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The Board expects that most assets that met the definition of an asset in FASB Concepts Statement No. 6, Elements of Financial Statements, will continue to qualify as assets under the definition of an asset in this proposed chapter. Do you agree that the definition of an asset in this proposed chapter is consistent with the Board's assertion? If not, please	There is sufficient evidence in this proposed chapter to believe that this assertion that assets will remain the same from Concepts Statement 6 is correct. There is some wording that differs between CON6 and proposed CON 8, but the Board does a good job of explaining these differences. In the long run, many of these different words mean the same thing and are done to clean up some areas in which confusion occurred. The section regarding economic benefits remains relatively similar between the two, while control is exchanged for present right, which will be explained in greater detail in question 3. The definition of an asset, as explained in CON6, is a future economic benefit that is obtained or controlled by an entity due to previous transactions or events. This changes in proposed CON8 when controlled or obtained is changed to present right. For this discussion, the economic benefit will be focused on, as present right is very similar to control and it will be discussed later. The discussion of economic benefit between the two	Completed

provide examples.	statements remains very similar. Paragraph 171 in CON6 explains that future economic value means that the asset is able to be exchanged for something else of value, can be used to produce something of value, or can be used to settle liabilities. It is also said that this economic benefit must be probable, meaning it can be assumed that it will be recognized. This remains consistent between each of the statements. Each statement also recognizes the same activities that can be undertaken to obtain an economic benefit in the future, such as research and development, advertising, and training. The Board also remedies confusion by continuing to use the term economic benefit as opposed to economic resource, which appears to have been considered. By continuing to use the term benefit, encompasses a wider range of items and implies that an asset does not necessarily have to be tangible. In doing so, this maintains the assumption that the same assets that were recognized in CON6 would also be recognized in proposed CON8.	
In particular, respondents are asked to focus on internally generated intangible assets. Is the definition of an asset in this proposed chapter helpful in resolving issues of identifying intangible assets?	In proposed CON8, there is sufficient discussion regarding intangible assets. Intangible assets are defined in ASC 350-10-20 (glossary) as and asset that lacks physical substance. One intangible asset in particular is called goodwill, which is also defined in the same section as an asset that represents the future economic benefits that come from the acquisition of assets in a combination or merger. Proposed CON8 does ensure that these assets are considered in its discussion. CON6 creates some confusion regarding intangible assets as it does not properly address them. In a couple of spots, intangible assets are mentioned, but all that is basically said is that assets can be intangible. While that is obviously true, it does not offer a great insight into how an intangible item can be considered an asset. Proposed CON8 addresses intangible assets head on in a few places, and this is done using the definition of present right and economic benefits. In paragraph E34, it is mentioned that intangible assets can be exchanged or transferred between organizations in certain instances. This follows the definition of present right and displays that intangible assets do exist although they cannot necessarily be seen.	Completed
The Board's definition of an asset in this proposed chapter does not include the term control. However, this	The discussion regarding control in proposed CON8 is sufficient, and it is not necessary to use the term control in the definition of an asset. While a discussion of ownership in some form is necessary in the discussion of an asset, proposed CON8 does a sufficient job of this in the discussion of present right. This does not necessarily mean that CON6 was wrong in its definition of an asset. CON6 uses control as	Completed

