

October 30, 2020
Via email to director@fasb.org

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

**Re: Invitation to Comment - Proposed Statement of Financial Accounting Concepts
Statement 8 - Conceptual Framework for Financial Reporting-Chapter 4: Elements of
Financial Statements, File Reference No. 2020-500**

As an accounting student from Case Western Reserve University, I deeply appreciate the opportunity to provide comments to Financial Accounting Standards Board regarding the Invitation to Comment - FASB Exposure Draft Proposed Statement of Financial Accounting Concepts Statement 8 - Conceptual Framework for Financial Reporting-Chapter 4: Elements of Financial

Case Western Reserve University is a private research university located in Cleveland, Ohio. The Weatherhead School of Management is the business school of Case Western Reserve University. My name is Tian Wang, a student of Master of Accountancy in CWRU, taking courses about advanced accounting theory.

Overall

This detailed comments to selected questions posed by the Board in the Invitation to Comment are included in the attached Appendix.

I agree with the assertions made by the board for question 1 but I have different opinions about question 2, hence I want to reiterate my thoughts. Please see Appendix for my response to Question 1 and 2.

I trust this comment is helpful to the Board in determining next steps for the project. If you have any questions or concerns about the content of this letter, please contact Tian Wang at (571)464-4801.

Sincerely,

Tian Wang



APPENDIX: QUESTIONS FOR RESPONDENTS

Question 1: 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 provide examples.

Yes, I agree that the definition of an asset in this proposed chapter is consistent with the board's assertion. The paragraph E16 and E17 in the Exposure Draft state the two essential characteristics: asset is a present right and is to an economic benefit, is consistent with the FASB's definition in paragraph 26 of Statement No.6, which states assets are probably future economic benefits obtained or controlled by a particular entity. E19 of the Draft and Paragraph 28 of the FASB Statement both state the common characteristic of assets is economic benefit, and both explain when it comes to a not-for-profit organization, the economic benefit means to provide desired goods or services. E20 of the Draft states the reason why an asset is valuable to an entity because it can be exchanged for something else of value, which is in accordance with paragraph 30 of the Statement's explanation.

In general, both the Draft and the Statement have clear and similar definition of assets, there is no contraction between the states of the Draft and the Statement, therefore, most assets which met the definition in FASB Concepts Statement No.6 will continue to qualify as assets under the definition of this proposed chapter.

Question 2: 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?

No, I do not believe the definition of an asset in this proposed chapter is helpful in resolving issues or identifying intangible assets. E16 of the Exposure Draft states an asset is a present right of an entity to an economic benefit, and the E30 states sometimes present rights with uncertain amounts and timing are referred to as contingent assets, and the outcome is unknown affects the measurement but not the existence of the asset, which in my opinion is in contradiction with the states of E35 about the example of research and development. According to E30, if the outcome of research and development is uncertain, it still should be recognized as contingent assets, however per to E35, it should not be recognized as assets as it states the cost incurred in these activities are not assets. There are conflicts between E30 and E35 so I do not think the definition of assets in this proposed chapter is helpful, and there should be more clear and detailed definitions and examples.