



THE ACCOUNTANT'S JOURNEY TOWARD THE ADOPTION OF THE NEW LEASE ACCOUNTING STANDARDS

DETAILED SURVEY FINDINGS

OCTOBER 2018

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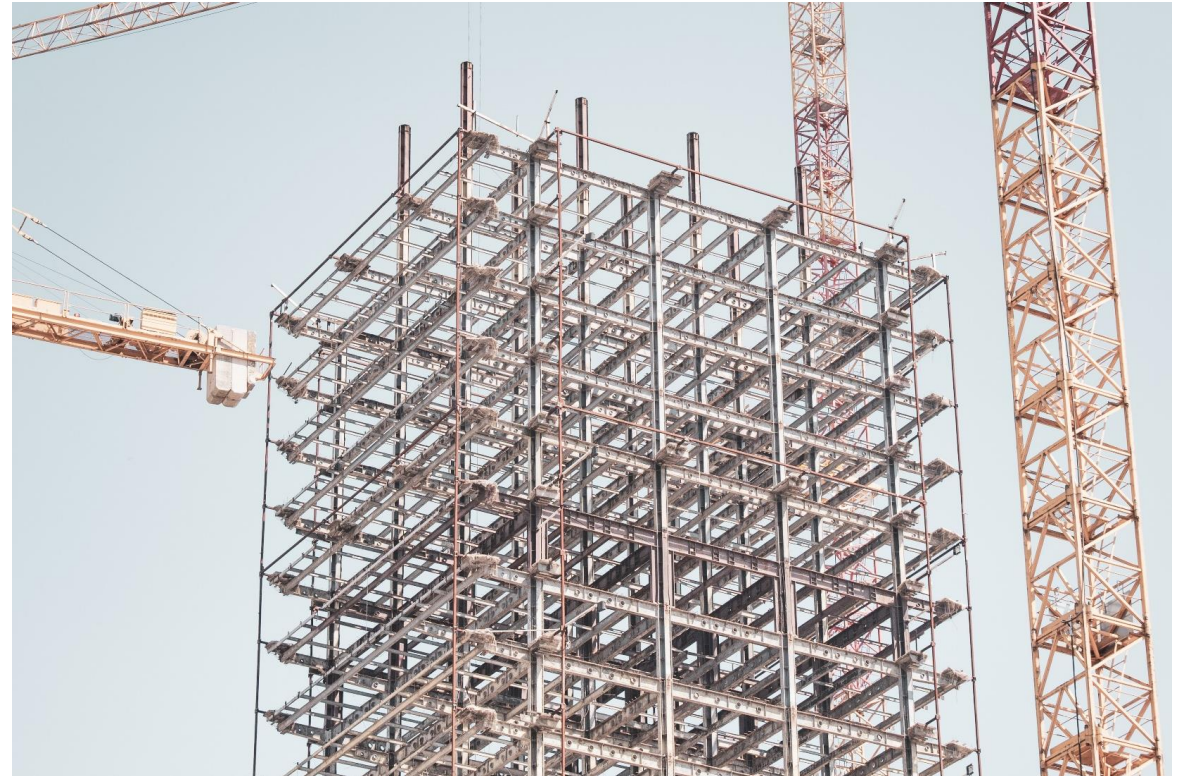


About the survey

Encoursa, in partnership with LeaseQuery, conducted this quantitative study to understand the progress U.S. companies are making toward the implementation of the new lease accounting standard prescribed by the FASB (ASC 842).

According to the AICPA, the core principle of the new leases standard is that lessees should recognize assets and liabilities arising from all leases, except for leases with a lease term of 12 months or less.

Public entities are required to adopt the new standard for reporting periods beginning after December 15, 2018. Nonpublic entities have an extra year to adopt.



