

December 8, 2015

Submitted via email: director@fasb.org

Technical Director
Financial Accounting Standards Board
401 Merritt 7, P.O. Box 5116
Norwalk, CT 06856-5116

File Reference No. 2015-300

Dear Technical Director:

The Technical Issues Group (TIG) of the Missouri Society of CPAs (MSCPA) appreciates the opportunity to respond to certain matters in the Proposed Amendments to Statement of Financial Accounting Concepts. The views expressed herein are written on behalf of the TIG of the MSCPA. The TIG has been authorized by the MSCPA Board of Directors to submit comments on matters of interest to the society's membership. The views expressed in this letter have not been approved by the MSCPA Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the MSCPA.

While we believe it is appropriate for the Board to recognize that materiality has been established as a legal concept, as discussed in the attached response to the question, we believe the retention of the legal definition within Concepts Statement 8 creates additional questions about the Board's responsibilities and the consistency of the Concepts Statements.

We recommend that if the definition of materiality is retained in the Concepts Statements, then the Board also retain the reference that materiality is an "entity specific" concept that relates to "an individual entity's financial report" because, in practice, the application of materiality would be applied at the entity level and the connection to an entity's specific financial report is not clearly stated as part of the legal definition of materiality.

Thank you for considering our comments. We would be pleased to respond to any questions the Board or its staff may have about any of the following comments. Please direct any questions to Mark Winiarski, TIG Chairman, MWiniarski@CBIZ.com.

Sincerely,



Mark Winiarski, CPA
TIG Chairman



Leigh Salzsieder, Ph.D., CPA, ABV
Project Leader

The following responses address selected questions:

Question: *Do the proposed amendments improve Concepts Statement 8? If so, how? If not, why?*

Response: It is our belief that the amendments to Statement of Financial Accounting Concepts No. 8, *Conceptual Framework for Financial Reporting, Chapter 3: Qualitative Characteristics of Useful Financial Information* will likely have little impact on reporting entities or their auditors. Instead, we believe that the proposed changes to Topic 235 could be more consequential. This belief is based on the fact that nonauthoritative Concept Statements are intended to guide the FASB, not reporting entities or their auditors. Further, the change from the extant “could” influence to the proposed legal “would” influence definition of materiality remains very subjective and does not, on the surface, appear to constrain the FASB in promulgating financial reporting standards. We also noted that the change from “**could** influence decisions that users make on the basis of the financial information of a specific reporting entity” to “**would** have been viewed by a reasonable resource provider as having significantly altered the total mix of information” will be unlikely to affect financial statement preparers’ views on materiality because the legal definition was already observed in litigation related to financial statements.

At the same time, the wording of the proposed amendment does raise questions. Through the issuance of this update, does the Board establish an expectation that it enumerate all constructs they observe but do not promulgate, “to demonstrate its understanding of the reporting environment in which the guidance it sets is applied?” Instead, could the Board not achieve that objective as well as objective BC3.18A(b) (“highlight the difference between relevance and materiality”) by discussing the relationship between relevance and materiality in Concept Statement 2 or the applicable basis of conclusion? Finally, the U.S. Supreme Court’s definition of materiality, which references a “reasonable resource provider,” contemplates a different “user” than Chapter 1 of SFAC 8. Specifically, the new legal “would” standard by definition contemplates specific actions of specific users. Given the Board is simply observing the Supreme Court’s definition, not promulgating its own definition, this may not be a problem. However, we wonder if this will create confusion.