proposed chapter explains why and how control is interrelated to the definition of an asset. Is this discussion sufficient or is the term control necessary to include in the definition of an asset? If the term control is necessary to include, please explain how its inclusion would change the population of items that would meet the definition of an asset in this proposed chapter.	the topic in which ownership is discussed just as CON8 uses present right. In each of the statements, one of the major points is the fact that an asset does not have to have exclusive control or rights to the asset. This topic is explained well in each. This is an important topic regarding assets as there are many instances in which entities share ownership of buildings, land, and other large capital assets. Even though CON8 does not use control in its definition, this concept is still well documented. The legality of ownership of an asset is also well discussed in CON8. Paragraph E22 explains that rights to assets can be obtained to own assets of all different kinds, whether it be to physically hold or stand in a physical asset, or to obtain rights via written word for an intangible asset. These rights allow the entity to use and benefit from the asset in question. One word that is used in this paragraph and in CON6 is "obtain". This is used interchangeably with both present right and control and is another example of why either definition, whether it be using control or present right, thoroughly defines an asset.	
The Board decided that an obligation to transfer either assets or, in certain limited circumstances, an entity's own shares would meet the definition of a liability. Is the discussion in this proposed chapter of the limited circumstances in which the entity's own shares would meet the definition of a liability sufficiently clear?	CON8 does touch on this topic, but there does seem to be some information lacking from the discussion. It is said in multiple places that the Board is now allowing a variable number of shares to be used as a performance obligation. Paragraph BC4.31 even goes on to discuss that a fixed number of shares could also be used if an instrument such as a call option is used to make the purchasing price variable. This allows the entity to seek a risk and reward relationship that would allow them to participate in the relationship for a longer term than if the performance obligation was only a transfer of an asset. The topic that needs to be discussed more is when this can be used. Paragraph E58 refers to a "sufficient number of shares", however, this does not explain how a number of shares becomes sufficient. It could be assumed that this is determined by the entities that are entering the agreement. However, as this is a new concept, I do not want to make an assumption on this matter. Also, as this is a new topic, it is unclear as to whether shares can be used in all circumstances in lieu of an asset or just in certain circumstances.	Completed
Other than as described in Question 4, to allow certain share-settled instruments to be liabilities, the Board expects the liabilities that met	Liabilities that were recognized in CON6 do appear to remain the same by definition in proposed CON8. Each of the statements defines liabilities by including present obligations and a transfer of assets or otherwise agreed upon economic benefits. In many cases, a liability is a legal obligation that is agreed upon between two entities, and this is described well and incredibly similarly in each statement.	Completed

the definition of a liability in Concepts Statement 6 will continue to qualify as liabilities under the definition of a liability in this proposed chapter. Do you agree that the definition of a liability in this proposed chapter is consistent with the Board's assertion? If not, please provide examples.	Each statement has very similar explanations of contractual obligations stemming from exchange transactions as well. These are liability obligations that do not have a legal backing but are paid anyways due to moral or social pressures. For example, a company may make a donation each year to a charity at the same time of year. This relationship is not legally binding and may not even be expected, but due to moral customs, the entity will make this a payable each year as long as they plan on maintaining their relationship. CON8 does expand on some of the concepts regarding liabilities that CON6 discusses. However, the only change that is made in terms of deciding what can be considered a liability pertains to the use of shares, as discussed in question 4. CON8 mostly just expands the definitions of a present obligation and obligation to provide economic benefits in order to decrease any confusion.	
In practice, the more challenging applications of the definition of a liability in Concepts Statement 6 were related to business risks, constructive obligations, and stand-ready obligations. Is the discussion of those three areas in this proposed chapter adequate to understand and apply the definition of a liability?	The discussion of business risk does seem to be sufficient. It is clear that a business risk is not considered a liability unless the entity foresees a probable present obligation due to the risk. Paragraph E47 uses a great example for this in the airline example. This example explains that there will always be some sort of risk involved in business, but a contingent liability cannot hang over an entity for every negative outcome that has a very slim chance of happening. Constructive obligations are also sufficiently explained. Constructive obligations do not have an agreement between entities and do not have any legally binding substance. This is most likely a liability that one entity has but is not listed as a receivable by the company on the other side. This type of liability comes from a moral standpoint or a long-standing behavior of the entity that would make them believe that they will do it again, as explained in paragraphs E50-E52. The explanation of stand-ready obligations could have been more in depth. It is well stated that this type of obligation is contingent and does not have a particular set due date. However, I believe that there could have been a stronger contrast between stand-ready obligations and business risks that have no performance obligation. I could infer from this explanation that there is a much higher chance of a stand-ready obligation having to be paid as opposed to a business risk. However, that is also not an assumption that I would like to make due to the nature of the warranty example used. In some industries, faulty products are inherently more likely to occur than in other industries. The same is true between entities. Wouldn't a company or an industry that has a very small defect rate, or a company that may use six sigma manufacturing processes find that their defect rate would not be any higher than the chances of other	Completed