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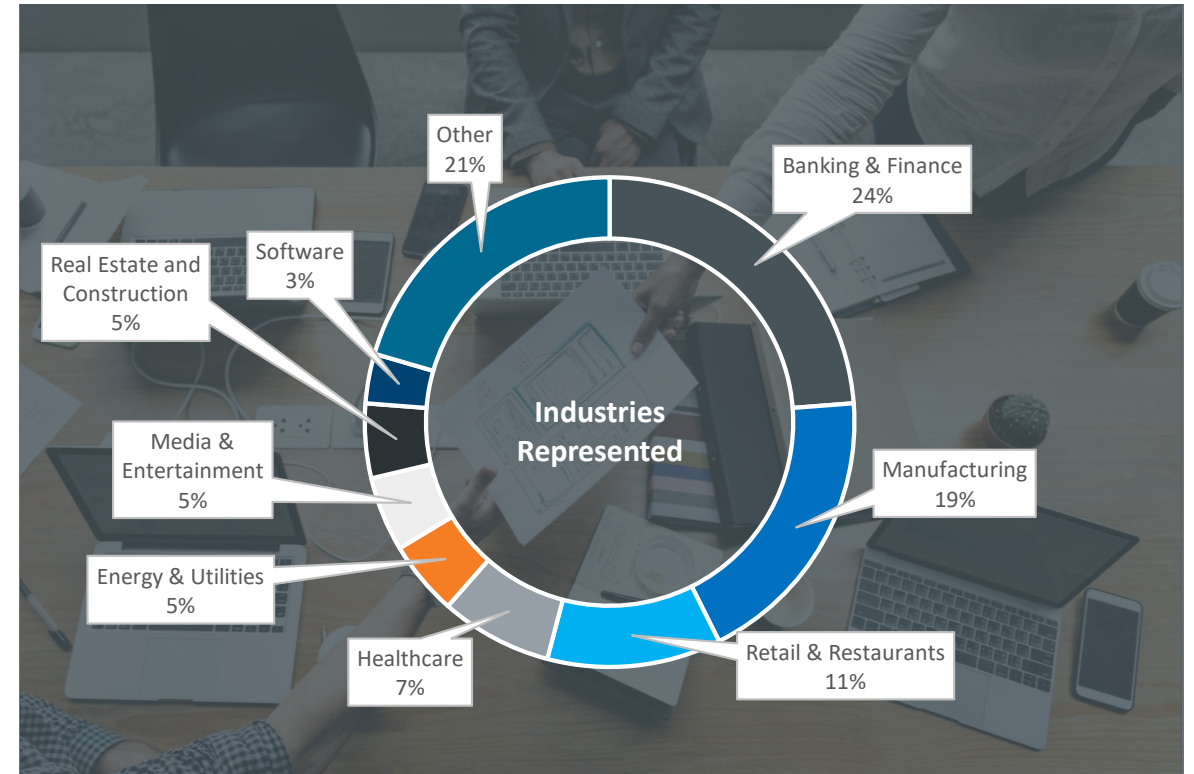
Survey participants

Encoursa conducted this survey in September 2018, inviting accountants who have expressed interest in continuing education on the topic of lease accounting to participate.

The survey overview is based on the responses of 122 accountants who are either leading or working on a team responsible for implementing the new lease accounting standards for public and private companies, as well as those working in governmental, non-profit, and other organizations.

The results depicted in the key findings section are based on responses from 103 accountants who work for public or private companies. Just over half (54) of the respondents work for private companies, with the balance working for public companies.

More than 14 industries were represented, with the highest concentration in banking & finance, manufacturing, and retail & restaurants.

