



STANDARDS THAT WORK
FROM MAIN STREET TO WALL STREET

We are pleased to present the **2021 FASB Investor Outreach Report**, which highlights our investor outreach activities for the year ended June 30, 2021. Our mission at the FASB is to establish and improve financial accounting and reporting standards to provide useful financial information to investors and other users of financial statements. Investors rely on financial statements of companies as an important, unbiased source of information as they make investment decisions, and we recognize that they are uniquely positioned to provide input on what financial information is most useful to them.

In these challenging times, our commitment to performing robust and expansive investor outreach remains a top priority, and we thank the hundreds of investors who actively participated in our process during this period. We continue to go above and beyond our typical process of soliciting input through formal proposals and comment letters to ensure that investors have a voice in our process and that our work results in accounting standards that are of the highest quality.

This additional proactive effort to educate and bring investors into our process is essential as investor perspectives help Board members evaluate:

- Whether current financial reporting is meeting investor needs
- How standards might be changed to better meet investor needs
- How financial information is used by investors and when it directly affects their decisions
- After companies have implemented new standards, whether financial reporting improved as expected.

We recognize that independent standard setting is both an asset and a privilege. It is an asset because it is designed to provide the highest quality financial information in an unbiased, cost-beneficial manner. It is a privilege because, through our actions, we must continuously earn the right to set such standards. We look forward to continuing to work with you as we fulfill our mission.

Richard R. Jones
Chair,
Financial Accounting Standards Board

Hillary Salo
Technical Director,
Financial Accounting Standards Board

Mission Statement

The collective mission of the FASB, the GASB, and the FAF is to establish and improve financial accounting and reporting standards to provide useful information to investors and other users of financial reports and educate stakeholders on how to most effectively understand and implement those standards.

To fulfill our mission, we must understand how investors use the information provided in financial statements as well as how we can enhance its usefulness. Investor views are critical to every stage of our standard-setting process from identifying financial reporting issues to developing solutions and evaluating the effectiveness of new standards through our post-implementation review process. We also need to be able to communicate to all of our stakeholders how investors will use that information and when it will influence their decisions in order to make a case for change. To those ends, we obtain feedback from investors by conducting FASB-initiated outreach throughout the life cycle of our projects.

We first launched our investor¹ outreach program more than a decade ago. Since then we have engaged with thousands of investors and incorporated their thoughts and perspectives in the many accounting standards we have issued. The objective of our investor outreach program is to:

- Access relevant investor perspectives at the right time in the standard-setting process
- Make sure that a broad range of investor views are objectively presented to allow Board members to make informed decisions
- Document our process and findings to provide transparency about our due process.

It is important that we communicate investor feedback objectively and publicly, but gathering feedback is not simply a polling exercise. The quality of the feedback, and understanding the reasons for it, is critical.

We are always looking for engaged investors. Any investor interested in providing feedback should contact Jeff Brickman at jmbrickman@fasb.org or Chandy Smith at ccsmith@fasb.org.

Why is it important that we access relevant perspectives and represent a broad range of views?

Equity and credit analysts and individual investors may place a very different emphasis on certain types of information. In addition, information that influences sectors in different ways may affect the importance investors place on changes to that information. For example, information about leases is likely to impact retail and restaurant companies much more than companies that primarily operate online. Depending on what type of investor we speak with, we may get very different answers and advice about the information that is most useful to them. That is why it is essential for us to proactively solicit a variety of investor perspectives, understand the background of the individuals providing that perspective, and approach the conversations objectively as active listeners. As there is almost no single investor view on any issue, all of this information helps to provide important context the Board needs to be able to weigh this information appropriately.

¹The term *investor* as used in this report refers to investors and other allocators of capital and those that directly support their efforts. This report does not reflect interactions with other financial statement users such as academics and regulators, or those who, while potentially making numerous investment decisions, are included within other stakeholder categories such as preparers and practitioners.



The FASB staff strives to obtain a broad spectrum of investor perspectives in an unbiased, objective manner. The investor community is a diverse group that includes investment firms of different sizes (including individual investors), uses different investment strategies, and has different areas of expertise. The FASB staff seeks to access this diverse group of investors and to expand the range of investors that provide feedback to the FASB. In many cases, this involves speaking with investors who are new to the FASB, which requires the FASB to commit sufficient time and resources to (1) understand an investor’s background and unique perspective and (2) help the investor understand the standard-setting process.

