

**2006 Trustee Report (approved at April 2007 Trustees meeting)**

Part A: Constitutional Requirements				
CONSTITUTIONAL REQUIREMENT	CONST. PARA.	KEYS TO SUCCESS	DELIVERABLES REQUIRED IN A GIVEN YEAR	2006 PROGRESS, CURRENT STATUS, AND PRIORITIES
Assume responsibility for establishing and maintaining appropriate financing arrangements	13a	Having an assured and sustainable source of funding that preserves the IASB's independence and provides necessary resources for the organisation	<ul style="list-style-type: none"> <li>-Provide the Trustees with a package of materials that enables them to engage in fund-raising efforts.</li> <li>-Ensure that this material is regularly updated as required.</li> <li>-Ensure prospects/donors contacted to provide funding</li> <li>-Agree to and maintain a funding system for 2008 and beyond</li> </ul>	<p><b>2006:</b></p> <ul style="list-style-type: none"> <li>-Trustees approved the principles for a new funding regime in June 2006</li> <li>-Principles received support from ECOFIN in July 2006</li> <li>-Country-specific efforts underway and already complete in a number of areas</li> <li>-Relevant materials created as necessary</li> </ul> <p><b>2007:</b></p> <ul style="list-style-type: none"> <li>-Complete long-term financing initiative in major countries outstanding</li> <li>-Examine possibilities for fee-based system for 2010 and beyond</li> </ul>
Establish or amend operating procedures for the Trustees	13b	Regular review of the Constitution and by-laws to conform to organizational needs	<ul style="list-style-type: none"> <li>-Tabulate comments from constituents on procedures and constitution on an ongoing basis.</li> <li>-Every 5 years, initiate a review of the Constitution</li> </ul>	<p><b>2006:</b></p> <ul style="list-style-type: none"> <li>-Oversight framework approved</li> <li>-Agreement on the need for more direct contact with key interested parties</li> </ul> <p><b>2007:</b></p> <ul style="list-style-type: none"> <li>-Identify key interested parties and formalize system of engagement to determine views on procedures</li> </ul>
Determine the legal entity	13c	N/A	Review as necessary, depending upon changing regulatory requirements and strategic needs of the organisation	No action necessary
Location of IASC Foundation	13d	Review and sign leases where appropriate	N/A	<p><b>2006</b></p> <ul style="list-style-type: none"> <li>-Renew leases and acquired new space at existing location on more favorable terms</li> </ul>
Charitable status	13e	N/A	Prepare filings	<b>2006</b>

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				Filings completed as required
Public meetings	13f	Preparation of topics and supporting papers of sufficiently high quality well in advance to ensure Trustees are able to make sound decisions and demonstrate that they are acting in the public interest	-Have a reporting mechanism to ensure information is provided to the Trustees in an efficient manner to make assessment regarding Trustee effectiveness -Develop agendas for Trustee meetings in an appropriate manner, determining whether items are discussed in public or private	<b>Priority issue:</b> -Question remains whether the Trustees believe that the agenda reflects appropriate needs and whether time is used efficiently. Further guidance is needed.
Publish an annual report	13g	Communicating key messages, including an evaluation of how successful the IASB has been in achieving its stated goals, the role of Trustees oversight and how the Trustees are fulfilling its duties	Preparation of report, including <u>a specific section in the Annual Report discussing the achievements of the IASB, Trustees' oversight and how the Trustees fulfill this responsibility.</u>	<b>Priority issue:</b> -Based upon conclusions, T. Seidenstein to draft report for Trustees review.
Appoint the members of the IASB and establish their contracts of service and performance criteria	15a	-Maintain high standards of recruiting -Ensure an appropriate mix of backgrounds and perspectives. -Ensure that appropriate and regular review performances of board members are made according to procedures	-Regular evaluation of different mechanisms for recruitment (eg use of external agencies or other outreach) -Develop a list of possible board candidates. -Undertake long-term planning on composition of Board -Review procedures for annual board performance assessments - Review and discuss as required performance evaluations/ write-ups on all board members, including the IASB Chairman	<b>2006</b> -Trustees selected two new IASB members, bringing a new mix to the IASB. -List of candidates being developed -Process to review IASB performance evaluations initiated, but not completed  <b>2007 and Priority issues:</b> -Agree upon new performance assessments -Reach some conclusions about the appropriate composition of the IASB in the medium-term -Begin succession planning