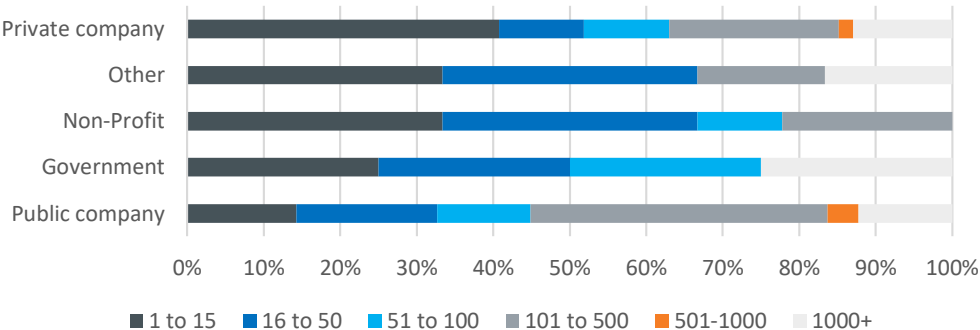


Survey population: 122

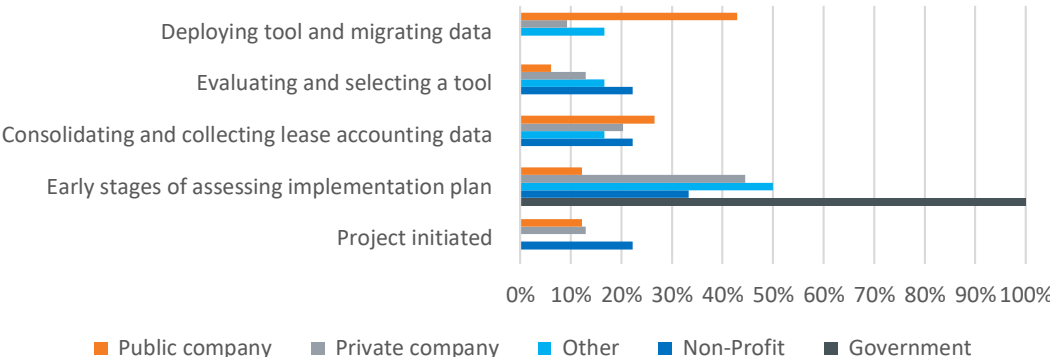
Overview of Findings



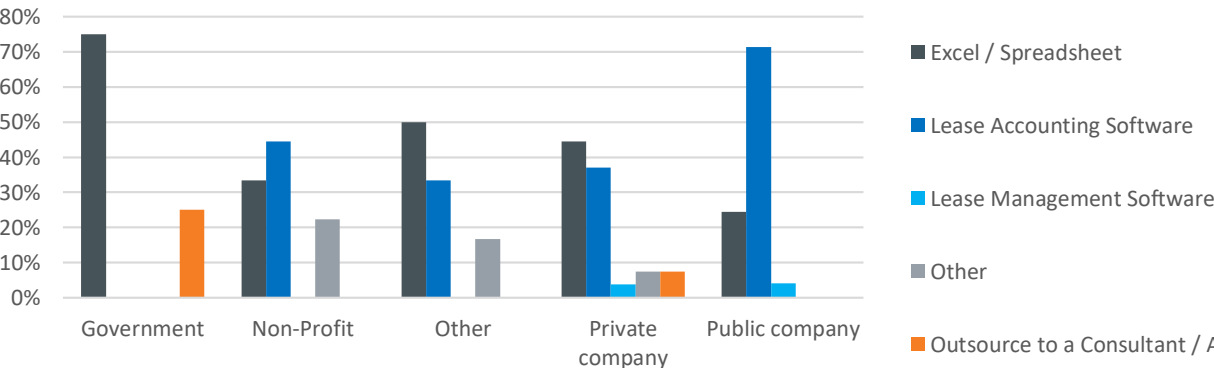
Lease Portfolio Size by Company Type



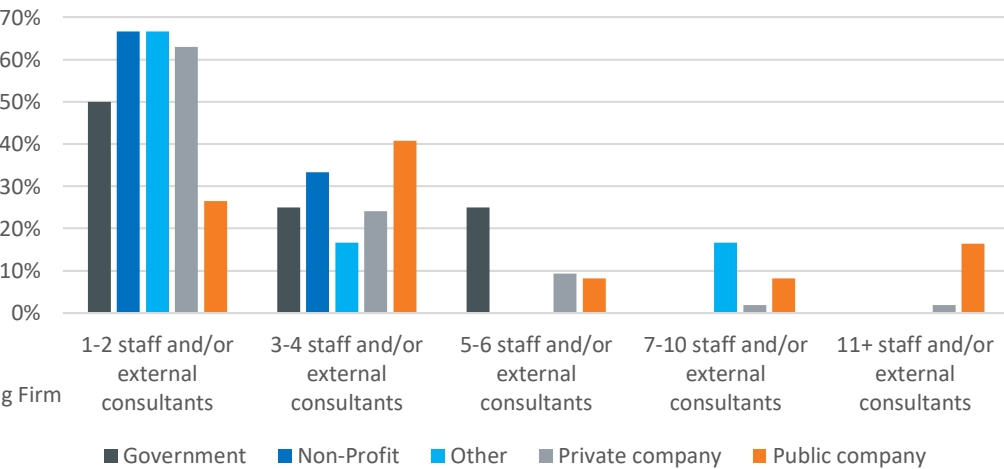