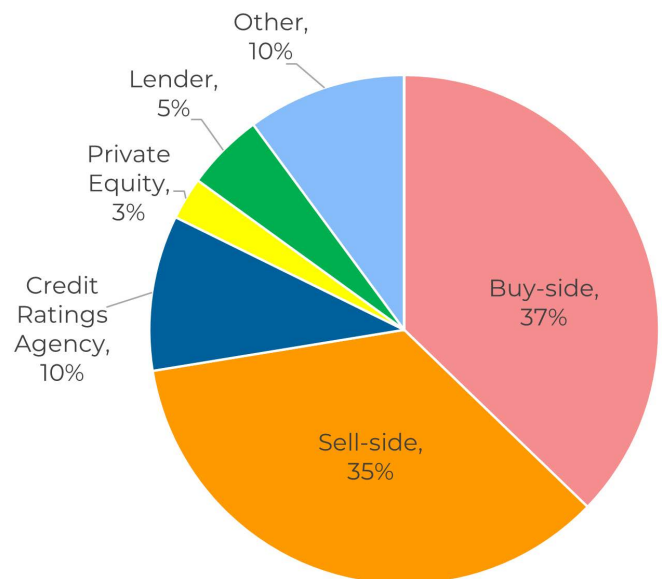
Seeking Diverse Investor Perspectives

At a time when stakeholders were also dealing with the effects of the global pandemic, the FASB staff engaged in more than 430 investor interactions over the year ended June 30, 2021. Substantially all of those interactions were the result of FASB-initiated outreach aimed at soliciting a wide range of investor perspectives.

We routinely talk to investors with a variety of backgrounds including but not limited to the following:

- Buy-side portfolio managers (PMs) and analysts from long-only asset managers and long/short hedge funds
- Sell-side analysts (sector specialists)
- Accounting analysts (both buy-side and sell-side)
- Credit rating agency analysts & managers
- Private company lenders and other capital providers (e.g., venture capital/private equity).

WHAT KIND OF INVESTORS DID WE ENGAGE WITH?



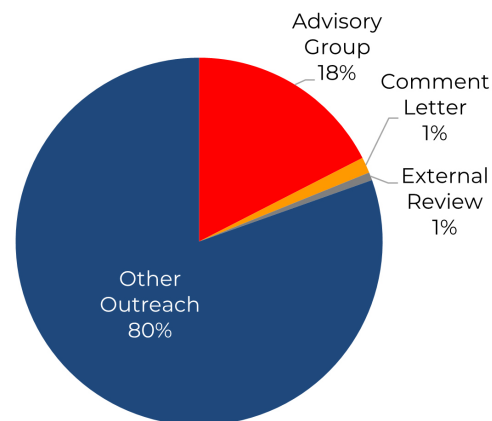
Why does the FASB consider it important to seek views from investors who are not directly involved in making buy/sell decisions (such as buy-side analysts/investors/portfolio managers)? The buy-side often outsources some analytical work to the sell-side, especially as it relates to complex accounting and tax matters. In addition, sell-side sector analysts typically follow a smaller group of companies than those on the buy-side, so they are often doing extensive analytical work on behalf of their clients and may have more detailed financial models and familiarity with the companies they cover. Depending on the structure of an asset manager, the individuals making the ultimate portfolio allocation decisions may not be the same as those that read the quarterly financial statements. All types of investors participate in the capital markets in meaningful but often disparate ways, and we believe that understanding these differences is essential not only to knowing how to solicit input from different types of investors, but to add the context necessary to understand their views.

Engaging Investors Requires Commitment and Resourcefulness

Because investor input is critical to the standard-setting process, we must go beyond our traditional processes of publishing exposure drafts and receiving and synthesizing comment letter responses to effectively educate stakeholders and obtain their views on financial reporting matters. Typically, investors do not actively follow accounting standard-setting activities and submit comment letters.

Therefore, we proactively seek feedback from investors by conducting FASB-initiated outreach throughout the life cycle of our projects. Large multi-year projects may involve more extensive outreach on a variety of issues occurring during key stages and may include several different types of outreach methods such as direct investor interviews, advisory group meetings, establishing working groups, and public roundtables. More targeted standard-setting activities, such as agenda decisions and Emerging Issues Task Force (EITF) projects, are more likely to result in narrower one-time investor outreach. Extensive outreach over the life cycle of a project may involve contacting investors during agenda setting, prior to issuing a proposal or a final standard, and after a standard has been implemented to see if it met its objectives.

HOW DID WE HEAR FROM INVESTORS?



