

XBRL: An View From The Financial Accounting Foundation

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Agenda

- XBRL Introduction
- US GAAP Financial Reporting Taxonomy
- GASB and XBRL
- Implications for the Future

It's All About the Structure of Accounting



Luca Pacioli



BRLESC-II computer

How do you teach a computer to understand *Everybody's* Accounting?

Give Me an X

- X in XBRL stands for extensible
 - A robust set of tags for reporting entities to code their financial reporting data must also enable entities to “extend” the taxonomy by creating their own tags.

Give Me a B

- The B stands for Business
 - XBRL is not exclusively for financial statement reporting but can accommodate most aspects of business reporting. For example, XBRL Global Ledger (XBRL-GL) can facilitate moving ledger data within large entities.

Give Me a R

- R stands for Reporting
 - XBRL is a reporting language that moves high level, aggregated data from one computer system to another. The XBRL files do not deal with the presentation of data.
 - They do, however, marry content with context by adding pieces of data that help computers and humans understand what is in the XBRL files.

Give Me an L

- L is for Language
 - XBRL uses XML (eXtensible Markup Language) as the base upon which a unique language is built that has as its central purpose the matching of business reporting data with an industry developed set of tags for interpretation in a consistent way.

What Have You Got? XBRL!

- So XBRL is fundamentally a **computer language that has the ability to mark up business reporting data in a standard, uniform way, enabling computer programs to consume the data.**

XBRL Does **NOT**

- Change accounting decisions.
- Require either more or less disclosure than entities are currently experiencing.
- Restrict entities to using elements in the taxonomy (data dictionary) only.

What Is This?



- A hoofed, ruminant mammal
- Cervidae Family; order Artiodactyla
- Formal name: ***Odocoileus virginianus***

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What is a Taxonomy?

- Kingdom Animalia
- Phylum Chordata
- Subphylum Vertebrata
- Class Mammalia
- Order Artiodactyla
- Family Cervidae
- Subfamily Capreolinae
- Species ***Odocoileus virginianus***

XBRL BASICS

- Taxonomies have elements with labels, definitions, and references to authoritative literature *organized in a normal financial statement reporting hierarchy*
- They also carry computer code but accountants do not need to learn code

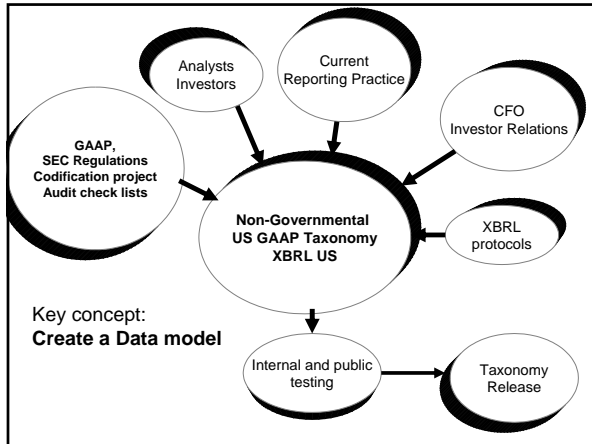
FAF View of XBRL

- Interactive data platform is essential for advancing financial reporting
- XBRL is the technology to enable this platform
- Financial reporting taxonomy development will be the catalyst:
 - Preparers will soon have the software tools needed
 - Software developers will have a stable platform to build upon
 - Investors will benefit with access and analytics
- XBRL – based financial reporting will:
 - Favorably impact the capital markets
 - Potentially become an integral part of the standard setting process



The US GAAP TAXONOMY

Worth the Wait?



FAF Role in US GAAP XBRL Development

- Leveraged FAF Constituency to:
 - Assess development efforts and direction
 - Identify reasons for lack of progress
- Proposed A Taxonomy Development Project under FAF
- Started the Project In January 2007
 - Hired and trained initial project team
 - Transferred project to XBRL US, Inc. early March 2007
 - Presently conducting joint accounting review of US GAAP taxonomy with the SEC

US GAAP Taxonomy Milestones

- The taxonomy began with common elements, primary financial statements only.
- In September 2006, SEC contracted XBRL US for \$5.5 million to update taxonomy
- FAF, AICPA, FEI, CFA, large accounting firms all contributed resources and manpower
- Approximately 70 accounting experts have been trained in XBRL by the project team
- Updated taxonomy will be ready by year end

FASB Taxonomy Review

- Review Definitions
- Review Labels
- Review Presentation hierarchy
- Review Authoritative GAAP Literature
 - Ensure that the above comply with GAAP and that the taxonomy is complete with respect to required disclosures

Question

How can the US GAAP taxonomy build in the private sector be leveraged into the government environment?

State of Oregon XBRL Project

- A working XBRL taxonomy is being created to represent Oregon's CAFR report.
- The taxonomy working group includes representatives from:
 - The State of Oregon
 - PricewaterhouseCoopers
 - AGA (Research Sponsors)
 - FAF/GASB
 - Software Vendors
 - Academia
- Demo available soon

GASB and XBRL

- GASB participating in pilot program to tag CAFR for State of Oregon
- Strong support for Oregon pilot project and other experimentation into interactive data from GASB Chairman Attmore
- Review of Oregon pilot will be similar to FASB's review of US GAAP taxonomy

Potential Implications

- Thousands of Government entities follow GAAP
- A comprehensive Government taxonomy
 - could provide the basis for interactive data
- Investors
 - would receive data in formats easier to understand and compare
- Preparers
 - after learning curve, potential to reduce errors
 - improve timing on publishing of data
- Auditors
 - tagged data could aid audit process