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<p>Appoint the members of the IFRIC and the SAC</p>	<p>15b</p>	<ul style="list-style-type: none"> <li>-Maintain high standards of recruiting</li> <li>-Ensure an appropriate mix of backgrounds and perspectives.</li> </ul>	<ul style="list-style-type: none"> <li>-Regular evaluation of different mechanisms for recruitment (eg use of external agencies)</li> <li>-Develop a list of possible candidates.</li> <li>-Review whether the composition of both IFRIC and the SAC is such that these committees are benefiting from the appropriate range of views, considering the purposes for which these committees are established.</li> </ul>	<p><b>2006</b></p> <ul style="list-style-type: none"> <li>-Vacancies filled in a timely manner</li> </ul>
<p>Review annually the strategy of the IASC Foundation and the IASB and its effectiveness, including consideration, but not determination, of the IASB's agenda</p>	<p>15c</p>	<ul style="list-style-type: none"> <li>-Ensure the successful fulfillment of the strategy as laid out in the MOU with FASB and other convergence initiatives, and</li> <li>-Raise questions as to whether proposed IASB projects are consistent with fulfilling the organization's objectives</li> <li>-Consider and question if necessary, whether proposed IASB projects can be successfully concluded in the light of available and expected resources</li> <li>-Communicate with external parties the rationale behind IASB and IASC Foundation efforts and how they fit into the organization's objectives</li> </ul>	<ul style="list-style-type: none"> <li>-Regular review of the IASB's work program</li> <li>-Review and discuss existing and potential convergence opportunities with the IASB</li> <li>-Open discussions with the IASB on proposed new agenda items and discussion with interested parties to learn their views</li> <li>-Establish a coherent communications strategy in conjunction with the IASB</li> <li>-Regular meeting with public and private officials in home jurisdictions to share common messages</li> </ul>	<p><b>2006</b></p> <ul style="list-style-type: none"> <li>-Trustees discussed the work program with the IASB, as considered in the first three bullets</li> <li>-Trustees also had a number of meetings with interested parties. This was not necessarily on a systematic basis.</li> <li>-Communications program established and new Director of Corporate Communications hired.</li> </ul> <p><b>2007 and Priority issues:</b></p> <ul style="list-style-type: none"> <li>-Need to formulate a more effective mechanism for engagement between IASB and Trustees. The Committee should examine whether this Committee or members of this committee should meet with the IASB twice or three times annually to discuss strategy, but not technical matters, on potentially contentious projects.</li> <li>-The Director of Corporate Communications, in conjunction with the Trustees, should identify key interested parties and establish plans for meeting with them on a regular basis.</li> </ul>

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				<p>-This Committee should consider how it communicates the outcome of these meetings, with the IASB and external parties, to the general public.</p> <p>-The Trustees should place greater emphasis on issues affecting emerging economies.</p>
Approve budget annually	15d	Develop and approve annual budgets that provide sufficient resources within the framework of available funding to achieve the IASC Foundation's objectives within appropriate parameters for a not-for-profit organization	Create a budget in a timely fashion, following a strategic review of priorities	<p><b>2006</b></p> <p>-Budget approved in October and process to review compensation for IASB and senior staff established.</p> <p>-Document regarding 2008 budget developed.</p> <p><b>2007</b></p> <p>-The Committee may wish to consider whether the Trustees need to develop a similar budget document in future years.</p>
Review broad strategic issues affecting accounting standards, promote the IASC Foundation and its work and promote the objective of rigorous application of IFRSs, provided that the Trustees shall be excluded from involvement in technical matters relating to accounting standards	15e	<p>-Maintain a high degree of awareness on issues related to accounting matters</p> <p>-Undertake steps to preserve the consistency and quality of the application of IFRSs</p> <p>-Encourage and promote recognition of and convergence to IFRS by national accounting standard setters</p>	<p>-Identify opinion formers in international and national organizations and develop program of contact.</p> <p>-Regular meeting with public and private officials in home jurisdictions to share common messages</p> <p>-Develop policies and programs (such as the education initiative) that are consistent with the Constitutional Requirement</p>	See points two rows above.
Establish and amend operating procedures, consultative arrangements and due process for the IASB,	15f	<p>-Critically review the operating procedures of the IASB on a regular basis and provide an avenue for suggestions</p> <p>-Ensure that dialogue with</p>	-Trustees to communicate as necessary comments from constituents on due process to the Procedures Committee on an ongoing basis	<p><b>2006</b></p> <p>-Procedures Committee reviewed the establishment of working groups and handled any criticism of comment letters.</p> <p>-Procedures Committee reviewed comments</p>