The FASB staff engages investors in many ways beyond the typical comment letter process

We also continually look for innovative ways to bring new investors into the standard-setting process. For example, this year we reached out to a large group of investors through a survey as part of the early stages of the accounting for intangibles research project. The survey helped us identify more than 75 “new” investors who expressed interest in engaging with the FASB in the future.

Overcoming Practical Considerations to Obtain Valuable Investor Feedback

There are several practical considerations to obtaining the information that we need from investors, including:

- Investors do not typically follow accounting standard-setting activities closely.
- Investors are time constrained with accounting being just one of many different focus areas requiring their attention when making investment decisions or recommendations.
- Many investment firms do not allow public attribution of a view expressed during outreach or discussions with outside organizations, and often there may not be a singular view of information utility within an investment firm. This contributes to why the traditional comment letter response feedback mechanism may not be an effective way to obtain investor feedback and why we seek alternative ways of engagement.
- Because of the extensive due process built into the development of our standards, the average timeline on a FASB project may be longer than an investor’s typical horizon for an investment or strategy.

To address those practical considerations, the FASB spends significant time building awareness with investors about standard-setting activities to ensure their interactions with us are efficient. In addition, we do not publicly attribute the information they provide to us; rather, we share the results of our outreach with investors on an anonymous basis in our discussions at public meetings and in our publicly available documents.

WHO WE ARE

We are fortunate to have members of the Board and staff who have spent a portion of their careers as investment professionals. We also have highly committed investment professionals who serve on our advisory groups and committees and provide input and/or access to those within their organizations.

Board Members with Investor Backgrounds

While all FASB members are keenly focused on our mission, the FAF Trustees select Board members with different backgrounds and experiences to facilitate the highest quality standard setting. Currently, two FASB members bring extensive professional investor backgrounds to the Board.



Gary R. Buesser joined the Board on July 1, 2018. His first term concludes June 30, 2023, and he is eligible for reappointment to a second term. Mr. Buesser was a portfolio manager/research analyst for 30 years, including at Lazard Asset Management from 2000

to 2018. A director/research analyst at the firm beginning in 2009, he worked as an accounting analyst to improve the firm's global investment professionals' understanding of accounting standards to enable them to make better-informed investment decisions. From 2000–2009, Mr. Buesser was a portfolio manager/research analyst on the U.S. Strategic Equity and U.S. Mid-Cap product teams.



Fred L. Cannon joined the Board on July 1, 2021, and his first term concludes June 30, 2026. He will be eligible for reappointment to a second term. Mr. Cannon has almost 40 years of experience in diverse roles with a strong focus on research, equity strategy,

investor relations, and corporate communications. He began his career with Bank of America Corporation before joining Golden State Bancorp as Executive Vice President and Director of Investor Relations and Corporate Communications in 1998. He joined Keefe, Bruyette & Woods in 2003 as Vice President, was then promoted to Senior Vice President and Managing Director, and later to Director of Research and Chief Equity Strategist.

Investor Liaisons

Our two Senior Investor Liaisons are dedicated to fulfilling the objectives of our investor outreach program. Their institutional knowledge and backgrounds as professional investors help to facilitate effective discussions with investors, including knowing who to contact, when to contact them, and how to position a request to successfully engage investors in a way to achieve input that is useful to the standard-setting process.



Jeff Brickman joined the FASB in 2008. He previously served as a Senior Equity Research Analyst for UBS Securities where he covered a wide range of companies in the technology sector. He was responsible for all aspects of analyst coverage

including initiating and generating investment recommendations, communicating to his sales force/traders, and interacting daily with his client base. Earlier in his career, he covered wireless telecommunication equipment and services and has experience working in venture capital.



Chandy Smith joined the FASB in 2005. She previously served as a buy-side analyst where she was responsible for making investment recommendations and decisions for the consumer and business services sectors for a minority and women-owned institutional asset

management firm based in New York City with \$6 billion in assets under management. Prior to that, she was a sell-side analyst covering the business services sector at various firms including Merrill Lynch and CIBC World Markets.

Investor Participation in Advisory Committees

The FASB established the Investor Advisory Committee (IAC, formerly the ITAC) in 2007. **The IAC is the only advisory committee comprising a single stakeholder group—it is made up entirely of investors and is dedicated to obtaining their input.** The FASB Senior Investor Liaisons serve as IAC co-chairs.

