



We are pleased to present our fourth annual **FASB Investor Outreach Report**, which highlights our investor outreach activities for the year ended June 30, 2024. Our mission at the FASB is to establish and improve financial accounting and reporting standards to provide useful financial information to investors and other allocators of capital. 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.

Since our first report in 2021, the FASB has engaged in more than 1,750 investor interactions. Over the past year, that input continued to help us efficiently complete or make significant progress on our entire agenda, including the top seven priorities identified by investors during our recent agenda consultation.<sup>1</sup> They include standard-setting projects that address digital assets; income tax disclosures; disaggregation of financial reporting information; accounting for environmental, social, and governance (ESG)-related transactions (e.g., environmental credits and ESG-linked financial instruments); intangible assets, including software; statement of cash flows; and financial key performance indicators (KPIs) or non-GAAP metrics.

For example, during the fourth quarter of 2023, we issued final Accounting Standards Updates on segment reporting, accounting for and disclosure of crypto assets, and improvements to income tax disclosures. Other priority projects reached important due process milestones. In June 2024, the Board voted to move forward with a final standard on our disaggregation of income statement expenses project. The final standard—which we expect to issue by the end of the year—responds to input from investors who indicated that more detailed information about expenses is important for understanding a company’s performance, assessing its prospects for future cash flows, and comparing a company’s performance both over time and with that of its peers.

In addition, the Board has voted to expose for public comment proposals for many of the projects that are investor priorities, including the accounting for software costs and environmental credit programs. The Board will also expose narrower accounting issues such as hedge accounting, government grants, interim reporting, and more. We expect to publish these proposals in the coming months. And we continue to explore potential improvements to the statement of cash flows through two separate projects on our technical and research agendas.

We take every opportunity to proactively seek input from investors on the financial reporting improvements they deem most essential, and we expect to undertake another series of outreach during the second half of 2024, including a broad-based agenda consultation and two Invitations to Comment (one specific to intangible assets and another related to financial KPIs). We encourage investors to engage in these outreach activities because investor perspectives are essential to all phases of our standard-setting process, as they help Board members evaluate how financial information is used by investors and when it directly affects their decisions.

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<sup>1</sup>Details on the most recent agenda consultation may be found [here](#).

As part of our commitment to increasing investor engagement in our processes, we actively seek investor participation in our advisory groups. Our Investor Advisory Committee (IAC) is the only FASB advisory group consisting solely of a single stakeholder group, and this year we welcomed John Puchalla and Brad Rexroad as newly appointed IAC members.

Your input drives our work. On behalf of the FASB, we thank you for your interest and engagement in our process and look forward to working with you in the year ahead.



**Richard R. Jones**  
Chair,  
Financial Accounting Standards Board



**Jackson M. Day**  
Technical Director,  
Financial Accounting Standards Board

### **Message from Rich Jones**

On July 1, 2024, the FASB welcomed Jackson Day as our new technical director. Jackson brings to this role deep experience obtained over a successful 38-year career, a global perspective on financial reporting, and a collaborative leadership style that will contribute positively to our mission in the years ahead. He succeeds Hillary Salo, who recently assumed the role of vice chair from Jim Kroeker upon the completion of his second and final term on the Board. Please join me in thanking Jim for his decade of dedicated service and in congratulating Jackson and Hillary, both of whom are strongly committed to ensuring we continue to make significant progress on investor priorities.

### FASB Mission Statement

The mission of the FASB is to establish and improve standards of financial accounting and reporting that foster financial reporting by nongovernmental entities that provides decision-useful information to investors and other users of financial reports.

To fulfill our mission, we must understand how investors<sup>2</sup> 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 capital allocation 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 investor outreach program almost two decades 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 is 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. In other words, the FASB seeks to understand the reasons behind the feedback, including how investors would use the information under consideration.