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IFRIC, and the SAC		interested parties extends beyond formal due process -Require SAC and IFRIC to set forth clear and measurable operational objectives that are subject to review by the Trustees	-Trustees Procedures Committee to review Due Process Handbook for amendment on annual basis -Trustees should host at least one meeting annually between an IASB group and relevant parties within their home or another jurisdiction as required. -Trustees Procedures Committee to review the SAC's and IFRIC's objectives on an annual basis and determine whether expectations are being met. Would require meetings with SAC and IFRIC and the Trustees	on the IFRIC Due Process Handbook, which was approved in January 2007.  <b>2007</b> -Work with the SAC to establish measurable objective and understand role. -Monitor the effectiveness of the IFRIC.
Review compliance with the operating procedures, consultative arrangements and due process as described in (f);	15g	-Develop a culture whereby effective consultation is viewed as extending beyond formal due process -Establish where necessary, formal procedures to review compliance with due process, both in the formulation of IASB project plans and in response to complaints	-Trustees to review and assist, where appropriate, in the implementation of the IASB's communications plan (including providing necessary resources) -Procedures Committee to undertake review of complaints and respond in an appropriate manner	See constitutional point 15c.
Approve amendments to this Constitution after following a due process, including consultation with the Standards Advisory Council and publication of an Exposure Draft for public comment	15h	-Determine the necessity of Constitutional amendments after consultation with the SAC and other stakeholders	-Review comments received from various consultations on a regular basis.	<b>2006</b> -No Constitutional changes made  <b>2007</b> -Proposed Constitutional change to increase IFRIC membership to 14 and quorum to 10.
Exercise all powers of	15i	N/A	N/A	

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<p>the IASC Foundation except for those expressly reserved to the IASB, the International Financial Reporting Interpretations Committee and the Standards Advisory Council</p>				
<p>Foster and review the development of educational programmes and materials that are consistent with the IASC Foundation's objectives</p>	<p>15j</p>	<p>Ensure that the IASC Foundation maintains high standards of quality in its educational materials Ensure that educational materials are subject to periodic review by the IASB or someone designated by the IASB to ensure that the material is current and reflects consistency with applicable standards and interpretations.</p>	<p>-Review the education program plan and ensure that the plans are consistent with the organization's objectives and operates within its financial resources</p>	<p><b>2006</b> -Education program expanded activities, including conferences, and provided a positive financial contribution. -Special branding to distinguish educational materials approved.</p> <p><b>2007</b> -Following consultation with the Trustees Education and Publication Committee, a new educational plan approved. The plan reinvests surpluses.</p>

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Part B – Other Operational Responsibilities associated with Trustee duties			
<b>RESPONSIBILITIES</b>	<b>KEYS TO SUCCESS</b>	<b>DELIVERABLES REQUIRED IN A GIVEN YEAR</b>	<b>2006 PROGRESS, CURRENT STATUS, AND PRIORITIES</b>
Appointment of Trustees	Identify and recruit motivated and well-respected candidates for the Trustees	-Evaluate different ways of recruiting (eg use of external agency) - Advertise for vacant positions -Contact relevant organizations and stakeholders -Consult with the Trustees Appointments Advisory Group	<b>2006</b> -Four Trustees appointed after public search, including notification of relevant organizations and advertisements. -Trustees Appointments Advisory Group consulted on search and supports appointments.  <b>2007</b> -Chairman search continues, and Trustees engage executive search company.
Assign Trustees to Committees	Identify Trustee area of interest and expertise and assign Trustees accordingly	-Document the specific skill sets/knowledge needed on each committee. -Ensure Committees have a full complement of members	Members assigned to committees.
Orientation of new Trustees	Ensure Trustees have necessary information to perform duties as soon as possible following appointment	-Meet with new Trustees in a timely fashion -Emphasize independence requirements and the separation of roles between the IASCF Trustees and the IASB -Provide materials related to the organization’s operating procedures and guidelines.	-T. Seidenstein meets with new Trustees and provides relevant materials. T. Seidenstein raises issues raised in the oversight framework.
A clear understanding of Committee roles and responsibilities	Charters or Terms of reference for Trustee Committees, if appropriate	Determine whether Charters or Terms of Reference to be developed where these do not exist and/or updated for each standing Trustee committee, and approved by the Trustees	-Committees have considered Charters and have drafted and approved them where deemed appropriate. Committee membership and roles are posted on the Website.