The IAC works closely with the FASB to ensure that investor perspectives are effectively communicated to the FASB on a timely basis in connection with the development of financial accounting and reporting standards. The principal responsibilities of the IAC are to serve as a resource to the FASB and its staff by:

- Providing focused input relating to (a) broad projects on the FASB's agenda and (b) emerging trends, including those arising from the implementation of new standards and potential areas for improvement from the investor perspective.
- Assisting the FASB and its staff with outreach activities to investors on major new standards and other existing guidance, current and proposed projects, and longer-term issues. IAC members are encouraged to communicate with the investor community both to educate other investors on the roles of the FASB and the IAC and to encourage the investor community to communicate with the FASB on financial reporting matters.
- Advising on other matters for which the FASB may seek guidance.



The IAC currently consists of nine members who demonstrate (a) a keen interest in and knowledge of financial accounting and reporting matters, (b) a commitment to improving financial reporting for investors, and (c) the ability to provide input on a wide variety of financial reporting matters. The group typically meets at least twice a year. These meetings serve as an important touch point for the Board and staff to hear about emerging issues and trends related to financial reporting. Each meeting also offers an opportunity for IAC members to publicly (and privately) communicate feedback to the Board.

New members appointed to the IAC in 2021 included:

Member	Position	Company
Kevyn Dillow	Vice President, Senior Accounting Analyst	Moody's Investors Service
Ronald Graziano	Managing Director, Global Accounting & Tax Research	Credit Suisse Group
Dennis Neveling	Managing Director and Analyst, Global Consumer Staples	Lazard Asset Management

Do you know someone who would be a great addition to the IAC or another one of our advisory groups? Please let us know! Contact Jeff Brickman at jmbrickman@fasb.org or Chandy Smith at ccsmith@fasb.org.

Existing members of IAC:

Members	Position	Company
Nichole Burnap	Investment Manager	Teachers Retirement System of Texas
Todd Castagno	Executive Director and Equity Research Analyst	Morgan Stanley
Yoni Engelhart	Partner	Schilit Forensics
Mark Hamel	Principal	Assay Research
Brian Kleinhanzl	Managing Director	Keefe, Bruyette & Woods, Inc.
Janet Pegg	Analyst	Zion Research Group

The following table summarizes the topics discussed by the IAC since July 2020 and includes links to meeting summaries, where available:

Group	Meeting Date	Topics
IAC	November 10, 2020	<ul style="list-style-type: none"> • Presentation and disclosure of supplier finance programs • Disclosures by business entities about government assistance • Accounting for research and development and other intangible assets
IAC	March 12, 2021	<ul style="list-style-type: none"> • Agenda consultation
IAC	May 25, 2021	<ul style="list-style-type: none"> • Financial performance reporting • Liabilities and equity



Investors on Other Advisory Bodies

Other FASB advisory bodies include the Financial Accounting Standards Advisory Council (FASAC), the EITF, the Not-for-Profit Advisory Committee (NAC), the Private Company Council (PCC), and the Small Business Advisory Committee (SBAC).

The members with investor backgrounds are as follows:

Body	Members	Position	Company
EITF	Terri Campbell	Founder, Managing Partner	Archer Bay Capital LLC
EITF	Jack Ciesielski	President	R.G. Associates
EITF	Jeremy Perler	Partner	Schlitt Forensics
EITF	Matthew Schechter	Investment Advisor	Arbor Capital
FASAC	James Andrus	Investment Manager	CalPERS
FASAC	Avi Berg	Portfolio Manager and Analyst	Elm Ridge Capital Management (former)
FASAC & SBAC	David Gonzales	Vice President, Senior Accounting Analyst	Moody's Investors Service
FASAC	Elizabeth Graseck	Managing Director	Morgan Stanley, Research Division
FASAC	Clare A. Hart	Portfolio Manager, Managing Director	J.P. Morgan Asset Management
FASAC	Karen Korn	Head of Alternative Product Development	Fidelity Investments Fidelity Healthcare Group
FASAC	Kevin Mixon	Analyst	Miura Global Management, LLC
FASAC	Nirav S. Parikh	Senior Investment Analyst	Mutual of America Capital Management
FASAC	Andrew Skatoff	Founder and CIO	Bancreek Capital Management, LP
FASAC	Greg Wachsmann	Vice President, Equity Research Analyst	VOYA Investment Management
NAC	Jennifer Deger	Director of Finance, Global Controller	Bill & Melinda Gates Foundation
NAC	Alyssa Federico	Senior Vice President, Finance	Foundation For The Carolinas
NAC	Dennis Gephardt	Vice President, Senior Credit Officer	Moody's Investors Service
NAC	David Horne	CFO	Mother Cabrini Health Foundation
NAC	Kim Keenoy	Senior Vice President	Bank of America Merrill Lynch
PCC	Zubin Avari	Managing Partner	Charter Oak Equity, LP
PCC	David Lomax	Assistant Vice President and Underwriting Officer	Liberty Mutual Insurance Company (retired)
PCC	Robert Messer	Senior Executive Vice President and CFO/CRO	American National Bank of Texas
SBAC	Jessica Doran	CFO	Pzena Investment Management
SBAC	Ryan LaFond	Partner and Deputy CIO	Algert Global

