Jan. 11, 2019

Technical Director
File Reference No. 2018-310
Financial Accounting Standards Board
401 Merritt 7, PO Box 5116
Norwalk, CT 06856-5116

Submitted via email to director@fasb.org

Re: Codification Improvements for Lessors (Leases-(Topic 842))

Dear Technical Director:

The Virginia Society of CPAs’ (VSCPA) Accounting & Auditing Advisory Committee (the Committee) has reviewed the proposed Exposure Draft, Codification Improvements for Lessors, issued by the Financial Accounting Standards Board (the Board). The VSCPA is a leading professional association with more than 13,000 individual members dedicated to enhancing the success of all CPAs and their profession by communicating information and vision, promoting professionalism, and advocating members’ interests. We appreciate the work the Board has undertaken on this effort, and the opportunity to respond to this Exposure Draft.

The Committee supports the Board’s objectives in the proposed standards update for Codification Improvements for Lessors as it relates to Leases (Topic 842), and agrees with the amendments as detailed in the exposure draft. We have responded specifically to the items the Board requested for comment.

**Issue 1: Determining the Fair Value of the underlying asset by lessors that are not manufacturers or dealers.**

*Question 1:* Should a lessor that is not a manufacturer or dealer establish fair value of the underlying asset as its cost, subject to any trade or volume discounts that apply (acknowledging that if a significant lapse of time occurs between the acquisition of the underlying asset and lease commencement, the definition of fair value must be used)?
*Response:* Yes.

*Question 2:* Are the proposed amendments operable?
*Response:* Yes.

*Question 3:* Would the proposed amendments result in a reduction of decision-useful information to users of the financial statement?
*Response:* No.

**Issue 2: Presentation on the Statement of Cash Flows — Sales-Type and Direct Financing Leases.**

*Question 4:* Should lessors that are depository and lending institutions present “principal payments received under sales-type leases and direct financing leases” in investing activities?
*Response:* Yes.
Question 5: Are the proposed amendments operable?
Response: Yes.

Question 6: Would the proposed amendments result in a reduction of decision-useful information to users of financial statements?
Response: No.

Issue 3: Effective Date and Transition

Question 7: Should the effective date for all lessors within the scope of the proposed amendments be for fiscal years beginning after Dec. 15, 2019, with early application permitted?
Response: Yes.

Question 8: Should the proposed amendments be applied at the date that an entity first applied Topic 842 using the same transition methodology in accordance with paragraph 842-10-65-1(c)?
Response: Yes.

Again, the VSCPA Committee appreciates the opportunity to respond to this Exposure Draft.

Sincerely,
Charles M. Valadez, CPA, CGMA, CITP
Chair
2018–19 VSCPA Accounting & Auditing Advisory Committee
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