

ASC 842 FOR PRIVATE COMPANIES:

Stay the course or embrace procrastination

On July 17th, 2019, the Financial Accounting Standards Board (FASB) voted to propose delaying adoption of the ASC 842 codification for one year for private companies and not-for-profits. If passed, this delay would mean that private companies no longer need to be compliant by the first fiscal year beginning after 12/15/19, year-end reporting only; with interim and year-end reporting starting the following year. Instead, private companies would be given an additional year to adopt, making the beginning date the first fiscal year after 12/15/20 (year-end only) and 12/15/21 (year-end and interim periods).

WHAT YOU NEED TO KNOW ABOUT GETTING FASB COMPLIANT:

1. A large team is needed: accounting, real estate, purchasing, IT, equipment leasing, tax, legal and outside auditors, among others.
2. It takes a long time to find non-centralized lease agreements.
3. It takes a longer time to read service, production, marketing, property operations, and other agreements to determine whether they have embedded leases in them.
4. A thorough, written and firm-specific Implementation Process Guide is needed to actually adopt the regulation.
5. Adopting and implementing a new lease management and accounting solution can take anywhere from 10-24 weeks, depending on the breadth, scope and resources brought to the project.
6. Becoming FASB compliant is more difficult than adopting the new Rev Rec under ASC 606.
7. Adoption requires significant new processes and work integrations—most never done before—between Accounting and Real Estate departments.



With **over 30%** of private/not-for-profit companies having not begun their ASC 842 adoption, time is of the essence.

Depending on the scope and distribution of your portfolio, organizations need a best-in-class implementation team and a proven solution tailor-made for compliance.

YOU SHOULD CHOOSE ACCRUENT'S LUCERNEX SOLUTION TO GET FASB COMPLIANT BECAUSE IT IS:

- Designed to meet the needs of both real estate and equipment leases
- A fully configurable platform that allows you to handle the most complex leases
- Utilized in retail, corporate, healthcare, telecom, and the public sector
- 100% successful with implementations
- Compliant with the new financial reporting requirements under FASB ASC 842, IASB IFRS 16 and GASB No. 87
- Able to accurately classify leases as operating or finance using the FASB ASC 842 test
- Able to generate accurate accounting schedules from a solution that has been verified by an independent 3rd party accounting firm.

CONTACT FOR A DEMO

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