

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

For the quarter ended March 31, 2002

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**ITEM 1: TECHNICAL ACTIVITIES**

**A. BOARD ACTIVITIES**

- The Board held 32 separate sessions on 12 dates to deliberate technical issues for 15 agenda projects or possible agenda projects. The Board also discussed one minor technical issue during the open discussion segment of Board meetings.
- Several Board members participated in the January and March meetings of the Emerging Issues Task Force.
- The Board met with representatives of the following organizations and discussed matters of mutual interest:
  - Financial Performance Reporting by Business Enterprises Task Force
  - Financial Executives International.

**B. INTERNATIONAL ACTIVITIES**

- A member of the IASB staff (a former GASB staff member) visited the FASB offices and presented a professional development session on the structure, process, and projects of the IASB.
- An FASB Board member and a staff member attended a meeting of the heads of national standard setters at the IASB offices in London. (The IASB meets three times per year with the heads of those national accounting standard setters having an IASB liaison member in residence.) The group agreed to a basic framework of objectives and expectations for monitoring each other's technical agenda projects. The group also discussed the IASB's and the national standard setters' technical agendas.
- The Board updated the FAF Trustees on its international activities and on the status of the IASB's agenda topics.
- Peter Wilmot, chair of the IASB's Standards Advisory Council, visited the FASB offices to meet with former FASAC chair Bob Butler. The objective of Mr. Wilmot's visit was to gain a better understanding of the FASAC's role in the FASB's process. Mr. Wilmot also attended the March FASAC meeting.
- An FASB Board member and a staff member participated in a conference call with the IASB and heads of standard setters to discuss common issues that standard setters

face in responding to accounting issues highlighted by recent financial reporting failures, such as Enron.

- Eiko Tsujiyama, visiting international fellow, presented a professional development session on the Japanese accounting-standard-setting structure and process. Eiko's term as visiting international fellow ended on March 22nd.
- A Board member spoke at a conference of the National Association of Pension Funds, in Edinburgh, Scotland.

### C. OTHER ACTIVITIES

- The following professional development sessions were presented to the Board and staff:
  - Katherine Schipper, FASB Board member, discussed the basics of value relevance research, in the context of financial reporting standard-setting issues.
  - Randy Finden, GASB project manager; Samuel Lynn, FASB practice fellow; Linda MacDonald, FASB project manager; and Jim Parrott, FASB practice fellow, discussed the GASB's Deposit and Investment Risks Project, an overview of FASB Statement No. 143, *Accounting for Asset Retirement Obligations*, and an overview of FASB Statement No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*.
  - Karl Johnson, GASB project manager, Eiko Tsujiyama, financial accounting professor of Musashi University, Tokyo, and voting member of the Business Accounting Deliberation Council, discussed the GASB's project on reporting of postemployment benefits other than pensions, the Japanese accounting-standards-setting process, and the Japanese project on performance reporting.
  - Joe McCarthy, Internal Revenue Service, discussed various IRS topics including recent tax law changes, the electronic filing and payment system, and the reorganization of the IRS.
  - Katherine Schipper, FASB Board member, discussed her views on financial reporting and standard setting.
- Two Board members, the director of RTA, and staff members participated in a closed meeting with representatives of The Bond Market Association, the International Swaps and Derivatives Association, and the Securities Industry Association Working Group to discuss the implementation of the amendment to Statement 133.
- The chairman, a Board member, and staff members participated in a closed meeting with representatives of Fannie Mae to discuss certain derivative transactions.

- All Board members, the director of RTA, the assistant director of RTA, and certain staff members participated in two offsite strategic planning meetings.
- One Board member and several staff members participated in a closed meeting with representatives of Goldman Sachs to discuss loan commitments.
- One Board member and a staff member participated in an FERF teleconference on issues related to codification/simplification efforts.
- Two Board members, the director of RTA, the assistant director of RTA, and several staff participated in a meeting with a company and its auditors to discuss the application of Statement 142.
- Board members and staff members conducted interviews of 56 individuals who are users of financial statements—investors, creditors, and their advisors (equity and credit analysts and rating agencies). A summary of the interview findings is posted on the FASB website.
- The Board met with its performance reporting project task force to discuss the results of the FASB's user interviews and their implications, the project objectives and plans, and certain high-level issues that will guide the Board and its project deliberations.
- Staff participated in several closed meetings of EITF working groups.
- Staff attended two AcSEC meetings in New York.

