



# LeaseCrunch Powered by GBQ

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# Presenters



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# Agenda

- ASC 842 Implementation
- Timeline and Reminders
- LeaseCrunch Demo
- How Can GBQ Help?
- Q&A



# FASC 842 Leases

**The current lease accounting model has been the same for over 30 years. In 2016, the Financial Accounting Standards Board issued new guidance for leases that will have a significant impact on the lease accounting model and will affect nearly all companies.**

- ASC 842 – *Leases* was effective for public companies for years beginning after December 15, 2018 and thus has already been implemented across the public spectrum.
- This guidance was originally set to be effective for private companies for years beginning after December 15, 2019. However, this has since been deferred on two separate occasions for an additional year in each instance.
- As a result, ASC 842 – *Leases* is now required to be implemented by private companies for fiscal years beginning after December 15, 2021 (calendar year 2022 for most entities).

# ASC 842 Leases – Current Dates

## Effective Dates



### → **Public Companies**

- Fiscal years beginning after December 15, 2018

### → **All other entities**

- Fiscal years beginning after December 15, 2021

# ASC 842 Crash Course

- The “end game” is to get all leases with service lengths greater than 12 months onto the balance sheet.
- Leases 12 months or less in length are excluded from the guidance and are expensed pro-rata over the contract with no balance sheet impact.
- Operating/capital terminology replaced with operating/finance leases.
- Finance lease requirements remained relatively unchanged outside of the following:
  - Bargain purchase option reworded to purchase option reasonably certain to be exercised
  - New 5<sup>th</sup> category – specialized nature asset that only the lessee can use (i.e. no alternative use to the lessor without significant modification)

# ASC 842 vs 840

## ASC 842

- ✓ Lease classification determined at lease commencement
- ✓ Fixed payments and “in substance” fixed payments are identified as payments
- ✓ Executory costs (i.e. insurance, taxes, maintenance) considered
- ✓ Added a 5<sup>th</sup> criterion to determination of Finance/Capital Lease
- ✓ Asset is recorded at the amount calculated using a discount rate
- ✓ only expected amounts owed at the end of the lease term should be included as lease payments

## ASC 840

- ✓ Lease classification determined at execution
- ✓ Capital lease classification resulted in a liability
- ✓ Operating lease footnote disclosures only
- ✓ Executory costs (i.e. insurance, taxes, maintenance) excluded
- ✓ 4 Criterion tests for Capital vs Operating Lease
- ✓ Lease < Fair Value
- ✓ Residual value guarantees were included in the minimum lease payments

# Cloud Based Solution


- The new lease standard has introduced a tremendous amount of work for your business. GBQ has partnered with LeaseCrunch®, a cloud-based lease accounting software for CPA firms, to help make the implementation process as seamless as possible.

**Benefits of using  
LEASECRUNCH**



→ **EASY TO USE**

- LeaseCrunch® simplifies the complex lease standards with automated quantitative footnote disclosures, worry-free calculations, and step-by-step wizards.
- This easy implementation process, allows your business to be running in days.



→ **AFFORDABLE AND  
SCALABLE**

- This software is cost-effective, whether for one lease or thousands.
- Manage your entire portfolio efficiently in one unified interface, with the option of prominently branding the solution to your business.





# LeaseCrunch Demo



# LeaseCrunch Demo Q&A

- What else do you want to see in LeaseCrunch?
- Chat in your questions into the GoToWebinar questions box on your control panel and we can answer them live.
- Raise your hand on your control panel if you would like to ask your question using your audio.



# LeaseCrunch Powered by GBQ

## GBQ's Approach

The new lease standard has introduced a tremendous amount of work for your business. GBQ has partnered with LeaseCrunch®, a cloud-based lease accounting software for CPA firms, to help make the implementation process as seamless as possible.

Diagnostic and assessment of existing arrangements with customers focusing on **material** transactions or impact

Training and education to ensure control is **repeatable** and understood by personnel going forward

Accounting process updates (templates, controls, etc.) with emphasis on **simplicity** and plain English terminology

You can expect a responsive and **custom** approach continuously reacting to the needs of the client

# Critical Factors for Successful Implementation

- 1) Engage stakeholders from across the entity
- 2) Data collection and management
- 3) IT systems, processes and controls
- 4) Requirement of significant judgements
- 5) Financial statement and key financial metric impacts



# How Can GBQ Help?

- Time is short
- What's driving your implementation?
- Ignite your ASC 842 implementation
- A road map for your implementation
- Let's Talk





# Questions



# Contact Information



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