

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

For the quarter ended September 30, 2001

ITEM 1: TECHNICAL ACTIVITIES

A. BOARD ACTIVITIES

- The Board issued the following Statements of Financial Accounting Standards:
 - No. 141, *Business Combinations*
 - No. 142, *Goodwill and Other Intangible Assets*
 - No. 143, *Accounting for Asset Retirement Obligations*
- The Board approved issuance of Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*.
- The Board issued two agenda proposals for comment - - “Reporting Financial Performance of Business Enterprises and Disclosure of information about Intangible Assets Not Recognized in Financial Statements.”
- The Board held 10 separate sessions on 9 dates to deliberate technical issues for 7 agenda projects or possible agenda projects. The Board also discussed two minor technical issues during the open discussion segment of Board meetings.
- Several Board members participated in two Emerging Issues Task Force meetings. Essentially the entire EITF meeting on September 20 was devoted to issues of how to account for costs arising from the unprecedented events of September 11.
- The Board met with representatives of the following organizations and discussed matters of mutual interest:
 - Edison Electric Institute
 - Financial Managers Society
 - Audit Issues Task Force of the AICPA Auditing Standards Board
 - New York State Society of Security Analysts
 - Institute of Management Accountants.

B. INTERNATIONAL ACTIVITIES

- The Board discussed and reached tentative agreement on changes to its agenda-decision criteria to include consideration of the prospects for cooperation and convergence with international standards for each topic added to the Board’s agenda.

- The Board updated the FAF Trustees on its international activities and on the status of the International Accounting Standards Board's (IASB) agenda-setting process.
- The Board discussed and tentatively supported proposed policies and procedures for undertaking joint projects and sharing resources to be agreed upon by all Boards cooperating with the IASB.
- The Board discussed topics on the IASB's agenda and the possibilities for joint projects at the September 5, 2001 Board meeting.
- The chairman and a Board member attended the second joint meeting of the IASB and the chairs of those national standard setters that have a formal liaison relationship with the IASB. The group discussed proposed policies and procedures for sharing resources and the possibilities for cooperation on topics of mutual interest.
- Eiko Tsujiyama, a professor of accounting at Musashi University in Tokyo, Japan, began her visiting international fellowship.
- Peter Oser, an accountant from Germany, completed his fellowship with the FASB and returned to his position with Ernst & Young, Stuttgart.
- Staff members and the IASB liaison Board member met with Tatsuya Terazawa, special advisor to the Japanese Ministry of Economy, Trade, and Industry, to discuss the FASB's recent activities on its business combinations, financial instruments, and impairment projects.
- Members of the Japan Leasing Association met with a staff member, a Board member, and the IASB liaison Board member to discuss U.S. leasing standards and recent developments regarding the G4+1's leasing proposals.
- Board and staff members discussed international activities with members of the New York Society of Securities Analysts.

C. OTHER ACTIVITIES

- The following professional development sessions were presented to the Board and staff:
 - Abby Cohen and Gabrielle Napolitano, managing directors, Goldman, Sachs & Company, discussed their current investment perspective, as well as the economic outlook for the remainder of 2001 and 2002.
 - David Cairns, consultant on international accounting standards and former secretary-general of the International Accounting Standards Board (1985—1994), discussed the results of his survey on the use of IASC standards worldwide.

- Dr. Robert A. Howell, visiting professor of business administration, Tuck School of Business at Dartmouth, discussed financial management in the digital age.
- Dr. Robert C. Eccles, PricewaterhouseCoopers, discussed performance measurement reporting.
- The director of RTA met with representatives of Goldman Sachs and discussed their involvement with technical projects including derivatives and hedging and liabilities and equity.
- Two Board members and staff participated in a field visit on the liabilities and equity project.
- Two Board members and staff participated in a closed meeting with representatives from BDO Seidman, LLP to discuss implementation of Statements 141 and 142.
- Staff requested comments about the objective and scope of the potential projects on reporting financial performance and on disclosure about intangibles.
- Staff attended AcSEC meetings in Chicago and New York.
- Staff participated in two 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 testified at an oversight hearing before the Commerce, Trade, and Consumer Protection Subcommittee of the Committee on Energy and Commerce about current issues before the FASB.
- 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.
- A Board member, director of RTA, and assistant director of RTA held a quarterly update meeting with the SEC staff.

ITEM 3: SPEECHES DELIVERED

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

- AICPA
- American Accounting Association
- Bryant College

- California Society of CPAs
- California CPA Education Foundation
- Canadian Institute of Chartered Accountants (CICA)
- Columbia University
- Deloitte & Touche/Fair Trading Conference
- Equipment Leasing Association
- Exchequer Club
- Illinois CPA Society
- Institute of Management Accountants
- Louisiana Society of CPAs
- Massachusetts Society of CPAs
- Moore Stephens North America
- Mortgage Banker's Association of America
- National Society of Accountants for Cooperatives
- New York State Society of Certified Public Accountants
- Pennsylvania Society of CPAs
- PricewaterhouseCoopers Faculty Symposium
- SEC Alumni Technical Conference
- Texas Society of CPAs
- University of Illinois
- University of Tennessee
- Virginia Society of CPAs.

ITEM 4: ARTICLES PUBLISHED

Foster, John M. (Neel) and L. Todd Johnson, "Why Does the FASB Have a Conceptual Framework," *Understanding the Issues* (an accompaniment to Status Report), August 2001.

Jenkins, Edmund L. and Wayne S. Upton, "Forum: Measurement of Intangibles, Internally Generated Intangible Assets: Framing the Discussion," *Australian Accounting Review*, vol. 11, no. 2, 2001.

ITEM 5: ADDITIONAL PUBLIC RELATIONS ACTIVITIES

- Initiated or responded to approximately 75 media inquiries per month.
- Wrote and distributed seven news releases.
- Initiated and participated along with the chairman in editorial board meeting with *BusinessWeek* (September 6) at which Editor-in-Chief Steve Shepard was in attendance.
- Initiated meetings with key reporters and editors from *The Wall Street Journal*, *Barron's*, *BusinessWeek*, *Forbes*, and *Stamford Advocate*.
- Planned for *FEI Magazine* interview (Ed Jenkins) and Nikkei News interview (Ed Jenkins, Bob Butler, Joe LaGambina).

- Planning underway for marketing and distribution of *Financially Correct* video.
- Produced and distributed to FASB members and staff a common platform (text and slides) for all speeches to increase awareness and understanding of the organization.
- Expanded coverage of *Status Report* to sponsoring organizations and an outside web-based magazine (*CFO.com*) that have published and/or promoted coverage of FASB articles and interviews.
- Increased web-based public relations effort by initiating direct links to FASB website through various publications and organizations, including American Accounting Association, *Accountancy*, American Institute of Certified Public Accountants, Association for Investment Management and Research, CFO (magazine), CNET, Financial Executives International, *The Financial Times*, and *Journal of Accountancy*.
- Created new, updated design for FASB newsletter.
- Coordinated visit to FASB for 30 KPMG-Japan accounting managers.
- Implemented use of FASB tagline across various FASB publications and communications, including new press kit.

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, *Accounting for the Impairment or Disposal of Long-Lived Assets*, to the GASB for review.
- The FASB reviewed the GASB Exposure Draft, *The Financial Reporting Entity—Affiliated Organizations*, and provided the GASB with written comments.