January 15, 2019

Ms. Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

File Reference No. 2018-310

Dear Ms. Cosper:

RSM US LLP is pleased to express our support for the proposed Accounting Standards Update (ASU), Leases (Topic 842)—Codification Improvements for Lessors. Our responses to the specific questions raised in the proposed ASU follow.

Responses to Questions for Respondents

Determining the Fair Value of the Underlying Assets 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)? If not, please explain why.

We concur with the proposal to allow lessors that are not manufacturers or dealers to use the cost of an underlying asset as its fair value, and believe that appropriate limitations (trade or volume discounts and assets for which significant time has passed since acquisition) have been identified.

Question 2: Are the proposed amendments operable? If not, please explain why.

We believe the proposed amendments are operable, given their similarity to the fair value exception for lessors that are not manufacturers or dealers that currently exists in ASC 840-10-55-44.

Question 3: Would the proposed amendments result in a reduction of decision-useful information to users of financial statements? If so, please explain why.

We do not believe the proposed amendments would result in a reduction of decision-useful information to users of financial statements.

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? If not, please explain why.

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We agree that lessors that are depository or lending institutions should present principal payments received under sales-type leases and direct financing leases in investing activities in the statement of cash flows.

**Question 5:** Are the proposed amendments operable? If not, please explain why.

We believe the amendments are operable, given that the amendments are essentially a retention of the guidance that exists in ASC 942, *Financial Services—Depository and Lending*.

**Question 6:** Would the proposed amendments result in a reduction of decision-useful information to users of financial statements? If so, please explain why.

We do not believe the proposed amendments would result in a reduction of decision-useful information to users of financial statements.

**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 December 15, 2019, with early application permitted? If no, what effective date should be established and why?

We agree with the proposed effective date, and agree that early application should be permitted.

**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)? If not, please explain why.

We believe the proposed amendments should be applied at the date that an entity first applied Topic 842 using the same transition methodology.

We appreciate this opportunity to provide feedback on the proposed ASU and would be pleased to respond to any questions the Board or its staff may have concerning our comments. Please direct any questions to Rick Day at 563.888.4017 or Richard Stuart at 203.905.5027.

Sincerely,

RSM US LLP