



LEASE ACCOUNTING

In January 2019 public companies and January 2021 for other entities will have to comply with the new lease standards (ASU No. 2016-02; ASC 842). The new guidance is broad and will have major implications for most companies, and may affect how current leases are classified, and have implications on accounting for leases, monthly close, expense classification and potentially include additional assets and liabilities on the balance sheet, affecting financial ratios and potentially bank or reporting covenants, taxes and financial planning.

In some cases, the effort needed to implement that standard may be very little, but in many more it could be quite complex. The time for implementation is fast approaching. Effective utilization of that time is critical to an effective implementation.

Effective first steps to consider as you begin to evaluate the implications of the new FASB standard may include:

- Identify the various lease agreements and/or other defining agreements that have the characteristics of leases, or contain leases to determine the inclusion or exclusion in the new standard (such as embedded leases)
- Understanding the transition options and how each impact the company.
- Making key decisions related to the lease accounting policy setting and adoption and applying those decisions to the revenue streams and transition methods
- Communicating regarding the implementation with impacted stakeholders or financial statement users
- Establishing a project plan to assess risk, design procedures and timelines to conduct the implementation across the organization
- Managing the implementation and work effort, calculating the effect of adoption of the new lease guidance and calculating the changes required and recording in the financial statements.
- Designing systems, controls and staff education policies to ensure an effective, sustainable implementation
- Our lease experts are uniquely positioned to help with this task. The steps we take to help companies through this process occur in 5 phases.

SingerLewak has the staff, know-how and depth of abilities to help manage the entire process from Evaluation through Implementation and the implementation of sustainable systems to ensure ongoing compliance.

OFFICE LOCATIONS:

LOS ANGELES
10960 WILSHIRE BLVD.,
7TH. FL.
LOS ANGELES, CA 90024
T: 310.477.3924