LEASECRUNCH®

Your Roadmap to Successful Implementation

A little prep work today can make all the difference in the future when it comes to implementing the new lease accounting standard. Here's a simple lease standard implementation roadmap to help you plan for implementation now, saving you hours of work later.

Lease capture/lease identification

The first step when preparing for the new lease standard is capturing all of the leases in your organization. The more leases you have, the more time this step will take. Tackle this now to save rushed work in the future.

ASC 840 compliance

Before you can transition to ASC 842, you should ensure you're compliant with the old lease standard. When lease information is incorrect under ASC 840, it complicates the transition into ASC 842 because you can't easily utilize available practical expedients.

Two common mistakes are:

1. Incorrectly classifying operating versus capital leases

2. Not identifying reasonably-assured terminations or renewals when including future committed payments on the maturity schedule

Cleaning up any errors today will make implementation a breeze when the time comes.

Contract reviews

Under the new lease standard, operating leases are now recorded on the balance sheet, so it's important to review contracts for embedded leases. We've heard from multiple organizations that up to 10–15% of contracts contain embedded leases. Identifying embedded leases now will save hours of work later.

Debt covenants

The new lease standard adds an ROU asset and lease liability on the balance sheet for operating leases, which could place you in violation of one or more debt covenants.

You'll want to understand the implications for your financial statements and how added liabilities affect debt ratios. Talk to your bank well before implementing the new lease standard to ensure debt covenants are written so you remain in compliance even after adding leases to the balance sheet.

Lease accounting software

Lease accounting software makes the transition to the new lease standard simple and easy. After doing the above first steps, a software that simply guides you through the rest is what you'll need to transition smoothly. By partnering with LeaseCrunch for implementing the new lease standard, you'll have access to the easiest-to-use lease accounting software on the market.

Don't wait—start preparing for the new lease standard today.

LeaseCrunch helps organizations implement the new lease accounting standards, ASC 842, GASB 87, GASB 96, and IFRS 16. A simple but powerful tool, LeaseCrunch significantly reduces the time needed to transition, account for, and maintain leases.