INVESTOR ENGAGEMENT SNAPSHOT: 2021 FISCAL YEAR

Investors are involved in every part of the standard-setting process, including the following:

- Agenda Consultation: Shaping Future FASB Priorities
- Post-Implementation Review (PIR) Projects: Evaluating Standards' Effectiveness
- Technical and Research Agenda Projects
- Continuous Improvement Initiatives.

Agenda Consultation: Shaping Future FASB Priorities

In December 2020, FASB Chair Richard Jones announced that the FASB would undertake an agenda consultation process in 2021 (the 2021 Agenda Consultation) to assist the Board in deciding where to focus its standard-setting efforts going forward. Throughout the first half of 2021, the FASB staff and Board members met with more than 200 stakeholders, over 70 of which were investors.

Investors provided their views on the priority financial reporting areas that the Board should address. This investor feedback was included in our Invitation to Comment that was issued June 24, 2021. See the [Invitation to Comment](#) for more details.

Helping us decide where to allocate our resources to improve financial reporting is one of the most effective ways investors can interact with us. We encourage you to share your views on the 2021 Agenda Consultation! Contact Aarika Friend at afriend@fasb.org.

Post-Implementation Review (PIR) Projects: Evaluating Standards' Effectiveness

In addition to projects on its technical and research agendas, the Board is also conducting post-implementation reviews (PIR) of several of its major completed projects.

The PIR process is an evaluation of whether a standard is achieving its objective by providing financial statements with relevant information to investors in ways that justify the cost of providing it. It is an important quality-control mechanism built into the FASB's standard setting that begins after the issuance of select standards. During the PIR process, the Board solicits and considers diverse stakeholder input and other research to evaluate the standards that are issued and whether there are areas of improvement the Board should address or monitor.

The FASB reports the progress of PIR projects during its public meetings and reports regularly to the Standard-Setting Process Oversight Committee (SSPOC) of the Financial Accounting Foundation (FAF) Board of Trustees. The final PIR report is reviewed by the SSPOC and published on the FAF website.

Currently, the FASB is reviewing the following:

- [Credit losses](#)
- [Leases](#)
- [Revenue recognition.](#)

The Board held numerous outreach meetings with investors related to these topics as part of the PIR activities to assess whether the standards have resulted in better information for investors to make decisions and where they may be observing diversity in the information that companies are providing, which could identify areas for refinement.

In addition, as part of the PIR process the FASB staff communicates with investors to provide educational materials and resources about the standards and to discuss their questions and observations since the issuance of the guidance. For example, as part of the revenue recognition PIR effort, we hosted a series of investor-focused education sessions for the aerospace and defense, software, airline, and healthcare industries. Several of the sessions included senior management from companies in sectors that experienced significant change from the revenue guidance and included question-and-answer sessions for investors. We received favorable feedback from investors on these efforts and experienced high attendance during the sessions as well as the archived meetings.

PIR activities also include public roundtables, which bring together a diverse set of stakeholders, including investors, to discuss implementation of the guidance. The FASB staff hosted two public roundtable [sessions](#) to gather views on five broad topics related to leases in September 2020. In addition, in May 2021, the FASB staff hosted a [roundtable](#) on implementation of the current expected credit losses (CECL) standard and related technical issues. The roundtables included investors, preparers, practitioners, and regulators. They shared valuable insights into how the information provided by the guidance is used by investors, their experience with implementation, and how the guidance may potentially be improved.

To date, the information we received from investors has resulted in the addition of projects to our agenda to address the accounting for:

- Credit losses
 - Acquired financial assets²
 - Troubled debt restructurings for creditors²
- Leases
 - Discount rates for lessees that are nonpublic business entities
 - Variable lease payments resulting in day one losses
- Revenue recognition
 - Deferred revenue in an acquisition
 - Franchisors' revenue from contracts with customers.

The following table summarizes investor participation in our PIR projects for the year ended June 30, 2021:

Project	Number of Interactions
Credit Losses	77 investor interactions
Leases	26 investor interactions
Revenue Recognition	53 investor interactions

²Project added in July 2021.