Implementation Progress by Company Type



Planned Lease Accounting Tool by Company Type




Team Size




Survey population: 122






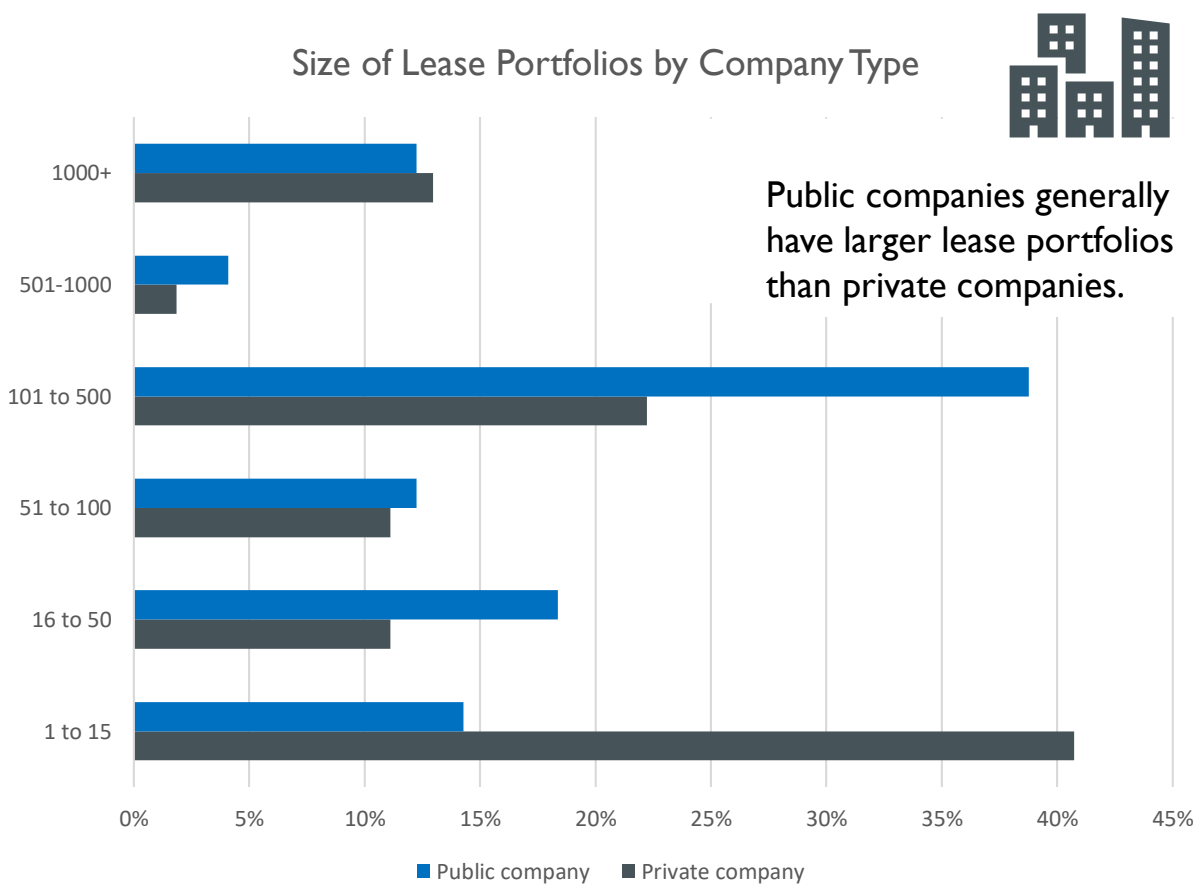
46% of companies will implement the new standards with 1-2 staff members and/or consultants