## **ITEM 2: WASHINGTON ACTIVITIES**

- The chairman testified before a hearing of the Subcommittee on Commerce, Trade, and Consumer Protection of the Committee on Energy and Commerce on “Are Current Financial Accounting Standards Protecting Investors?”
- The chairman and a staff member met individually with several Members of Congress and Committee staff to discuss current FASB activities and other accounting issues.
- The chairman and a staff member met with the Under Secretary for Domestic Finance and staff of the Department of the Treasury to discuss current FASB activities and other accounting issues.
- The chairman and a staff member met with the Director of the Office of Thrift Supervision to discuss current FASB activities and other accounting issues.
- The chairman and a staff member met with several staff writers of the *Washington Post* to discuss current FASB activities and other accounting issues.

- 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 and other accounting issues.
- A Board member, the director of RTA, the assistant director of RTA, and a staff member held quarterly update meetings with the staff of the Securities and Exchange Commission and the financial institution regulators.

### **ITEM 3: SPEECHES DELIVERED**

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

- American Accounting Association
- American Law Institute/American Bar Association
- Banking, Finance and Insurance Summits
- Baruch College
- Connecticut Society of CPAs
- Connecticut/Westchester Chapter of FEI
- Deloitte & Touche/American Accounting Association
- Deutsche Bank
- Directors Roundtable
- Ernst & Young, Sydney, Australia
- Financial Executives International
- Information Management Network
- Michigan Society of CPAs
- Monterrey Tech
- National Association of Business Economics
- National Association of Pension Funds
- National Association of Regulatory Utility Commissions
- New York Business Forums
- New York Society of CPAs
- Prudential Securities
- Regulators Roundtable
- Stamford Analysts Society
- Strategic Research Institute
- Tuck School of Business
- U.S. General Accounting Office
- University of Southern California
- University of Technology, Sydney
- University of Texas, Center for Business Management & Assurance Services
- Venture Capital Institute

### **ITEM 4: ARTICLES PUBLISHED**

There were no FASB-published works to report in the first quarter of 2002.

## **ITEM 5: ADDITIONAL PUBLIC RELATIONS ACTIVITIES**

### **MEDIA CONTACT**

- The FASB distributed five press releases since the first of the year (includes March 14 FAF release on the FASB).
- Public Relations activities increased sharply during the January to March period in connection with the unfolding Enron collapse. On several days, Public Relations received 40-plus FASB press inquiries daily—about double the number received in December 2001.
- Press relations rolled into high gear during the quarter and Public Relations either arranged for or coordinated a long list of interviews with major business publications and television networks. Included in that list was an editorial board meeting with the *Washington Post* in February and telephone and/or in-person interviews with *The New York Times*, *The Wall Street Journal*, *The Financial Times*, *Economist*, *Los Angeles Times*, *CFO* (two separate in-person interviews), *Chicago Tribune*, *Boston Globe*, *CNBC*, *Nightly Business Report*, and the *Associated Press*. Multiple requests for interviews have been received since January from *CNBC*, *CNN*, and *Bloomberg Television*.
- Separately, Public Relations has been working with a team of writers/producers with PBS's *FRONTLINE*, which sent a crew in late March to the FASB to hold interviews. *FRONTLINE* is producing a 60-minute program that will, in part, examine some of the political influences engrained in various aspects of the Enron debacle. The program, currently called "Enron and the Watchdogs," is a long-range project that is expected to air this summer.

### **PUBLICATIONS**

- The FASB launched its new monthly newsletter, *The FASB Report*, which provides a new name and new look to its predecessor publication, *Status Report*. The newsletter has a more reader-friendly format and is receiving favorable comments.
- Public Relations has been working on the FAF Annual Report, which focuses on high-quality financial reporting as a theme and incorporates aspects of *Financially Correct*, the FASB video that was distributed several months ago.

## **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 a draft of the final Statement, *Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections*, to the GASB for review.