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*We are always looking for engaged investors. Any investor interested in providing feedback should contact Jeff Brickman at [jmbrickman@fasb.org](mailto:jmbrickman@fasb.org) or Chandy Smith at [ccsmith@fasb.org](mailto:ccsmith@fasb.org).*

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#### **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 investors rarely share a single view on any given issue, this approach provides important context for the Board to be able to weigh all input and information appropriately.

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<sup>2</sup>The 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 access 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 expand the range of investors that provide feedback to the FASB. In many cases, this involves speaking with investors that are new to the FASB, which requires that the FASB 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.

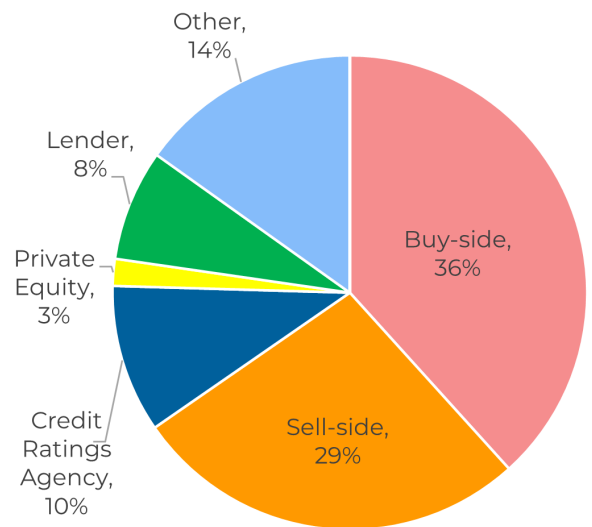
**Seeking Diverse Investor Perspectives**

In our efforts to seek a wide range of investor perspectives, the FASB staff engaged in more than 400 investor interactions over the year ended June 30, 2024. 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 and managers
- Lenders
- Other capital providers (e.g., venture capital/private equity).

**WHAT KIND OF INVESTORS DID WE ENGAGE WITH?**



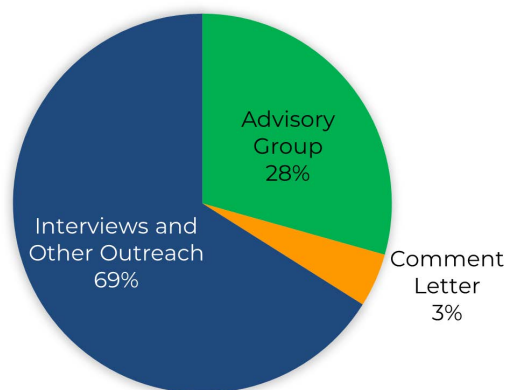
**Why does the FASB consider it important to seek views from investors who are not directly involved in making buy/sell decisions (such as buy-side analysts/investors/portfolio managers)?** The buy-side often outsources some analytical work to the sell-side, especially as it relates to complex accounting 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 or 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?



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

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### **Overcoming Practical Considerations to Obtain Valuable Investor Feedback**

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

- Investors are focused on capital allocation decisions and related responsibilities and generally have limited time available to devote to providing feedback on accounting standard-setting issues.
- Investors do not typically follow accounting standard-setting activities closely.
- 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 of obtaining investor feedback and why we seek alternative ways of engagement.
- Investors are more interested in the financial reporting outcomes of accounting standards as opposed to the details of the standards themselves.
- The extensive due process built into the development of FASB standards means the average timeline of 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 on our advisory groups and committees who provide input from 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.



**Fred L. Cannon** joined the Board on July 1, 2021, and his term concludes June 30, 2026, at which point he will be eligible for reappointment to a second term. Fred 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.



**Dr. Joyce Joseph** joined the Board on July 1, 2023. Her term concludes on June 30, 2028, at which point she will be eligible for reappointment to a second term. She spent nearly two decades leading research and analysis on current and emerging financial accounting and reporting matters as a managing director at S&P Global Ratings before founding Capital Accounting Advisory and Research, LLC. She began her career at KPMG LLP auditing financial institutions. She holds a Doctor of Business Administration from Rutgers University, an MBA from The Wharton School of the University of Pennsylvania, and a Bachelor of Business Administration from Pace University.