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Establish personnel and hiring policies	Establish rules that help to attract and retain staff, comply with the latest regulations, and are consistent with the organization status as a charity	-Review employee handbook and terms and conditions on a regular basis	-Management has reviewed policies with assistance of a HR professional
Review compensation of management, IASB, and staff	Have a process for an annual review of compensation following performance reviews and benchmarking	Decision by Trustees in March/April for IASB (now annually) and staff (annually)	-Compensation Subcommittee formed to review compensation matters. The Trustees agreed to new policies regarding annual reviews and per diems.
Appointment of external auditors	Reputable audit firm	<ul style="list-style-type: none"> <li>- Discussion with auditors regarding the quality of accounting policies and internal financial controls at least once a year</li> <li>-Review and pre-approve on type and nature of services to be provided by auditors</li> <li>-Review auditors independence</li> <li>- Review quality of service provided by auditors.</li> <li>-Audit opinion</li> </ul>	-Audit Committee carries out all tasks in accordance with the Audit Committee Charter.
Management accounts	Timely and accurate financial information to manage the organization	Preparation of monthly management accounts and quarterly accounts. Review critically the quarterly accounts together with the Audit Committee prior to presentation to the Trustees	-Tasks accomplished and evidenced by signatures on accounts and Trustee minutes.
Establishment of a disaster recovery policy	A disaster recovery plan that would minimize the disruption to the organization's work	Creation and updating of a disaster recovery plan	<p><b>2007</b></p> <ul style="list-style-type: none"> <li>-Policy is soon to be completed and Audit Committee to be consulted about necessary actions</li> </ul>
Filing of statutory accounts and tax	-Compliance with US and UK requirements in order to	-US 990 and relevant state tax forms	-All activities accomplished, evidenced by compliance checklist.

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information	maintain good standing -Awareness that IASB's reputation & public profile means the IFRS accounts should display 'best in class' attributes in terms of application of IFRS, as well as in presentation and disclosure.	-UK Companies House filing -UK HM Revenues and Customs taxes -VAT requirements -Appropriate and correct use of IFRS	
An active communications and public affairs program	A communications program that conveys key messages to the relevant parties, fosters support for and provides thought leadership of the IASC Foundation's objectives, and enables the IASB to hear the views of affected parties	-Identification and development of key messages -Identification of key parties and administration of program that reaches these groups -Effective utilization of Trustees and IASB members	<p><b>2006</b> -New Communications program established -Trustees contacted about road show involvement</p> <p><b>2007</b> -Communication plan to be adopted</p> <p>The Trustees must consider the appropriate amount of time that they as individuals are able to devote to communications activities. The IASC Foundation needs to also coordinate the mechanism to ensure consistent messaging and feedback provided to central HQ.</p>

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Part C – 2007 Trustee Schedule				
Duty	January	March/April	June/July	October/ November
Maintain adequate financing arrangements	X	X	X	X
Discuss and approve an annual report		X		
Appoint the members of the IASB	X (or previous mtg)			X (or 1 <sup>st</sup> meeting of next year)
Review of IASB's agenda and strategy	X	X	X	X
Approval of annual budget				X
Review progress related to the adoption, application, and interpretation of IFRSs – Reports of the Chairman of the IASB, IFRIC, and/or SAC	X	X	X	X
Review of education and publications programs	X	X	X	X
Appointment of Trustees				X
Trustee committee assignments	X			
Introduction for new Trustees	X			
Compensation review		X		
Appointment of external auditors		X		
Review of accounts		X	X	X
Review of Communications Program	X	X	X	X
Review of financial situation and quarterly financial information	X	X	X	X