Wales
- Kent State
- KPMG
- Lycoming College
- New York Society of Security Analysts
- New York University
- New York University Roundtable
- Ohio Society of CPAs (Cincinnati)
- Oregon State University
- Reinsurance Association of America
- Texas Society of CPAs
- University of Central Florida
- University of Southern California, SEC & Financial Reporting Conference
- Virginia Society of CPAs
- Wake Forest University
- Western New England College
- West LB – FAS133 Seminar
- Wichita State University.

ITEM 4: ARTICLES PUBLISHED

Trott, Edward W. and Wayne S. Upton, “Expected Cash Flows,” *Understanding the Issues* (an accompaniment to Status Report), volume. 1, series 1, May 2001.

Foster, Neel M. and Wayne S. Upton, “The Case for Initially Measuring Liabilities at Fair Value,” *Understanding the Issues*, volume 2, series 1, May 2001.

Foster, Neel M. and Wayne S. Upton, “More on Measuring Fair Value,” *Understanding the Issues*, volume 3, series 1, June 2001.

Crooch, G. Michael and Wayne S. Upton, “Credit Standing and Liability Measurement,” *Understanding the Issues*, volume 4, series 1, June 2001.

Lott, Ronald W. and Barbara A. Richards, “Onward with Fair Value,” *FASB Viewpoints, Status Report*, June 2001.

ITEM 5: ADDITIONAL PUBLIC RELATIONS ACTIVITIES

Initiated or responded to 100-plus media inquiries per month.

Wrote and distributed four news releases (including the Foundation’s announcement of Gary Schieneman’s appointment).

Developed and distributed a new publication, *Understanding the Issues*, as a companion piece to *Status Report*.

ITEM 6: GASB LIAISON ACTIVITIES

- FASB meeting minutes were sent to the GASB RTA director and certain GASB staff.
- GASB meeting minutes were sent to the FASB chairman.
- The RTA directors of the FASB and the GASB held monthly meetings, and the FASB and GASB chairmen held a quarterly meeting.

- The FASB distributed drafts of the following documents to the GASB for review:
 - Proposed and final Technical Bulletin, *Effective Date for Certain Financial Institutions of Certain Provisions of Statement 140 Related to the Isolation of Transferred Financial Assets*
 - Final Statement, *Business Combinations*
 - Final Statement, *Accounting for Asset Retirement Obligations*
 - Exposure Draft, *Accounting in Interim and Annual Financial Statements for Certain Costs and Activities Related to Property, Plant, and Equipment*
 - Final Statement, *Goodwill and Other Intangible Assets*.

- The FASB reviewed the following drafts of GASB documents:
 - Final Statement, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus*
 - Final Statement, *Certain Financial Statement Note Disclosures*.