### 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 worked in venture capital.



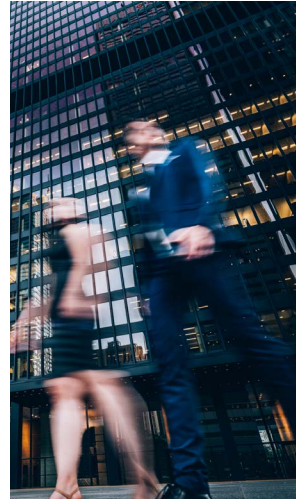
**Chandy Smith** joined the FASB in 2006. She previously served as a buy-side analyst and was responsible for making investment recommendations and decisions for the consumer and business services sectors for a minority and women-owned institutional asset management firm based in New York City with \$6 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 Advisory Committee

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 (1) broad projects on the FASB's agenda and (2) 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, including the [2021 Agenda Consultation Invitation to Comment](#) (ITC) and our expected agenda consultation in 2024.



The IAC currently consists of 11 members who demonstrate (1) a keen interest in and knowledge of financial accounting and reporting matters, (2) a commitment to improving financial reporting for investors, and (3) 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 touchpoint for the staff and Board 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 during the year ended June 30, 2024, included:

*Brad Rexroad, Principal and Equity Analyst, Assay Research*

Brad is a principal at Assay Research where he managed forensic accounting-based institutional equity research. Prior to joining Assay Research in 2003, he was a senior analyst at The Center for Financial Research and Analysis. Brad received his BS in Accounting from San Diego State University and his MBA from the University of Miami. He also holds the Chartered Financial Analyst designation.

*John Puchalla, Associate Managing Director, Moody's Investors Services*

John is an associate managing director at Moody's in the Corporate Finance Group. John serves as a full-time rating committee chair and leads research on defaults and liquidity. John has covered a variety of corporate sectors at Moody's, including consumer products, media and entertainment, broadcasting and cable, publishers, and amusement parks. Prior to joining Moody's, John held various positions at NASDAQ and MNC Financial. John received his BS in Finance from Penn State University and an MBA from the NYU Stern School of Business, Finance, and Economics. He also holds the Chartered Financial Analyst designation.

The other members in IAC are:

| Members           | Position  | Company                   |
|-------------------|---|---------------------------|
| John DeVita       | Principal and Portfolio Manager                           | Altrinsic Global Advisors |
| Kevyn Dillow      | Private Investor  | Private Investor          |
| Ronald Graziano   | Director of Accounting Research                           | LSV Asset Management      |
| John Helfst       | Managing Director   | 1919 Investment Counsel   |
| Heather McPherson | Associate Portfolio Manager                               | T. Rowe Price             |
| Catherine Mealor  | Managing Director   | Keefe, Bruyette & Woods   |
| Dennis Neveling   | Managing Director and Analyst,<br>Global Consumer Staples | Lazard Asset Management   |
| Minesh Patel      | Senior Director and Sector Lead—<br>US Leveraged Finance  | S&P Global Ratings        |
| David Pizzimenti  | Senior Equity Analyst                                     | Amundi Asset Management   |

The following table summarizes the topics discussed by the IAC during the year ended June 30, 2024, and includes links to meeting summaries:

| Meeting Date                     | Topics  |
|----------------------------------|---|
| <a href="#">November 2, 2023</a> | <ul style="list-style-type: none"> <li>• Disaggregation of Income Statement Expenses</li> <li>• Financial Key Performance Indicators (KPIs) for Business Entities</li> <li>• Improvements to Income Tax Disclosures</li> <li>• Accounting for and Disclosure of Crypto Assets</li> <li>• Segment Reporting</li> <li>• Update 2022-04, Disclosure of Supplier Finance Program Obligations</li> </ul> |
| <a href="#">May 16, 2024</a>     | <ul style="list-style-type: none"> <li>• Accounting for Environmental Credit Programs</li> <li>• Accounting for Government Grants</li> <li>• Update 2023-07, Improvements to Reportable Segment Disclosures</li> <li>• Disaggregation of Income Statement Expenses</li> <li>• Accounting for and Disclosure of Crypto Assets</li> <li>• Accounting for and Disclosure of Intangibles</li> </ul>     |

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*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](mailto:jmbrickman@fasb.org) or Chandy Smith at [ccsmith@fasb.org](mailto:ccsmith@fasb.org).*

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## 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).

