

# 4 STEPS

## TO IMPLEMENTING THE NEW FASB/IASB LEASE ACCOUNTING GUIDELINES

Under the new FASB and IASB lease accounting guidelines, companies will need to include the majority of leases on their balance sheet from 2019 onwards. Now is a crucial time to get your lease portfolio in order.

**Get started by following these 4 steps.**

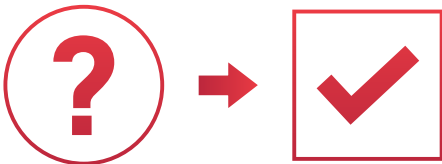
STEP

1



### CENTRALIZE YOUR LEASE DATA

Migrate your data from paper, spreadsheets, and antiquated databases into a modern, web-based central database that can manage all terms, conditions, and expenses on an ongoing basis. Make sure your database generates lease capitalization schedules according to the new FASB/IASB guidance.



### LEARN THE FUNDAMENTALS

Familiarize yourself with the variables of leases as well as lease contract negotiation and structuring methods that minimize impact on your balance sheet. Your goal is to capitalize the least amount of rent possible while balancing your larger business objectives. Also, learn how to capitalize a lease according to the new guidance.

STEP

2

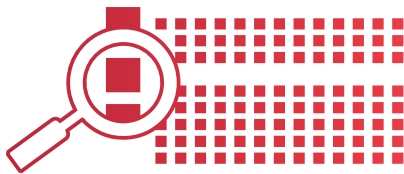
STEP

3



## CREATE A LEASE PLAYBOOK

Talk to your auditor and gather input across your company's departments, getting definitive thresholds and tests to capitalize each lease. This information will help you create a playbook that optimizes the lease portfolio to minimize the impact on the balance sheet. Don't forget to share the playbook across your teams.



## CAPITALIZE YOUR LEASES

Start small with a sampling of 5 to 10 leases. Once you've set up capitalization schedules and demonstrated rationale to your auditors, you're set to capitalize all your leases. The process is complex, so make sure your software has comprehensive functionality for the new FASB/IASB lease accounting guidance.

STEP

4

## DATES TO KNOW

### PUBLIC COMPANIES

The first reporting period starts in **January 2019**. Public companies must provide 3 years of profit and loss statements (2017-2019) and 2 years of balance sheets (2018 and 2019).

### PRIVATE COMPANIES

The first reporting period starts in **January 2020**. Private companies are not mandated to provide comparables, but companies requesting financials will likely look for at least 2 years' worth (2018 and 2019).

ProLease worked directly with the FASB and IASB over the past decade of deliberations for a deep understanding of the new guidance. That allowed us to develop powerful software that navigates the ins and outs of these complicated guidelines. Contact us to schedule a demo today.