	inherent business risks with no performance obligation?	
The Board suggested that integration with presentation principles would be helpful in distinguishing between the components of comprehensive income. To facilitate this distinction, paragraph E92 of this proposed chapter references presentation principles. Is distinguishing revenues from gains and expenses from losses essential as a matter of elements, or should those distinctions be exclusively a matter for presentation concepts? Please explain.	This is an essential discussion that should go beyond just a matter of presentation. While in the long run all of these concepts run into the same place, comprehensive income, it is important to know the difference between them. Revenues and gains both increase comprehensive income and losses and expenses decrease comprehensive income, as explained in CON8 paragraph E88. However, gains and losses originate from different activities than revenues and expenses. Gains and losses come from changes in equity while revenues and expenses are inflows and outflows due to essential business activities. The Board should consider changing their explanation regarding this topic in paragraph E92.	Completed
As described in Question 7, this proposed chapter seeks to distinguish between revenues, expenses, gains, and losses. Do the definitions of and other explanatory language related to revenues, expenses, gains, and losses make the distinction between these elements sufficiently clear?	The explanations of these topics does seem to be almost sufficient in paragraphs E84-E91. It is somewhat clear that gains and losses are different from revenues and expenses based on the first four paragraphs, however it is not entirely clear. These paragraphs could have been slightly expanded upon. The explanations in paragraphs E88 and E89 explain some more and the examples in E89 are especially helpful. They do explain that these definitions are not complete, and it does not seem like it would be that hard for a full definition to be inputted in this section. However, the full FASB definitions of these terms are not hard to find within the codification.	Completed
The Board has concluded that, other than when exceptions are	Most, if not all of the topics in this statement should apply to not-for-profit organizations. There are a couple areas of interest though to look at. The first comes in the discussion of revenues, expenses, gains, and losses. In paragraph E88,	Completed

specifically noted in this proposed chapter, the elements described in this proposed chapter would apply to not-for-profit organizations. Do you agree with this conclusion?	I believe that it should be noted that not-for-profit organizations would be receiving the charitable contributions. The next point comes in the discussion of a right to an asset. Paragraph E20 discusses the example of a public road not being able to be viewed as an asset even though it may provide an economic benefit. The language in the codification makes it seem as though this may not be true in all situation for not-for-profit entities. ASC 958-210-45-6 discusses assets restricted by owners, and this section explains that public land could be considered an asset if it is restricted. This discussion seems to be contradictory in this situation. A further explanation of this topic would help decrease confusion.	
This proposed chapter was developed on the basis of Concepts Statement 6, though several paragraphs have been removed or adapted. Are any of the paragraphs from Concepts Statement 6 that have been removed in drafting this proposed chapter necessary to keep? If so, why?	It is not necessary to keep the paragraphs that have been deleted from CON6. The major issue that has been deleted is the concept of control, which was not necessary to keep. The discussion of present right is sufficient in its place. All information that has been added in CON8 is important and has cleared misunderstandings from CON6 well.	Completed
"Appendix A: Accrual Accounting and Related Concepts," includes discussion of several concepts that are used in this proposed chapter and in other chapters of the Conceptual Framework. Is this material helpful in a chapter discussing the elements of financial statements?	Appendix A is important to the understanding of CON8. Paragraphs A4.2 and A4.3 provide examples of transactions, events, and circumstances that were not otherwise mentioned in the statement. While these can be pretty self-explanatory, it is important to understand what is truly meant by the definition of these terms. It is also important to remember that accrual accounting should be used when explaining many of the concepts in this section. An important part of accrual accounting to remember is mentioned in paragraph A4.5 when it is said that events should be accounted for in the period in which they occur "to the extent that those financial effects are recognizable and measurable."	Completed
Please provide any additional comments on the		Completed

Proposed Statement of Financial Accounting Concepts:		
Please provide any comments on the electronic feedback process:		Completed