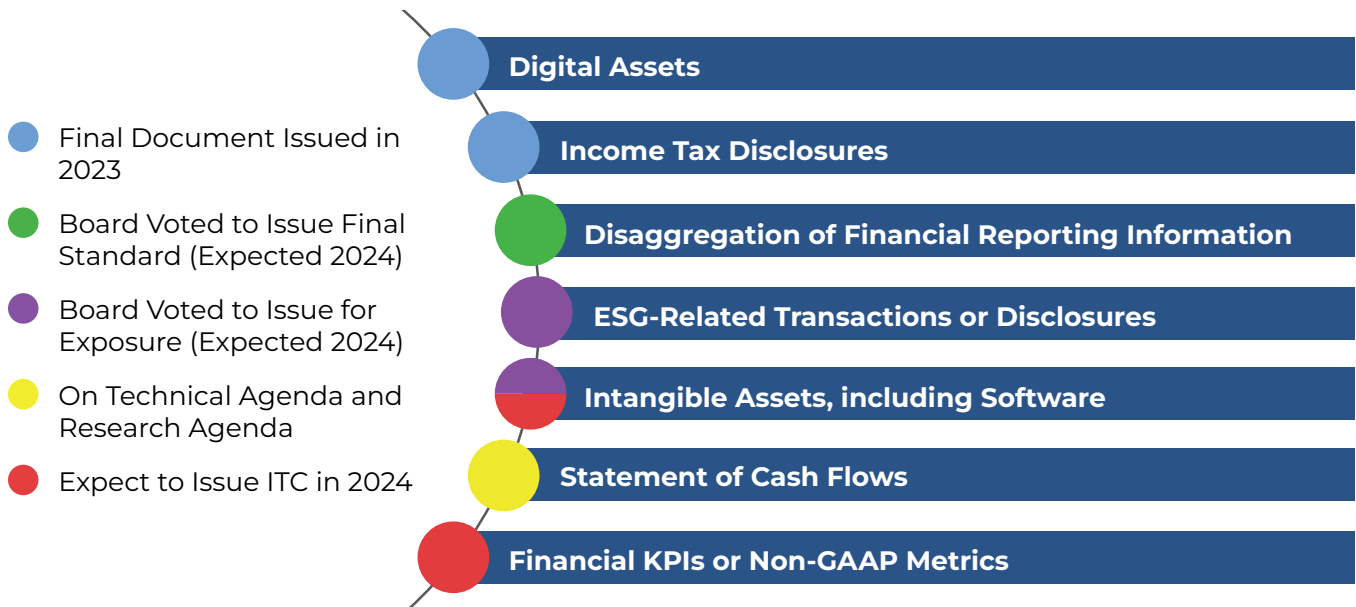
The members with investor backgrounds that participated during the year ended June 30, 2024, and their affiliations during the time they served on these groups, are as follows:

