Ms. Leslie Seidman
Chairman-Financial Accounting Standards Board
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P.O. Box 5116
Norwalk, CT 06856-05116

The Honorable Hans Hoogervorst
Chairman-International Accounting Standards Board
30 Cannon Street
London EC 4M 6XH
United Kingdom

Re: Leases (FASB Project 2013-270, Accounting Standards Update Topic 842)

July 26th, 2013

Dear Chairmen Seidman and Hoogervorst

Thanks for the chance to comment on the Lease Accounting Standards Update. I use the financial statements from companies that use leasing extensively and to tell you the truth, I don't need any changes made. For years I have been adjusting the financial statements using techniques taught in finance classes at all the major universities. These calculations make adjustments using the notes in the financial statements on leases to build the long-term liability as if the lease was a loan instead. Analysts around the world use this same type of calculation that grosses up the balance sheet in order to compare a company that has leases to a company that owns the equipment, property or other asset.

In many cases the proposed rules would distort the true economic effect for both the lessor and lessee. There is far too much of a liability being capitalized, asking lessors and lessees to make estimates provides a lack of comparability between leases and the complexity in monthly events as estimates are made, and then adjusted the following month would create more complexity than the current rules provide and cost much more to implement without providing better information.

Leases are a fundamental building block for many an industry and the proposed rules will drastically change the markets and products of the leasing industry. The Board provides these comment periods; hopefully to listen to the users of the Financial Standards, and is flexible enough to change direction when they see that a proposal hurts rather than helps the users of the financial statements and the industry itself. I hope you really take the time to understand the unintended consequences of this new proposal and decide to change course. It is better to make no change at all, than to make a change just because a lot of time and effort has been spent, if it costs the industry millions but provides little in value.
Thank you for your time and allowing me to comment on your proposed rules. I know you all work hard to try to make the best changes for the projects you work on. However, I have substantial concerns regarding the need for the proposed leasing standard and the proposal itself.

Sincerely,

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