14% of companies will implement with a team of 7 or more members

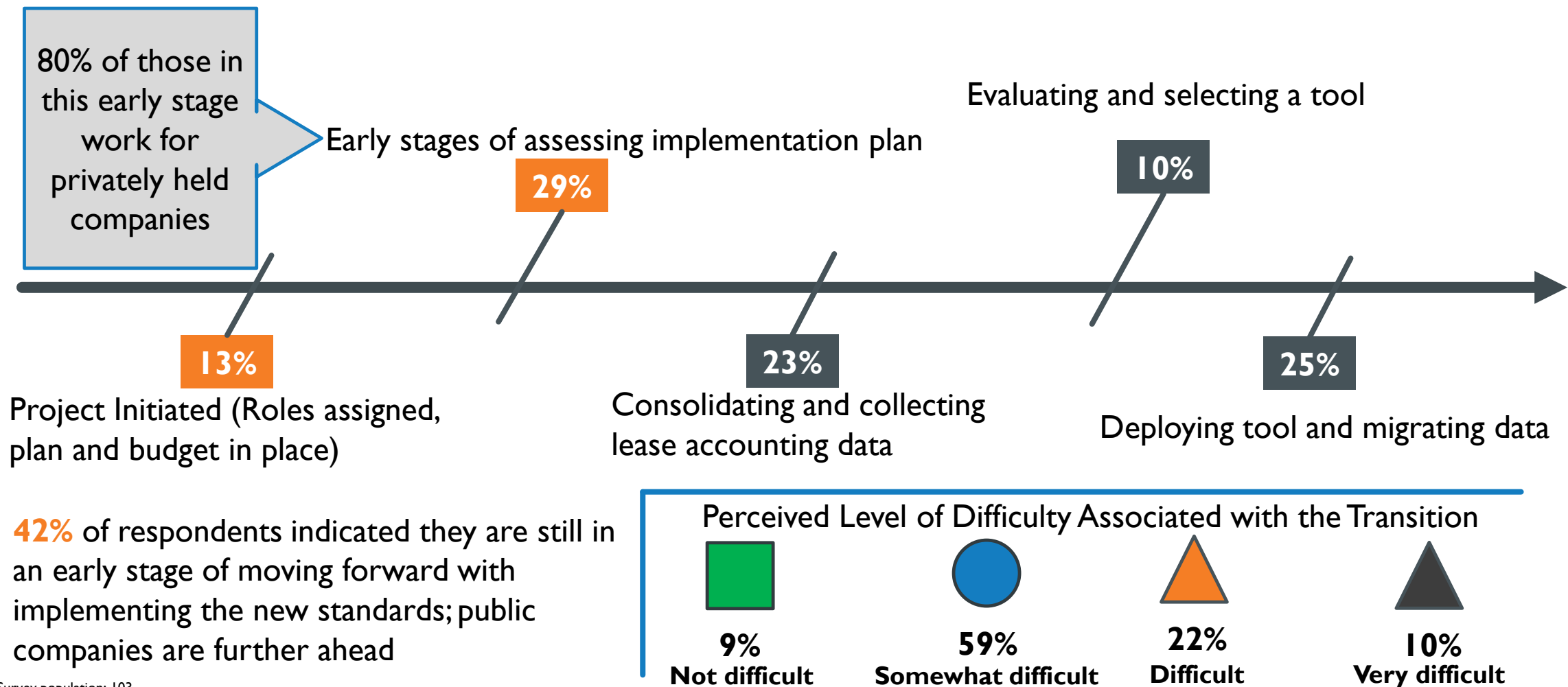


40% of companies will implement the new standards with 3-6 staff members and/or consultants



Survey population: 103





Survey population: 103

Most Challenging Elements of Adoption

- 1 Understanding the new standards
- 2 Not enough time
- 3 Not enough human resources
- 4 Number of leases to transition
- 5 Not enough budget and/or tools

Accountants are most interested in **clarification on the new standards** and **time saving tips and best practices** to help them along their implementation journey.

Survey population: 103

It is no surprise public companies are ahead of private companies in their implementation journey.

Public companies and those with larger lease portfolios appear to recognize the complexity associated with the change in accounting guidance and as a result, a majority have identified lease accounting software as the best tool for implementation and compliance.

Private companies appear more likely to view the adoption of the new lease accounting standards as less difficult because they are earlier along in the process of adopting the standards and many have smaller lease portfolios. The lack of appreciation for complexity appears to make private companies more inclined to select spreadsheets as their lease accounting tool of choice.

Sharing the adoption experiences of public companies with private companies may encourage the latter to more readily accept the benefits of using lease accounting software.