| Body  | Member                      | Position  | Company  |
|-------|-----------------------------|---|--|
| EITF  | Jack Ciesielski             | President   | R.G. Associates                                  |
| EITF  | David Gonzales <sup>3</sup> | Vice President, Senior Accounting Analyst           | Moody's Investors Services                       |
| EITF  | Jeremy Perler               | Partner   | Schilit Forensics                                |
| EITF  | Matthew Schechter           | Investment Advisor                                  | Arbor Capital                                    |
| FASAC | Ashley Baum                 | Managing Director, Head of Special Opportunities    | Teacher Retirement System of Texas               |
| FASAC | Todd Castagno               | Head of Global Valuation, Accounting & Tax Research | Morgan Stanley Research                          |
| FASAC | Tim Codrington              | Managing Director of Research, Equity Division      | Fidelity Investments                             |
| FASAC | Vasundhara Govil            | Managing Director                                   | Keefe, Bruyette & Woods                          |
| FASAC | Clare Hart                  | Portfolio Manager, Managing Director                | J.P. Morgan Asset Management                     |
| FASAC | Shripad Joshi               | Managing Director – Accounting Officer              | S&P Global Ratings                               |
| FASAC | Jill Lehman                 | Executive Director, Head of Forensic Research       | CFRA   |
| FASAC | Saul Martinez               | Head of US Financials                               | HSBC   |
| FASAC | Nirav Parikh                | Senior Investment Analyst                           | Mutual of America Capital Management             |
| FASAC | Andrew Skatoff              | Founder and CIO                                     | Bancreek Capital Management, LP                  |
| FASAC | Greg Wachsman               | Vice President, Equity Research Analyst             | VOYA Investment Management                       |
| NAC   | Jennifer Deger              | Director of Finance, Global Controller              | Bill & Melinda Gates Foundation                  |
| NAC   | Robert Dobbins              | Managing Director                                   | S&P Global Ratings                               |
| NAC   | Alyssa Federico             | Senior Vice President, Finance                      | Foundation For The Carolinas                     |
| NAC   | Mai-Anh Fox                 | Chief Financial Officer                             | The Ford Foundation                              |
| NAC   | Dennis Gephardt             | Vice President, Senior Credit Officer               | Moody's Investors Services                       |
| NAC   | Andrea Kantor               | Managing Director, Not-for-Profit                   | Webster Bank                                     |
| NAC   | Sheryl Madden               | Deputy CFO and Controller                           | The Kresge Foundation                            |
| NAC   | JR Miller                   | Executive Vice President, CFO                       | Leukemia & Lymphoma Society                      |
| PCC   | David Hoagland              | Executive Credit Officer                            | U.S. Bank  |
| PCC   | Robert Messer               | Senior Executive Vice President and CFO/CRO         | American National Bank of Texas                  |
| PCC   | David Pesce                 | Head of Surety                                      | Munich Re Specialty Insurance                    |
| SBAC  | Jessica Doran               | CFO   | Pzena Investment Management                      |
| SBAC  | Jared Goodman               | Senior Portfolio Manager                            | Colorado Public Employees Retirement Association |
| SBAC  | Ryan LaFond                 | Partner and Deputy CIO                              | Algert Global                                    |
| SBAC  | Steven Yang                 | Fundamental Analyst                                 | Aquila Group of Funds                            |

<sup>3</sup>Also serving as member of FASAC through December 2024

## LOOKING AHEAD: CAPITALIZING ON INVESTOR ENGAGEMENT

We are pleased to have made significant progress this year in the areas that investors told us were their highest priorities during the 2021 agenda consultation process, and we look forward to continuing to execute on these priorities in the months ahead.



During the second half of 2024, the FASB will actively seek investor input on key proposals that address the remaining investor priorities to come out of our 2021 agenda consultation. We strongly encourage you to take the opportunity to review and provide feedback on the proposals, if and how we can improve on them, and whether you think they will result in standards that provide investors with more useful information. As mentioned earlier, we will also look to you for insights on the FASB's future priorities and potential projects in an Invitation to Comment that will launch our next agenda consultation later this year.

In closing, your willingness to share your views is essential to our ability to develop accounting standards to meet your needs. We also strive to make it as efficient as possible for investors to provide us with feedback—virtually, in person, or using our online investor feedback submission form—and we always welcome your ideas on improving that feedback process. On behalf of the Board and FASB staff, we thank you for your robust, thoughtful input over the past year and look forward to your continued engagement in the months and years ahead.