Technical and Research Agenda Projects

During the year ended June 30, 2021, the Board and staff participated in more than 180 investor interactions to collect feedback on individual projects on our technical and research agenda.

Continuous Improvement Initiatives

We are always looking for innovative approaches to conduct outreach and new ways to improve on how we engage with the investor community. From technological advancements to increasing the population of investors that we engage with, our investor outreach program continues to evolve and respond to investor feedback.

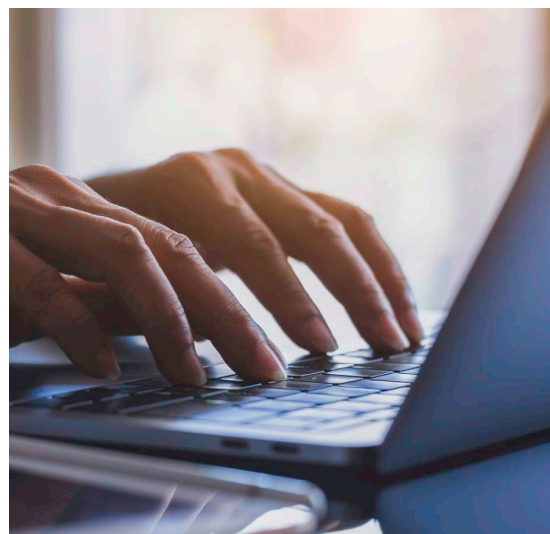
In addition, our Senior Investor Liaisons use various tools to onboard and continually educate the Board and staff on how to better understand the investor perspective. They have created internal videos covering topics such as investor outreach process best practices, tutorials on how investors analyze companies, and research tools available to the FASB staff to utilize prior to outreach efforts.

Think Like an Investor Series—An ongoing series of internal sessions that brings in outside investors to educate the FASB staff on a wide variety of topics and strategies. The sessions are designed to help FASB staff obtain an improved understanding of:

- The variety of investment strategies employed by portfolio managers/analysts to value equity and debt securities to illustrate that investors are not a monolithic group.
- What information is utilized by investors including but not limited to:
 - Financial information found in SEC filings (10Ks and 10Qs)
 - Nonfinancial information.
- What investment criteria/factors are key to a portfolio manager's/analyst's investment approach.

The investor presentations allow the entire FASB staff to listen to and engage with investors who provide an investor viewpoint, rather than an accounting standard-setting perspective. To date, these presentations have included financial professionals from the following backgrounds:

- Quantitative Equity Portfolio Manager
- Sell-side Equity Bank Analyst
- Distressed Debt Mutual Fund Portfolio Manager
- Venture Capital Health Care Investor
- Sell-side Equity Sustainability Analyst
- Buy-side Equity Industrials Analyst.



XBRL (eXtensible Business Reporting Language)—The FAF and the FASB are responsible for ongoing development and maintenance of the US GAAP Financial Reporting Taxonomy. In addition, as part of our effort to better understand how information is used by investors, we often use XBRL searches to give us insight into the information that companies are providing and whether that information is consistent over large groups. These searches enable us to have a more thorough understanding of the observations we hear from investors during outreach and helps the XBRL team improve the Taxonomy.

Targeted Outreach: Intangibles Survey—This year FASB staff launched an investor survey to obtain feedback on accounting for intangibles. The feedback requested is intended to highlight potential areas of focus for further research and identify investors that would like to engage further with the FASB on this topic. More than 75 investors that participated in our survey expressed a willingness to be part of our outreach process in the future. We believe that survey efforts may be a useful tool to identify new investors to participate in future outreach discussions with the FASB and are optimistic about creating new relationships with the investors identified to date. We continue to believe that feedback is most useful when obtained through in-depth conversations and interviews with investors; however, using surveys to identify interested investors and obtain initial observations on a topic may prove to be a powerful tool.

LOOKING AHEAD: ANTICIPATING FUTURE INVESTOR NEEDS

We are thankful for the robust and quality feedback that we received from investors during the last year, and we are excited to build on that engagement in the coming year. The use of structured data, surveys, and technology-enabled outreach has helped to enhance our engagement with investors and complements our consistent, proactive, and broad-reaching investor outreach program. Also, we plan to focus educational efforts across a variety of recently issued standards, with materials accessible to investors and focused on enhancing investors' understanding and engagement. This will be especially important as we continue to conduct our PIR activities and work to ensure that we continue to meet our mission of providing useful information to investors.