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About LeaseQuery



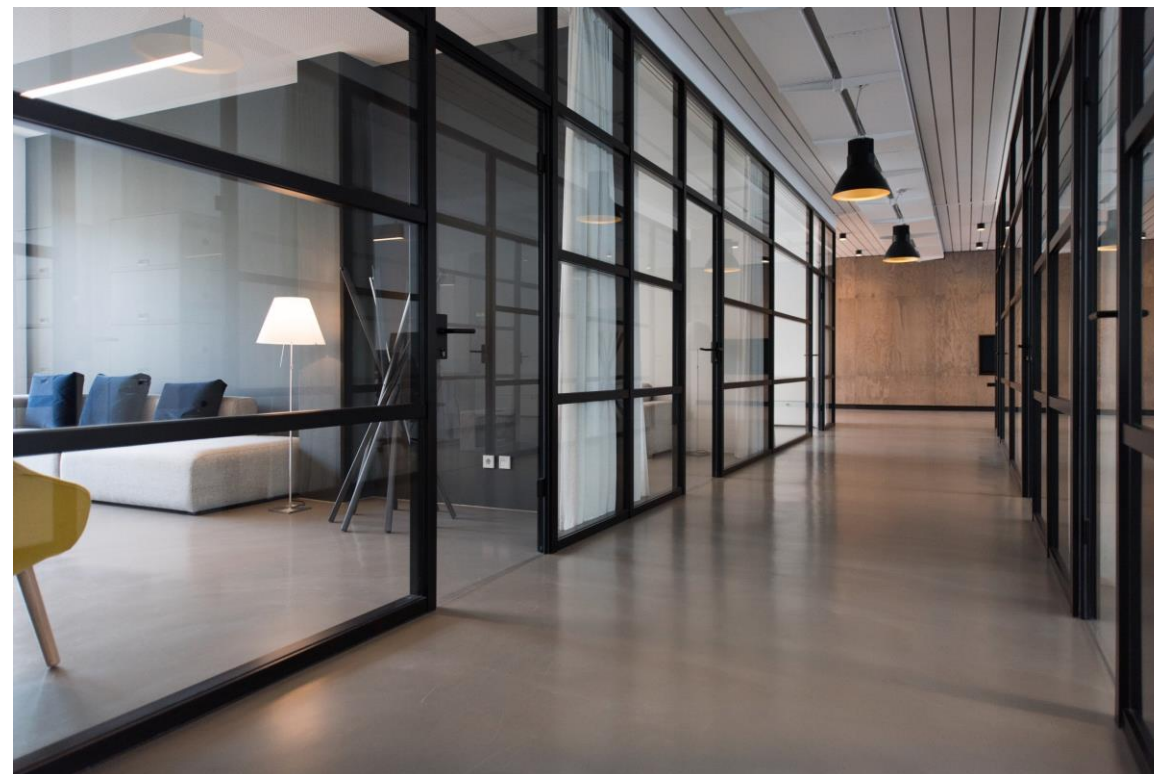
LeaseQuery provides lease accounting and lease management software that helps companies comply with lease accounting under current GAAP (Topic 840) as well as transition to the new lease accounting rules under Topic 842 and IFRS 16.

Companies use LeaseQuery to provide monthly journal entries (including transition entries) for both capital and operating leases, provide newly required lease accounting disclosures under Topic 842 and IFRS 16, calculate straight-line amortization of rent and TI allowances, and provide commitment disclosure reports required in the notes and the MD&A.

The software works for all types of leases; real estate, vehicles and equipment. It also handles cost center/segment reporting and multi-currency functionality with transactional, functional and reporting currencies.

We help accountants eliminate lease accounting errors that could lead to material misstatements through our proprietary implementation process that ensures compliance with minimum disruption to your business. Our team is comprised of accountants specialized in lease accounting who will be with you every step of the way to achieve compliance.

Visit www.leasequery.com to learn more.



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About Encoursa



Encoursa provides quality continuing professional education to CPAs. Encoursa hosts NASBA-accredited CPE webinars for growth-oriented professionals looking for high-quality, affordable continuing education.

To do this, Encoursa partners with leading companies who choose to present their solutions to CPAs and finance professionals in a live, educational format. Encoursa also features presenters who speak on topics such as ethics and financial statement preparation.

CPAs can create an Encoursa account for free and have access to one-click registration, recordings of prior webinars, and CPE certificates available at their fingertips.

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